

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2021



PROBATION

A person is wearing a black vest with the word "PROBATION" written in white, bold, capital letters on the back. The person is standing outdoors, and the background shows a building and a dog.

FRANK DAVIES, CPA
AUDITOR-CONTROLLER

For the last several years, the OC Auditor Controller's Office has chosen one of the County's agencies to highlight as part of our Comprehensive Annual Financial Report. This year, we have chosen the Orange County Probation Department (OC Probation) as the highlighted department.

This year's cover depicts OC Probation task forces in action. As a public safety agency, Probation serves the community using efficient and research-supported corrections practices to reduce crime, assist the courts in managing offenders, promote lawful and productive lifestyles, and assist victims. The mission of OC Probation is to protect the community by conducting investigations for the court, enforcing court orders, assisting victims, and facilitating the re-socialization of offenders. OC Probation has identified four key service areas, which are used to measure the performance of achieving their mission: Community Safety, Court Support, Victim Services, and Workforce.

To learn more about Probation, visit <https://ocprobation.ocgov.com/>

County of Orange

State of California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2021



Frank Davies, CPA
Auditor-Controller

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Probation K-9



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December 22, 2021

The Citizens of Orange County:

The Comprehensive Annual Financial Report of the County of Orange (County), State of California, for the year ended June 30, 2021, 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 Comprehensive Annual Financial Report has been audited by the independent certified public accounting firm of Eide Bailly LLP. The goal of the independent audit was to provide reasonable assurance about whether the basic financial statements of the County for the year ended June 30, 2021, 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, 2021. The independent auditor's report is located at the front of the financial section of this report.

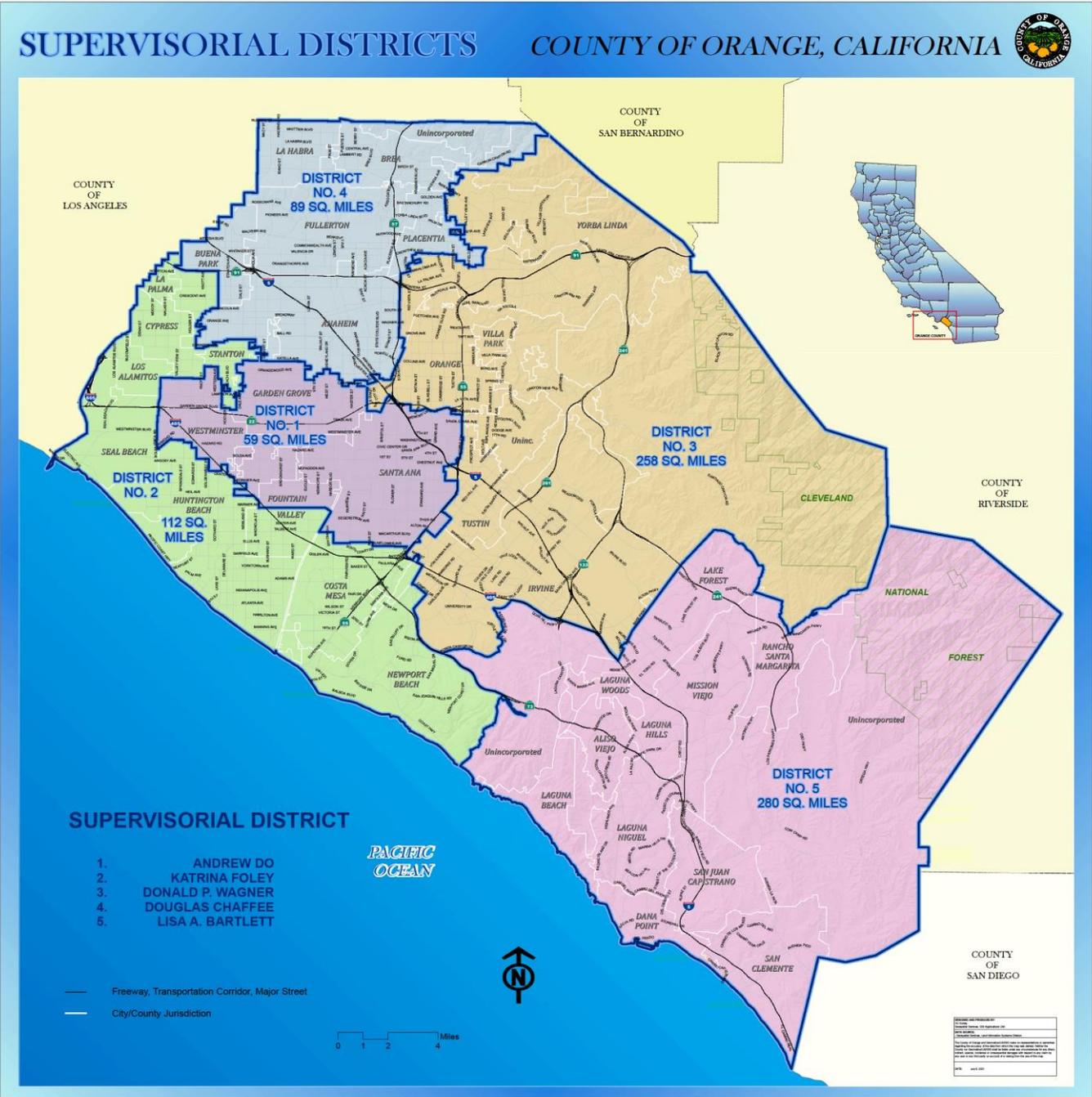
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and analysis of the basic financial statements.

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 799 square miles with a coastline of 42 miles serving a population of over 3 million. It represents the third most populous county in the state and ranks sixth in the nation.

The County was incorporated as a general law County and converted to a charter county on March 5, 2002, with voter approval. In November 2008, voters approved Measure J, which added Article III, Section 301 to the Charter of Orange County requiring voter approval for increases in future retirement system benefits of any employee, legislative officer, or elected official of the County in the Orange County Employees Retirement System (OCERS) or any successor retirement system, with the exception of statutorily-established cost of living adjustments, salary increases, and annual leave or compensatory time cash-outs. In June 2012, voters approved Measure B, which requires that any Orange County Supervisors elected on or after June 5, 2012 can enroll only in the minimum pension option, i.e., the least lucrative pension plan, offered to Orange County employees. At present, the minimum pension plan is a 1.62% at 65 pension plan. In June 2016, voters approved Measure B, which requires the County Auditor-Controller to review any Countywide measure placed on the ballot and prepare a fiscal impact statement.

The County is governed by a five-member Board of Supervisors (Board), who each serve four-year terms, and annually elect a Chair and Vice-Chair. The Supervisors represent districts that are each approximately equal in population. The district boundaries were revised effective September 6, 2011, incorporating the results of the 2010 census. A County Executive Officer (CEO) oversees 15 County departments, and elected officials serving as department heads oversee six County departments. The Supervisorial Districts map below shows the boundaries of Orange County and the areas governed by each member of the Board.



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

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

| 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, which can be either blended or discretely reported. Blended units, although legally separate entities, are, in substance, part of the County's operations and, therefore, data from these units 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 County has one fiduciary component unit, OCERS. The following entities are presented as blended component units in the basic financial statements for the year ended June 30, 2021: Orange County Flood Control District (OCFCD), Orange County Housing Authority, Orange County Public Financing Authority, South Orange County Public Financing Authority, Capital Facilities Development Corporation, Orange County Public Facilities Corporation, County Service Areas, Special Assessment Districts, Community Facility Districts, and In-Home Supportive Services Public Authority. Additional information on these entities can be found in Note 1, Summary of Significant Accounting Policies, in the Notes to the Basic Financial Statements Section.

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

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

The County’s eGovernment website portal at www.ocgov.com provides online services and extensive information about County government to Orange County residents, businesses, partners, and visitors. The County’s website provides information and online services to the public 24/7. It includes information about the Board, County job listings, purchasing bid solicitations, assessment appeals, links to court information and local court rules, voter information, County permits and forms, public safety, health and human services programs and financial information. The site also provides several online services, including live and archived Board meeting videos, the ability to order birth, death and marriage certificates, search fictitious business names, find polling locations and election results, how to license pets, pay property taxes and subscribe to receive emergency alerts. The County continuously strives to improve a constituent’s ability to conduct business online with the County.

FACTORS AFFECTING ECONOMIC CONDITION

Local Economy

Two indicators of the County economy are: how well the local economy performs relative to surrounding counties, the State, and the Nation and its own historical trends. This section provides data for various indicators that summarize the current and projected outlook of the County’s economy.

Various forecasts indicate that 2021 will be a year of strong economic growth, as measured by real gross domestic product. In terms of historical trends, current and projected activity suggests that economic growth at the local level will generally follow national and state trends.

The County’s unemployment rate continues to be lower than surrounding Southern California counties and the State but is higher than that of the Nation (see Table 1).

According to the California Department of Finance, inflation, as measured by the Consumer Price Index (CPI), is expected to be 1.7% for Orange County, lower than both the State and U.S. at 2.0% and 1.9%, respectively, in FY 2020-21 (see Table 2).

Table 1: Unemployment Rate Comparison

| Primary Government Entity | July 2021 Unemployment Rate |
|---------------------------|-----------------------------|
| United States | 5.4% |
| California | 7.9% |
| Los Angeles County | 10.2% |
| San Bernardino County | 8.0% |
| Riverside County | 7.9% |
| San Diego County | 6.9% |
| Orange County | 6.3% |

Unemployment Rate

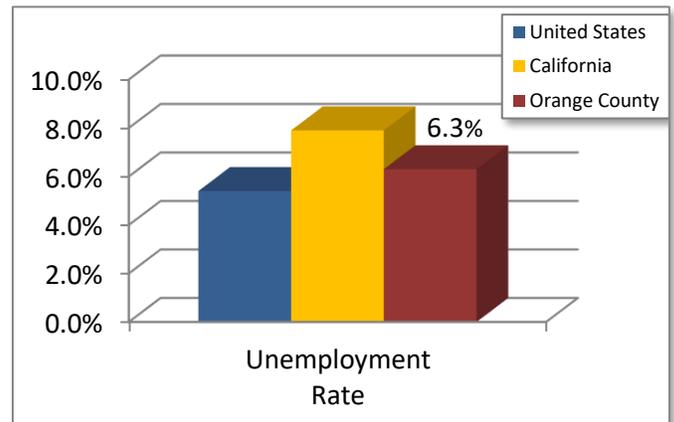


Table 2: 2021 – Projected Increase of the CPI

| United States | California | Orange County |
|---------------|------------|---------------|
| 1.9% | 2.0% | 1.7% |

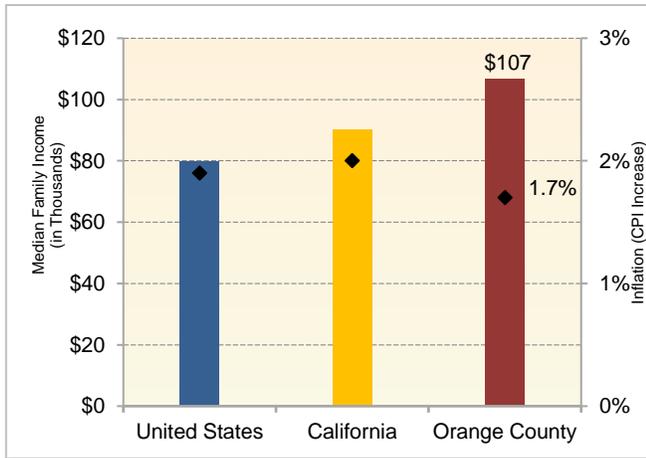
Sources: State of California, Employment Development Department
California Department of Finance, April 2021

According to the Department of Housing and Urban Development, the County's median family income is expected to be \$106,700 (absolute dollars) in 2021, compared to \$103,000 (absolute dollars) in 2020. The median family income in the County continues to exceed all surrounding Southern California counties, the State, and the Nation (see Table 3).

Table 3: Median Family Income Comparison

| Primary Government Entity | Median Family Income (absolute dollars) |
|---------------------------|--|
| United States | \$79,900 |
| California | \$90,100 |
| Orange County | \$106,700 |
| San Diego County | \$95,100 |
| Los Angeles County | \$80,000 |
| Riverside County | \$77,500 |

Comparisons of Inflation and Median Family Income



Sources: U.S. Department of Housing and Urban Development, 2021
 California Department of Finance, April 2021

According to the California Association of Realtors, the median home sales price for existing single-family homes in Orange County was \$1,090,000 (absolute dollars) in July 2021, representing a 23.9% increase from July 2020. The median sales price in Orange County continues to exceed all surrounding counties (see Table 4).

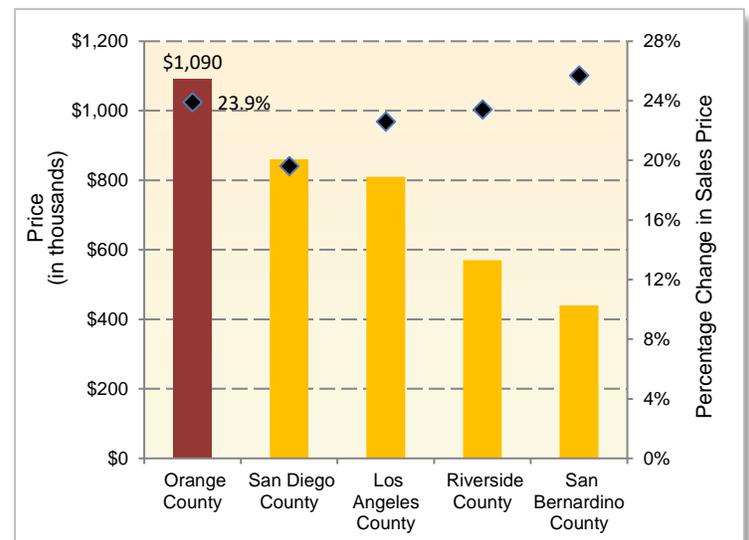
In terms of internal trends, current and projected indicators forecast modest recovery in the Orange County economy, with job growth expected to increase by 2.8% in 2021.

**Table 4: Median Home Sales Price Comparison-existing single-family homes only)
 Southern California Counties – July 2021**

| Primary Government Entity | Median Home Sales Price Change increase(decrease) | Median Home Sales Price (absolute dollars) |
|---------------------------|---|--|
| Orange County | 23.9% | \$1,090,000 |
| San Diego County | 19.6% | \$860,000 |
| Los Angeles County | 22.6% | \$809,750 |
| Riverside County | 23.4% | \$570,000 |
| San Bernardino County | 25.7% | \$440,000 |

Source: California Association of Realtors, July 2021

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



Source: California Association of Realtors, July 2021

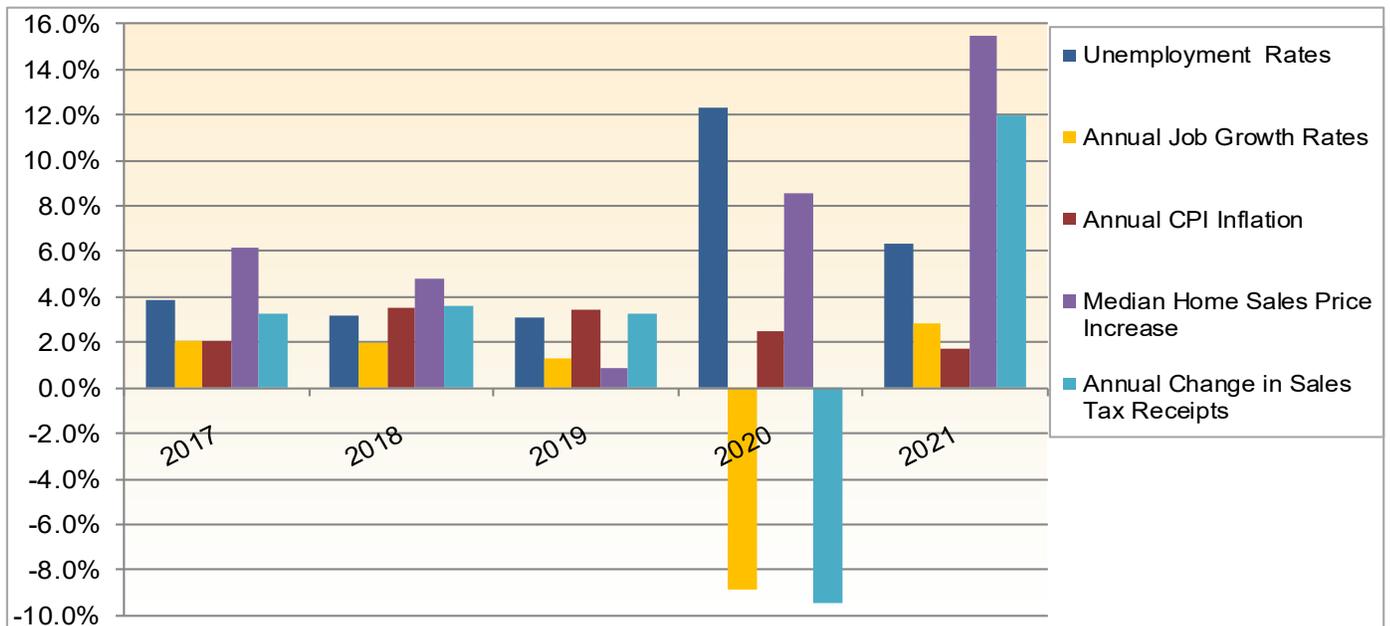
Table 5 shows various internal indicators reflecting modest to strong growth of the County's economy. The unemployment rate decreased from 12.3% in July 2020 to 6.3% in July 2021. According to the June 2021 Chapman University Economic & Business Review, job growth is expected to increase by 2.8% in 2021; median home sales price for existing single-family detached homes are forecasted to increase by 15.5% in 2021, relative to an increase of 8.6% in 2020; and sales tax receipts are forecasted to increase by 12.0% in 2021. In summary, the economy in Orange County is forecasted to show modest growth.

Table 5: Orange County Historical Data

| Historical Indicators | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|------|------|------|--------|-------|
| Unemployment Rates | 3.9% | 3.2% | 3.1% | 12.3% | 6.3% |
| Annual Job Growth Rates | 2.1% | 2.0% | 1.3% | (8.9%) | 2.8% |
| Annual CPI Inflation | 2.1% | 3.5% | 3.4% | 2.5% | 1.7% |
| Median Home Sales Price Increase | 6.2% | 4.8% | 0.9% | 8.6% | 15.5% |
| Annual Change in Sales Tax Receipts | 3.3% | 3.6% | 3.3% | (9.5%) | 12.0% |

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

Data in Table 5 for prior years may be different from previous Comprehensive Annual Financial Reports due to timing. Data for 2021 is based on forecasted data.



Sources: State of California, Employment Development Department
Economic & Business Review, Chapman University, June 2021
California Association of Realtors

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 2021 Strategic Financial Plan (SFP) was presented to the Board on December 14, 2021. The 2021 SFP is the foundation in planning for continued financial stability and is augmented by the monitoring and establishment of budgetary control via the budget reporting process and adoption of the Annual Budget. The five-year SFP projections indicate that General Purpose Revenue will grow, on average, about 3.0% annually. The moderate growth rate for revenue, coupled with the increasing cost of doing business, will require the County to carefully

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

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

- The SFP reflects a 0% increase in Net County Cost allocations to departments for Fiscal Year (FY) 2022-23, and 0% for each of the following fiscal years, with any remaining excess funds distributed and/or set-aside to address the most critical strategic needs of 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 and initiatives identified below. In addition, the County is in various stages of planning and implementing several other projects. Planning and design has started for the second of three planned Be Well OC Wellness Hubs in the city of Irvine and construction continues for the second phase of the Civic Center Facilities Master Plan. Development of the County property at the former Marine Corps Air Station El Toro in Irvine and other various County-owned properties, such as with the Prado Dam, will require up-front financial planning and investment in order to generate revenue in future years on a long-term basis.

Santa Ana River Mainstem Project: The Santa Ana River Mainstem Project (SARMP) was initiated in 1964, in partial response to a resolution of the United States House Committee on Public Works adopted May 8, 1964. A survey report was completed by the OCFCD in 1975. The report was reviewed and submitted to Congress in September 1978. In September 1980, the United States Corps of Engineers completed the General Design Memorandum for the SARMP. Construction for the SARMP was authorized by the Water Resources Development Act of 1986. Construction for the SARMP was initiated in 1989, and completion is scheduled for December 2023 for the major components of the project.

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 16, Construction and Other Significant Commitments in the Notes to the Basic Financial Statements Section. To learn more about the SARMP, visit the Orange County Flood Control Division's website at <https://ocip.ocpublicworks.com/service-areas/oc-infrastructure-programs/santa-ana-river-project>.

OC Dana Point Harbor Revitalization Plan: The OC Dana Point Harbor Revitalization Plan (Plan) includes revitalization of Dana Point Harbor's commercial core, marinas, and hotel. The Plan is a multi-phased and long-term public-private partnership project, where total development costs have been estimated in excess of \$320,000. 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 private partner for the project and worked 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 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.

The County's master lease with DPHP for the Harbor, including the Marina, commercial core and hotel, commenced on October 29, 2018. To date, DPHP has received entitlements for two of the three Harbor components. In September 2020, the California Coastal Commission (CCC) approved the Coastal Development Permit (CDP) for the Marina improvements. The Marina team is currently working on obtaining the necessary permits to commence

construction in the first quarter of 2022. The Commercial Core received its substantial conformance approval for its CDP from the City of Dana Point (City) in early 2020. Construction on the first phase of the Commercial Core was slated to begin in December 2020 with the construction of the parking structure but shutdowns related to the COVID-19 pandemic delayed that start date. It is currently anticipated that Phase 1 will commence in the first quarter of 2022. The third and final component, the hotels, will require an amendment to the existing Local Coastal Plan as well as a CDP to allow for the two hotels proposed by DPHP as part of their overall revitalization program. The proposed hotel development is being processed by the City and CCC. A 45-day Draft Environmental Impact Review (EIR) public review period was completed on June 14, 2021. The City hosted an EIR Planning Commission Public Hearing in late August 2021 and the CCC hosted a Local Coastal Plan Amendment Public Hearing in mid-September 2021. Additional information on these agreements can be found in Note 6, Service Concession Arrangements, in the Notes to the Basic Financial Statements Section.

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. The County must front the costs and then seek reimbursement from the State on an ongoing basis until construction completion and occupancy.

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, (SB 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.

On May 5, 2020, the County awarded a construction contract to Bernards Bros., Inc. for the project in the amount of \$261,118 and also approved a five percent construction contingency amount of \$13,056. The total project construction cost is estimated to be \$308,000 including, owner-carried insurance, construction management, special inspections and utility fees. The cost is funded by \$180,000 from AB900 and SB 1022 State funding and \$128,000 from the County's General Fund. As of August 2021, the County has received a total of \$48,570 in reimbursements from the State.

In July 2020, the State approved the contract award and construction began in August 2020. The project is scheduled to be completed in July 2023.

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

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

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

Two projects for the East Garden Grove Wintersburg Channel are planned for construction by OCPW ahead of the formal partnership agreement with USACE for the federal project. The first project includes channel improvements from Warner Ave. to Goldenwest St. with construction estimated at \$79,300. Construction costs incurred for this Project through June 30, 2021 are \$25,490 and design costs through June 30, 2021 are \$3,192. Construction for the Warner Ave., Springdale St., and Edwards St. bridge crossings improvements is estimated at \$10,100 and design costs through June 30, 2021 are \$222. The bridge improvements are required so that expected flood control benefits are realized for the Warner to Goldenwest channel reach.

Orange County Civic Center Facilities Master Plan: 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, approximately 254,000 square foot building located at 601 N. Ross Street. On April 25, 2017, the Board approved the Phase 1B, construction of the new County Administration South (CAS), within the Civic Center, the lease and leaseback of CAS property, and establishment of a nonprofit corporation as it related to the financing of CAS and the Civic Center Facilities Strategic Plan. CAS is occupied by several County departments and includes a one-stop shop public counter where the public has access to services from multiple departments. There is also a 6,600-square-foot event/conference center, Building 18, located at 425 W. Santa Ana Boulevard, which is used by the County and the public. In the CAS Building, there are 350 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 (CMFA) issued \$152,400 Lease Revenue Bonds, Series 2017A. Pursuant to a loan agreement, the CMFA loaned a total of \$175,340 to the Corporation for the construction. Upon filing the certificate of substantial completion, the County commenced base rental payments, under the Facility Lease, to repay the loan to the CMFA, which pays debt service to the bondholders. The CAS Project was completed, notice of completion was received and accepted by the Corporation, and the CAS Building was fully occupied by the County in November 2019.

On June 26, 2018, the Board approved a Program Management and Design Agreement for Phase 2A planning and design of a new Building 14, County Administration North (CAN), within the Civic Center, which will be a twin building of the above CAS Building; a six-story, approximately 254,000 square foot, 332 underground parking spaces and an additional 196 surface parking spaces. CAN will be occupied by several County departments and includes a Board Hearing room.

The project's financing was facilitated through a Board adopted ordinance on September 25, 2018, identifying the legal authority for the issuance of bonds, approving a Ground Lease, a Facility Lease, and using the Corporation. In December 2018, the CMFA issued \$185,705 Lease Revenue Bonds, Series 2018A. The CMFA loaned a total of \$212,304 to the Corporation, pursuant to a loan agreement, for the construction. Upon filing the certificate of substantial completion, the County will commence base rental payments, under the Facility Lease, to repay the loan to the CMFA, which pays debt service to the bondholders. The CAN Project started in October 2019 with environmental assessment and demolition efforts for the existing buildings and the new building construction is estimated to be completed in July 2022.

Be Well Wellness Hub, South Campus: On September 15, 2020, the Board approved a 60-year Option Lease Agreement with Mind OC to begin the development of a second Be Well Campus proposed on a 22-acre portion of the County's property located in the southern edge of the former Marine Corps Air Station (MCAS) El Toro. The Be Well South Campus is anticipated to deliver a broad continuum of health care and wellness support services in one location to include a:

- Wellness Discovery Center: A single point of entry navigation service to help residents find and connect with a broad range of services across the Orange County system, including suicide prevention, substance use, depression and related disorders, domestic violence, sexual assault, grief, isolation, child and elder concerns and critical incident debriefings.
- Be Well Center: Behavioral health and substance use services, which include Crisis Restorative Care, Mind and Body Resiliency Training, Outpatient Mental Wellness Care and Transitional Support.
- Community and Family Center: A multi-entity health care collective including local Orange County public and private health systems and will integrate health clinics with youth and community education, enrichment and experimental learning spaces.

When the conditions in the Option Agreement are met, the 60-year Ground Lease Agreement would be executed to allow for Mind OC to begin the designing and construction of the facility. The Be Well South campus is currently in the planning and design phase with construction scheduled to begin Spring 2022. In consideration of the public benefit afforded by the Be Well Campus and Mind OC's operation of the Project, the annual rent would be one dollar.

Relevant Financial Policies

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

General Fund Reserves Policy

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

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

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

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

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

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

Reserve Targets and Descriptions

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

Contingencies

The purpose and use of this reserve is to cover unanticipated and severe economic downturns, major emergencies, or catastrophes that cannot be covered with existing appropriations. In particular, continued drought conditions with

the attendant risk of wildfires, highlights the potential for catastrophic events within the County. A significant event could create the need for a higher funding level of this reserve. The target amount for this reserve is 15% of ongoing annual General Purpose Revenues (excluding fund balance unassigned and one-time amounts and transfers).

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

| 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. |
| Mid-Year Budget Report | The County Executive Office issues mid-year budget reports that provide the Board, County departments, members of the public, and other interested parties with an overview of the current status of budgeted revenues and expenditures, total budgeted positions and various departmental issues requiring adjustments to the County's budget. |
| 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 | <p>The County's General Fund maintains a reserve for contingencies, which was established through the SFP process. The target amount for this reserve is 15% of ongoing annual General Purpose Revenues (excludes fund balance unassigned and one-time amounts and transfers), or \$137,932. This compares to the GFOA guidelines for funding contingencies at 15% or higher. The August 31, 2021 balance is \$137,932 below the target. The County plans to replenish the contingency reserve to the previous balance of \$65,000 with deferred emergency funding receipts in FY 2021-22.</p> <p>In addition to the reserve for contingencies, the County budgets an annual appropriation for significant unanticipated emergencies, catastrophes, one-time expenditures and opportunities of no less than \$5,000 in the General Fund.</p> |

| Relevant Financial Policies (Continued) | |
|--|--|
| Debt Disclosure Practices | The County presents a set of debt disclosures in the County's adopted Budget document and the Comprehensive Annual Financial Report, as well as Continuing Disclosure Annual Reports on its website and the Electronic Municipal Market Access (EMMA) repository. |
| Pay-as-you-go Capital Funding | The County's long-term practice has been to use pay-as-you-go funding for capital projects whenever possible. The use of systematic long range financial planning assists in making fiscal decisions such as debt vs. pay-as-you-go capital project financing. The SFP forecasts sources of the County's revenue and operating expenses and incorporates a list of previously identified and prioritized projects that will benefit the citizens of the County. The financial planning for capital projects considers the County's limited funding sources, the capital and operating costs, useful life of projects, and good business practices. |
| Credit and Debt Management Policy | The County's long-term practice has been to rapidly repay debt when practicable. The 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, the elected Treasurer-Tax Collector, and the elected Auditor-Controller) (non-voting). |
| Audit Oversight Committee | The Audit Oversight Committee (AOC) is an advisory committee to the Board that provides oversight of the activities of the County's Internal Audit Department, performance audit function, and the County's external audit coverage including financial reporting and federal and state audit activities. The AOC membership includes the Chair and Vice-Chair of the Board, the County Executive Officer, the elected Treasurer-Tax Collector (non-voting), the elected Auditor-Controller (non-voting), and five private sector members appointed by the Board. The private sector members are appointed by the Board for a term of four years and may be reappointed or removed by the Board. |
| Treasury Oversight Committee | <p>The Treasury Oversight Committee (TOC) is responsible for reviewing and monitoring the annual Investment Policy Statement (IPS). In addition, the TOC causes an annual audit of the County's compliance with the IPS. The TOC shall also investigate any and all irregularities in the treasury operations, which become known to the TOC. The TOC has an approved policy to investigate and report such irregularities.</p> <p>Annually, the TOC reviews the IPS, including all proposed changes to IPS. The elected Treasurer-Tax Collector then submits the IPS to the Board for approval, including any changes thereto. The TOC membership consists of the following: the elected Auditor-Controller, the County Executive Officer, the elected County Superintendent of Schools, or their respective designees, and four public members. The public members shall be nominated by the elected Treasurer-Tax Collector and confirmed by the Board.</p> |
| 24/7 Fraud Hotline | The Fraud Hotline is part of an ongoing fraud detection and prevention effort. The Fraud Hotline is intended for use by County employees, the general public, or vendors for reporting suspected waste, fraud, violations of County policy or misuse of County resources by vendors, contractors or County employees. |

Major Initiatives

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

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

Labor Agreements: Most County employees are represented by one of 21 bargaining units, which are separated into eight labor organizations. The principal organization is the Orange County Employees Association (OCEA), which represents six bargaining units totaling about 10,829 employees in budgeted positions. The next largest unions are the Association of County Deputy Sheriffs (AOCDS), which represents four bargaining units totaling about 2,922 members and the American Federation of State and Municipal Employees (AFSME) at about 1,528 members. All contracts, except for one, have been successfully negotiated and County employees continue to work under their contract terms and conditions of employment.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Awards: The GFOA awarded the Triple Crown Medallion, which recognizes that the County received all three GFOA Awards:

The Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended June 30, 2020; this represents the County's 26th 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 Comprehensive Annual Financial Report, whose contents conform to program standards. Such a Comprehensive Annual Financial Report 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 received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) title the "OC Citizens' Report" for the year ended June 30, 2020; this represents the County's 18th consecutive award. The award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to be awarded, a government must publish a PAFR that reflects the program standards of creativity, presentation, understandability, and reader appeal. The "OC Citizens' Report" is available for viewing at www.ac.ocgov.com.

The GFOA also awarded a Distinguished Budget Presentation Award to the County for its FY 2020-21 Annual Budget; this is the County's fifth award. The award is the highest form of recognition in governmental budgeting. In order to receive the award, the entity had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to acknowledge how well an entity's budget serves as a policy document, a financial plan, an operations guide, and a communications device.

Counties Financial Transactions Reporting Award: The County received the Financial Transactions Reporting Award from the State Controller's Office for its Year-End Financial Transaction Report for the fiscal year ended June 30, 2020. The award is in recognition of the professionalism demonstrated by Counties in preparing accurate and timely financial reports and for those counties that meet the review criteria of the award program.

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

Respectfully submitted,



Frank Davies, CPA
Auditor-Controller



Michelle Aguirre
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Orange
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

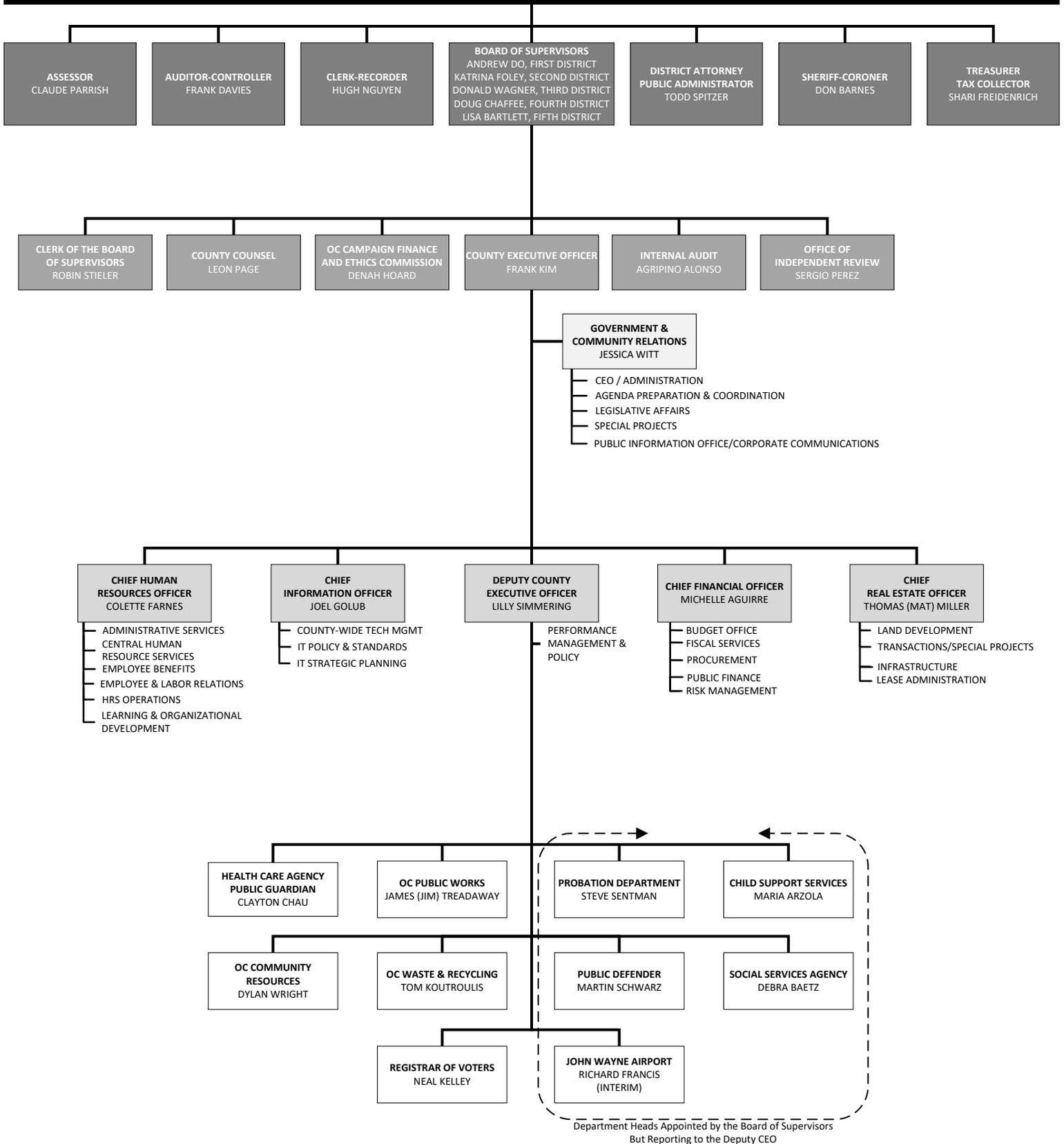
Christopher P. Morill

Executive Director/CEO

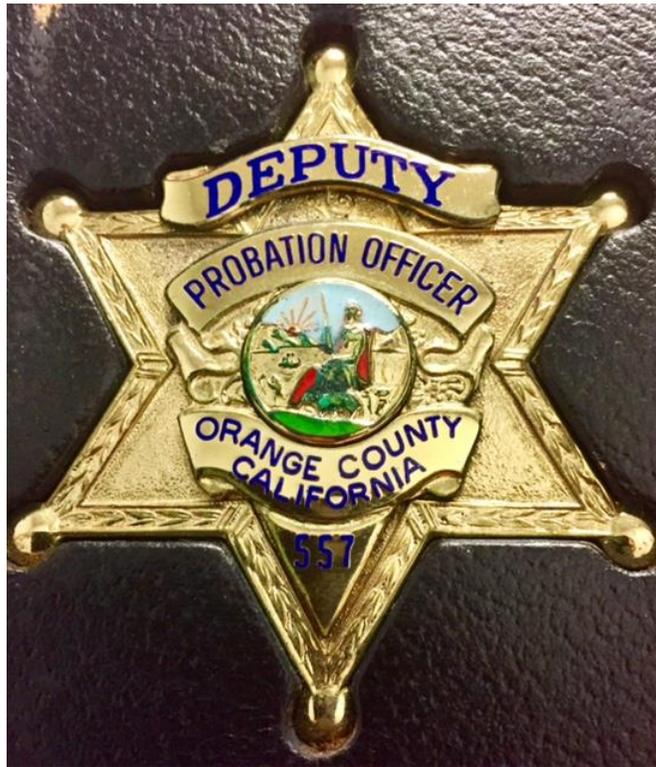


County of Orange Organizational Chart

PEOPLE OF ORANGE COUNTY







Deputy Probation Officer Badge





Independent Auditor’s 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, 2021, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima), and Orange County Employees Retirement System (OCERS), which represent the following percentages of assets, net position/fund balances and revenues of the opinion units listed below as of and for the fiscal year ended June 30, 2021:

| | <u>Assets</u> | <u>Net Position/ Fund Balances</u> | <u>Revenues</u> |
|--|---------------|--|-----------------|
| <u>CalOptima:</u> | | | |
| Aggregate discretely presented component units | 97.5% | 95.8% | 99.1% |
| <u>OCERS:</u> | | | |
| Aggregate remaining fund information | 69.2% | 70.0% | 12.2% |

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CalOptima and OCERS, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position and, where, applicable, cash flows thereof and the respective budgetary comparison for the General fund, Flood Control District fund, Other Public Protection fund, and Mental Health Services Act fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As described in Notes 1 and 2 to the financial statements, the County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position as of July 1, 2020. Our opinions are 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, and the schedules for the Orange County Employees Retirement System (OCERS) plan, Orange County Extra-Help Defined Benefit plan, and the Orange County Retiree Medical plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Laguna Hills, California
December 22, 2021



Deputy Probation Officer Arrest



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

This section of the County’s Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2021. 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 \$818,879 for the fiscal year, and it increased net position by 29% from prior year.
- Long-term debt obligations decreased by \$31,086 or 5% during the current fiscal year.
- The County’s governmental funds reported combined ending fund balances of \$2,754,473, an increase of \$62,396 or 2% in comparison with the prior year.
- General Fund revenues and other financing sources ended the year 5% below budget.
- General Fund expenditures and other financing uses ended the year 6% below budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements presented in the County’s Comprehensive Annual Financial Report are divided into three different sections:

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

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

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

| | Government-wide Financial Statements | Fund Financial Statements | | |
|--|--|---|---|--|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Type of Financial Statement | Statement of Net Position Statement of Activities | Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances Budgetary Comparison Statements | Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows | Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position |
| 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 |
| 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, short-term and long-term | Current assets, liabilities, and deferred inflows of resources that come due during the year or soon thereafter | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term | All assets, deferred outflows of resources, and deferred inflows of resources held in a trustee or custodial capacity for others |
| Type of Inflow and Outflow Information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

Government-wide Financial Statements

The government-wide financial statements consist of the following two financial statements: the Statement of Net Position and the Statement of Activities. Both of these statements were prepared using an accounting method and a measurement focus similar to those used by private-sector companies, the accrual basis of accounting and the economic resources measurement focus. The **Statement of Net Position** provides information regarding all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The **Statement of Activities**, on the other hand, provides information on how the government's net position changed during the most recent fiscal year regardless of the period when the related cash or cash equivalent is received or paid. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, and earned but unused vacation leave).

The Statement of Net Position and the Statement of Activities distinguish functions of the County that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include (1) general government, (2) public protection, (3) public ways and facilities, (4) health and sanitation, (5) public assistance, (6) education, and (7) recreation and cultural services. The business-type activities of the County include John Wayne Airport (Airport), OC Waste & Recycling, and Compressed Natural Gas (CNG).

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

Fund Financial Statements

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

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

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

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

as land and structures and improvements, and noncurrent liabilities, such as bonded debt and amounts owed for compensated absences, 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 Comprehensive Annual Financial Report. The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with the budget and are presented in the Basic Financial Statements and Supplemental Information Section of this Comprehensive Annual Financial Report, respectively.

Proprietary Funds - The County maintains two different types of proprietary funds: Enterprise funds and Internal Service funds. **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Airport, OC Waste & Recycling, and CNG activities. **Internal Service funds** are used to accumulate and allocate costs internally among the County's various functions such as insurance, transportation, publishing services, and information technology. Because these services predominantly benefit governmental rather than business-type functions, Internal Service funds have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport and OC Waste & Recycling operations, which are both considered to be major funds of the County. Conversely, the Internal Service funds are combined into a single, aggregated presentation in the proprietary fund financial statements with the individual fund data provided in the combining statements, which can be found in the Supplemental Information Section of this Comprehensive Annual Financial Report.

Fiduciary Funds - Fiduciary funds include the **Trust** and **Custodial** funds and are used to account for assets held on behalf of outside parties, including other governments. Financial information for fiduciary funds is not reported in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The combining statements for fiduciary funds are included in the Supplemental Information Section of this Comprehensive Annual Financial Report.

Notes to the Basic Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At June 30, 2021, the County's combined net position (governmental and business-type activities) totaled \$3,663,267, an increase of 29% from FY 2019-20.

The largest component of the County's net position, which totals \$4,399,153 was **net investment in capital assets**, which represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets and debt-related deferred outflows and inflows of resources. The County's capital assets are used to provide needed services to its citizens. Since the capital assets themselves cannot be used to liquidate the associated debt, the resources needed to repay the debt must be provided from other sources.

COMPONENTS OF NET POSITION

- Net Investment in Capital Assets
- Restricted
- Unrestricted

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

The County's **restricted** net position of \$1,721,766 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.

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, 2021, the County's unrestricted net position totals a deficit of \$2,457,652. Among governmental activities the deficit was \$3,046,351 in unrestricted net position, compared to its deficit of \$3,480,608 at June 30, 2020. The main contributor of the deficit continues to be the reporting of the County's proportionate share of net pension and OPEB liability on the financial statements.

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

| NET POSITION – Primary Government June 30, 2021 and 2020 | | | | | | | |
|---|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|--|
| | Governmental Activities | | Business-Type Activities | | Total | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| ASSETS | | | | | | | |
| Current and Other Assets | \$ 4,754,772 | \$ 4,373,638 | \$ 1,002,351 | \$ 976,845 | \$ 5,757,123 | \$ 5,350,483 | |
| Capital Assets | 3,640,386 | 3,426,770 | 942,791 | 946,913 | 4,583,177 | 4,373,683 | |
| Total Assets | 8,395,158 | 7,800,408 | 1,945,142 | 1,923,758 | 10,340,300 | 9,724,166 | |
| DEFERRED OUTFLOWS OF RESOURCES | 1,036,680 | 874,422 | 22,191 | 19,453 | 1,058,871 | 893,875 | |
| Total Assets/Deferred Outflows of Resources | 9,431,838 | 8,674,830 | 1,967,333 | 1,943,211 | 11,399,171 | 10,618,041 | |
| LIABILITIES | | | | | | | |
| Long-term Liabilities | 4,711,405 | 5,296,601 | 369,652 | 392,806 | 5,081,057 | 5,689,407 | |
| Other Liabilities | 1,413,203 | 1,278,107 | 64,828 | 76,679 | 1,478,031 | 1,354,786 | |
| Total Liabilities | 6,124,608 | 6,574,708 | 434,480 | 469,485 | 6,559,088 | 7,044,193 | |
| DEFERRED INFLOWS OF RESOURCES | 1,156,032 | 717,070 | 20,784 | 12,390 | 1,176,816 | 729,460 | |
| Total Liabilities/Deferred Inflows of Resources | 7,280,640 | 7,291,778 | 455,264 | 481,875 | 7,735,904 | 7,773,653 | |
| NET POSITION | | | | | | | |
| Net Investment in Capital Assets | 3,533,978 | 3,319,173 | 865,175 | 856,250 | 4,399,153 | 4,175,423 | |
| Restricted | 1,663,571 | 1,544,487 | 58,195 | 58,282 | 1,721,766 | 1,602,769 | |
| Unrestricted | (3,046,351) | (3,480,608) | 588,699 | 546,804 | (2,457,652) | (2,933,804) | |
| Total Net Position | \$ 2,151,198 | \$ 1,383,052 | \$ 1,512,069 | \$ 1,461,336 | \$ 3,663,267 | \$ 2,844,388 | |

As of June 30, 2021, the County's total assets and deferred outflows of resources increased by 7% or \$781,130 during the current fiscal year. Capital assets increased by \$209,494, primarily due to the construction projects related to the Civic Center Facilities Master Plan and James A. Musick facility expansion. In addition, there was an increase of \$406,640 in current and other assets, which is primarily attributable to the federal assistance received from the Coronavirus Relief Fund (CRF), the American Rescue Plan Act (ARPA), and Federal Emergency Management Agency (FEMA) established to assist governments to cover expenditures related to the COVID-19 public health emergency, higher tax apportionments and interest revenue received. Deferred outflows of resources increased by \$164,996, primarily due to an increase in the difference between the expected and actual experience and higher employer contributions after the measurement date 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 employer pension contributions made after the measurement date as required by GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68" (GASB Statement No. 71).

Total liabilities and deferred inflows of resources for FY 2020-21 decreased by \$37,749. Long-term liabilities decreased by 11% or \$608,350, mainly due to a decrease in the County's proportionate share of the net pension liability as a result of higher investment returns. Deferred inflows of resources increased by 61% or \$447,356, mainly due to increases between the projected and actual investment earnings and changes in assumptions as required by GASB Statement No. 68.

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

| CHANGES IN NET POSITION – Primary Government | | | | | | |
|---|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| For the Years Ended June 30, 2021 and 2020 | | | | | | |
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 625,080 | \$ 605,376 | \$ 289,325 | \$ 314,910 | \$ 914,405 | \$ 920,286 |
| Operating Grants and Contributions | 3,199,181 | 2,500,368 | 22,371 | 5,285 | 3,221,552 | 2,505,653 |
| Capital Grants and Contributions | 141,883 | 141,118 | 5,387 | -- | 147,270 | 141,118 |
| General Revenues: | | | | | | |
| Property Taxes | 624,552 | 595,114 | -- | -- | 624,552 | 595,114 |
| Property Taxes in Lieu of | | | | | | |
| Motor Vehicle License Fees | 438,321 | 418,370 | -- | -- | 438,321 | 418,370 |
| Other Taxes | 127,777 | 104,863 | 14 | 50 | 127,791 | 104,913 |
| Grants and Contributions not Restricted to Specific Programs | 15,547 | 11,673 | -- | -- | 15,547 | 11,673 |
| State Allocation of Motor Vehicle License Fees | 3,528 | 838 | -- | -- | 3,528 | 838 |
| Other General Revenues | 100,157 | 84,169 | 3,518 | 19,858 | 103,675 | 104,027 |
| Total Revenues | 5,276,026 | 4,461,889 | 320,615 | 340,103 | 5,596,641 | 4,801,992 |
| EXPENSES | | | | | | |
| General Government | 188,668 | 313,583 | -- | -- | 188,668 | 313,583 |
| Public Protection | 1,513,781 | 1,571,137 | -- | -- | 1,513,781 | 1,571,137 |
| Public Ways and Facilities | 138,670 | 158,356 | -- | -- | 138,670 | 158,356 |
| Health and Sanitation | 1,106,989 | 752,996 | -- | -- | 1,106,989 | 752,996 |
| Public Assistance | 1,358,723 | 1,219,816 | -- | -- | 1,358,723 | 1,219,816 |
| Education | 52,579 | 48,845 | -- | -- | 52,579 | 48,845 |
| Recreation and Cultural Services | 128,747 | 122,694 | -- | -- | 128,747 | 122,694 |
| Interest on Long-Term Debt | 27,232 | 33,617 | -- | -- | 27,232 | 33,617 |
| Airport | -- | -- | 128,160 | 132,804 | 128,160 | 132,804 |
| OC Waste & Recycling | -- | -- | 134,202 | 130,853 | 134,202 | 130,853 |
| Compressed Natural Gas | -- | -- | 11 | 11 | 11 | 11 |
| Total Expenses | 4,515,389 | 4,221,044 | 262,373 | 263,668 | 4,777,762 | 4,484,712 |
| Excess before Transfers | 760,637 | 240,845 | 58,242 | 76,435 | 818,879 | 317,280 |
| Transfers | 7,509 | 9,826 | (7,509) | (9,826) | -- | -- |
| Change in Net Position | 768,146 | 250,671 | 50,733 | 66,609 | 818,879 | 317,280 |
| Net Position-Beginning of the Year | 1,383,052 | 1,132,381 | 1,461,336 | 1,394,727 | 2,844,388 | 2,527,108 |
| Net Position-End of the Year | \$ 2,151,198 | \$ 1,383,052 | \$ 1,512,069 | \$ 1,461,336 | \$ 3,663,267 | \$ 2,844,388 |

The County's net position increased by \$818,879 during the current fiscal year. Revenues for the year totaled \$5,596,641 an increase of \$794,649 from prior year's total revenues. Expenses totaled \$4,777,762 an increase of \$293,050 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 2020-21, total revenues for governmental activities, including transfers from the business-type activities, were \$5,283,535 an increase of \$811,820 from the previous year. Expenses totaled \$4,515,389 an increase of \$294,345 from the prior year. During the current fiscal year, net position for governmental activities increased by \$768,146 from the prior fiscal year for an ending balance of \$2,151,198. Key elements of the increase are as follows:

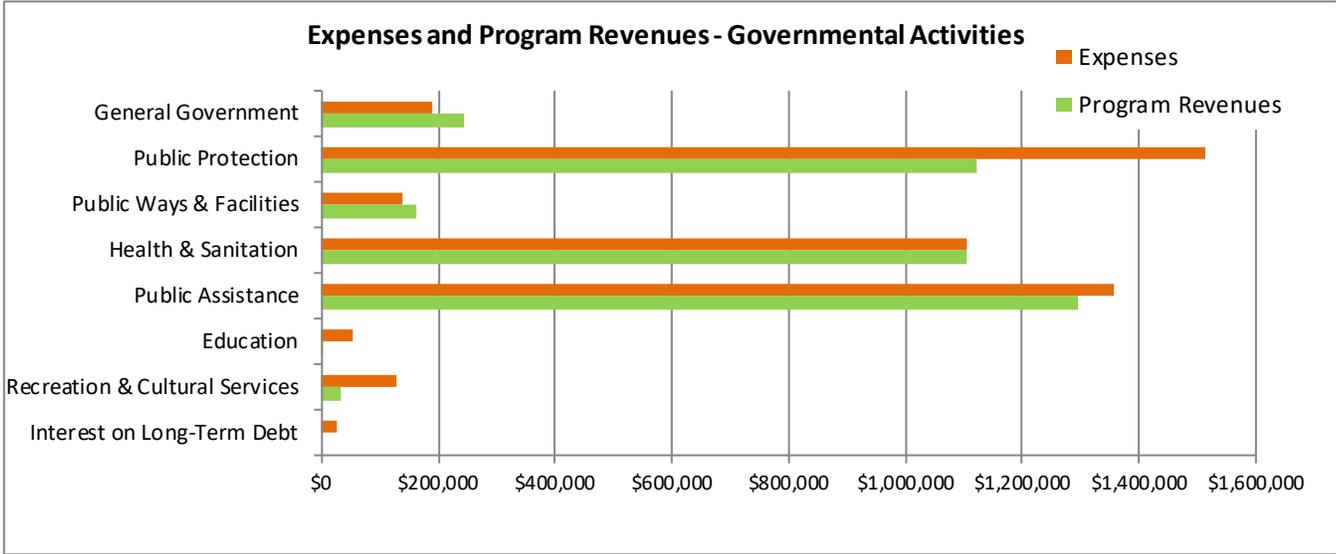
Revenues

- Operating grants and contributions increased by \$698,813, mainly due to federal funds received from programs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, ARPA, and FEMA established to assist governments with expenditures related to the COVID-19 public health emergency, COVID-19 economic support, emergency rental assistance programs and COVID-19 vaccination programs. In addition, there was a higher allocation from the State for mental health services and higher sales tax revenue in public safety realignment revenues.

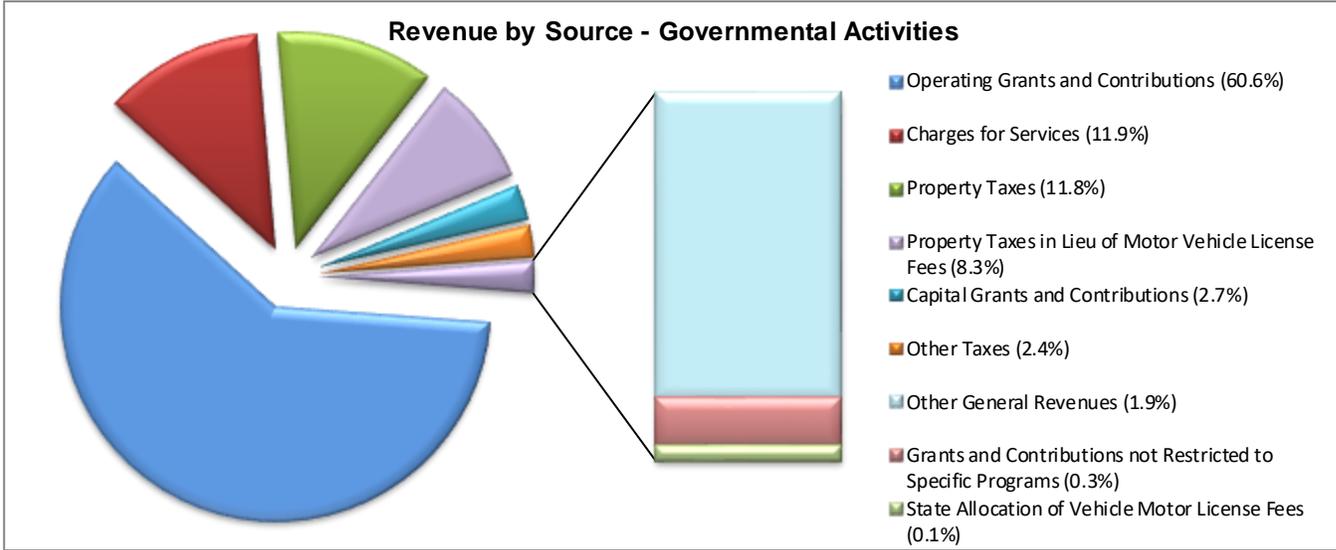
Expenses

- Expenses in health and sanitation increased by \$353,993, primarily due to an increase in professional and specialized services to address the COVID-19 public health emergency.
- Expenses in public assistance increased by \$138,907, mainly due to CRF funds distributed to small businesses through the Small Business Relief Program, and an increase in costs for Senior Services and Elderly Nutrition Programs.
- Expenses in general government decreased by \$124,915, which is attributable to prior year distribution of CRF monies to cities for establishing business recovery grant programs for covering COVID-19 related costs and a decrease in construction costs related to the Community Facilities District (CFD) No. 2017-1 (RMV Village of Esencia).
- Expenses in public protection decreased by \$57,356, mainly due to a decrease in salaries and employee benefits (S&EB) and pension costs.

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

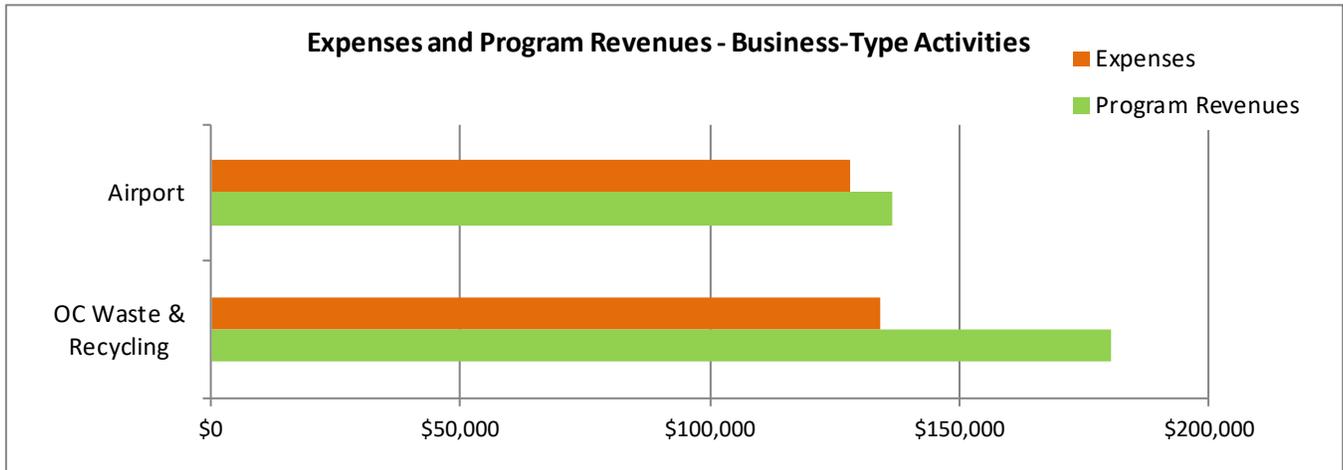


The chart below presents the percentage of total revenues by source for governmental activities:



Business-Type Activities

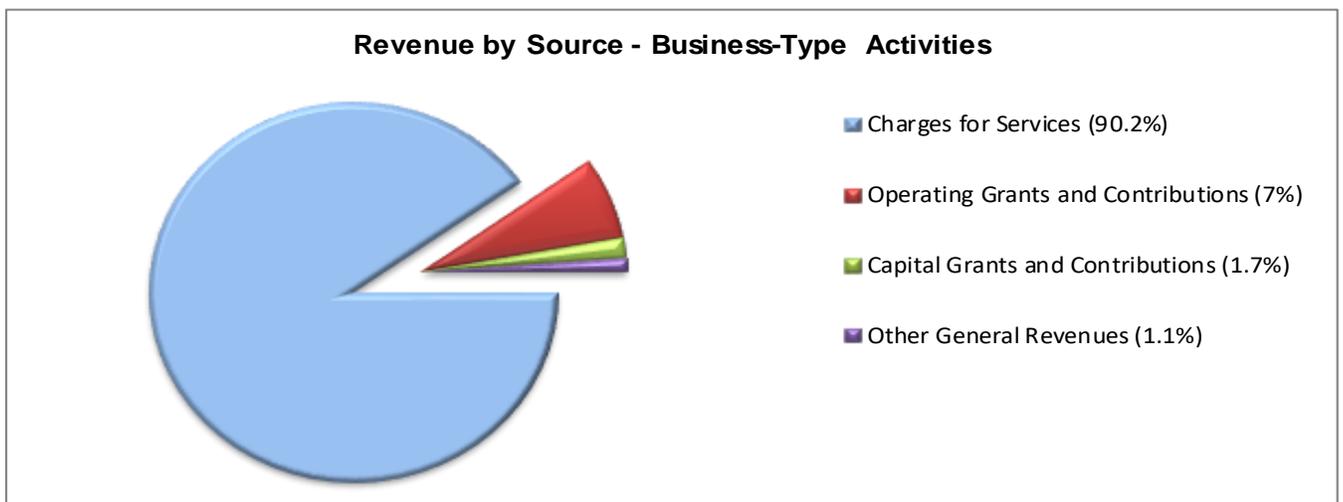
The County has three business-type activities: Airport, OC Waste & Recycling, and CNG. In keeping with the intent of recovering all or a significant portion of their cost through user fees and charges, business-type activities reported charges for services as their largest source of revenues.



At the end of FY 2020-21, the business-type activities' total revenues exceeded expenses and transfers resulting in an increase of \$50,733 in net position compared to the prior year's increase in net position of \$66,609. Revenues totaled \$320,616 a decrease of \$19,488 from the previous fiscal year, which is primarily attributable to decreases in revenue from the Airport's auto parking, concessions, revenue from services and OC Waste & Recycling's decrease in importation disposal tonnage and fees, partially offset by the Airport's increase in Federal Aviation Administration (FAA) CARES Grant 49 revenues.

Expenses, including transfers to governmental activities, totaled \$269,882 representing a decrease of \$3,612 from the previous year. This decrease is primarily due to the Airport's decrease in S&EB and professional and specialized services, as well as a decrease in OC Waste & Recycling's closure and postclosure care costs and taxes and other fees. Partially offset by an increase in OC Waste & Recycling's services and supplies (S&S) and professional and specialized services. 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, 2021, the County's governmental funds reported total fund balances of \$2,754,473, which is an increase of \$62,396 in comparison with prior year ending fund balances.

Comparative Analysis of Changes in Fund Balances

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

**GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES
For the Years Ended June 30, 2021 and 2020**

| | Revenues and Other Financing Sources | | Expenditures and Other Financing Uses | | Net Change in Fund Balances | |
|----------------------------|---|---------------------|--|---------------------|--------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General Fund | \$ 4,133,547 | \$ 3,767,361 | \$ 4,261,122 | \$ 3,694,792 | \$ (127,575) | \$ 72,569 |
| Flood Control District | 165,785 | 174,694 | 185,516 | 144,155 | (19,731) | 30,539 |
| Other Public Protection | 84,024 | 65,384 | 47,051 | 48,816 | 36,973 | 16,568 |
| Mental Health Services Act | 239,941 | 147,928 | 189,857 | 231,783 | 50,084 | (83,855) |
| Other Governmental Funds | 1,094,062 | 906,417 | 971,417 | 902,182 | 122,645 | 4,235 |
| Total | \$ 5,717,359 | \$ 5,061,784 | \$ 5,654,963 | \$ 5,021,728 | \$ 62,396 | \$ 40,056 |

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

General Fund

The General Fund is the chief operating fund of the County. At the end of FY 2020-21, revenues and other financing sources were less than the expenditures and other financing uses resulting in a decrease in fund balance of \$127,575 compared to last year's increase of \$72,569. Revenues and other financing sources increased by \$366,186 and expenditures and other financing uses increased by \$566,330. The following is a brief summary of the primary factors that contributed to the decrease in the net change in fund balance for the General Fund in FY 2020-21:

Revenues

- Intergovernmental revenues increased by \$432,350, mainly due to federal funds received from programs under the CARES Act and ARPA, which were established to assist governments in covering expenditures related to the COVID-19 public health emergency, COVID-19 economic support, emergency rental assistance program and COVID-19 vaccination program.
- Transfers to the General Fund decreased by \$122,104, mainly due to prior year transfers to fund multi-year capital projects that did not occur this fiscal year. There was also a decrease in Proposition (Prop) 63 drawdowns from the Mental Health Services Act (MHSA).

Expenditures

- Expenditures for health and sanitation increased by \$383,828, primarily as a result of ongoing operational cost increases in the Health Care Agency (HCA) for professional services, S&EB, and S&S to address the COVID-19 public health emergency. Another factor contributing to the increase was an increase in operating leases with hotels and various sites for COVID-19 emergency occupancy agreements and COVID testing sites.
- Expenditures for public assistance increased by \$142,153, mainly due to payment from the CRF distributed to small businesses through the Small Business Relief Program, and an increase in cost of meals and deliveries for Senior Services and Elderly Nutrition Programs.
- Transfers from the General Fund increased by \$113,580, due to transfers out to the Countywide Capital Projects Non-General Fund for public health and public safety capital projects, to the Excess Public Safety Sales Tax Fund for annual public sales tax transfers, and to the Sheriff-Coroner for the James A. Musick Facility Expansion Project. A portion of the increase was offset by a decrease in transfers out related to various County capital projects such as the Be Well OC Campus, Yale Transitional Center, and the OC Animal Shelter.
- Expenditures for the general government decreased by \$102,108, primarily attributable to less CRF monies distributed to cities for establishing business recovery grant programs for covering COVID-19 related costs.

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 2020-21, there was a decrease in fund balance of \$19,731 as compared to last year's increase of \$30,539. Revenues and other financing sources decreased by \$8,909, mainly due to lower intergovernmental revenue received for the Santa Ana River (SAR) Subvention claims, no revenue received from the Department of Water Resources this fiscal year for the San Juan Creek Levee Protection Project Phase 4 and 5, higher unrealized investment loss, and a decrease in interest from investments. The decrease was partially offset by an increase in secured property tax revenue, property transfer tax, and revenue obtained for the sale of land to the Orange County Transportation Agency (OCTA). Expenditures and other financing uses increased by \$41,361, primarily due to increases in legal services for the SAR Mainstem Project, the Greenspot Bridge reimbursement payment to the City of Highland, and the condemnation payment made for the purchase of land for the SAR Mainstem/Prado Dam Project.

Other Public Protection

This group of funds accounts for revenues restricted for safety and law enforcement activities such as the child support program, automated finger print identification systems, and investigation team. At the end of FY 2020-21, there was an increase in fund balance of \$36,973 compared to last year's increase of \$16,568. Revenues and other financing sources increased by \$18,640, which was primarily attributable to an increase in transfers of excess Prop 172 Public Safety Sales Tax funds from the General Fund, revenue generated from recording real property transactions, and fees received from various counties for the utilization of the Statewide Electronic Courier Universal Recording Environment System. The increase was partially offset by a decrease in State Criminal Alien Assistance Program (SCAAP) revenue received for costs incurred from incarcerating undocumented criminals with felony or misdemeanor convictions. Expenditures and other financing uses decreased by \$1,765, mainly due to a decline in transfers to other funds for the allocation of SCAAP revenue. Offsetting the decrease was an increase in 800MHZ Backbone Cost Sharing revenue transfers out to the Sheriff-Coroner's Department, an increase in software and license costs for the new Orange County Mobile Identification Solution Program and an increase in Regional Narcotics Suppression Program professional services costs.

Mental Health Services Act

This fund accounts for purpose restricted MHSA revenues. At the end of FY 2020-21, fund balance increased by \$50,084 compared to last year's decrease of \$83,855. Revenues and other financing sources increased by \$92,013, primarily due to a higher allocation from the State for approved mental health services. Expenditures decreased by \$41,926, primarily due to a decrease in transfers out to the General Fund for eligible reimbursements of MHSA related services. The use of fund balance is currently being evaluated by HCA and the Board of Supervisors Mental Health Ad Hoc Committee.

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 2020-21, fund balances increased by \$122,645 in comparison to prior year's increase of \$4,235. Revenues and other financing sources increased by \$187,645,

primarily due monies received from the State for the James A. Musick Facility Expansion construction project, additional revenues received from the U.S Department of Housing and Urban Development (HUD) from the CARES Act to fund costs related to the Homekey Program and other COVID-19 housing assistance expenditures. Additionally, there was an increase in transfers in for Non-General Fund multi-year countywide capital projects. These increases were partially offset by a decrease in the amount of Teeter Notes issued this fiscal year and the one-time transfer in from HCA for the development of supportive rental housing units for individuals eligible for MHSA services in the prior fiscal year. Expenditures and other financing uses increased by \$69,235, primarily due to higher expenditures for the James A. Musick Facility Expansion Project and the construction of Building 14, CAN. The increase was offset by a decrease in long-term debt expenditure and a decrease in transfers out to fund General Fund capital projects.

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

| COMPARATIVE FUND BALANCE | | | | |
|---------------------------------|---------------------|---------------------|------------------------------|--|
| Governmental Funds | | | | |
| June 30, 2021 and 2020 | | | | |
| | 2021 | 2020 | Increase/(Decrease) % | |
| General Fund | \$ 735,727 | \$ 863,302 | (15)% | |
| Flood Control District | 468,108 | 487,839 | (4)% | |
| Other Public Protection | 219,164 | 182,191 | 20 % | |
| Mental Health Services Act | 182,159 | 132,075 | 38 % | |
| Other Governmental Funds | 1,149,315 | 1,026,670 | 12 % | |
| Total | \$ 2,754,473 | \$ 2,692,077 | 2 % | |

Proprietary Funds

The proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Airport and OC Waste & Recycling funds, which are considered to be major funds of the County, and the CNG fund. Internal Service Funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Comparative Analysis of Changes in Fund Net Position

The following table presents the enterprise funds' revenues, expenses, contributions, transfers, and changes in fund net position for the current and previous fiscal year:

| ENTERPRISE FUNDS | | | | | | | |
|---|--|-------------------|-----------------------------------|-------------------|--|------------------|--|
| COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, CONTRIBUTIONS, TRANSFERS, AND CHANGES IN FUND NET POSITION | | | | | | | |
| For the Years Ended June 30, 2021 and 2020 | | | | | | | |
| | Revenues, Contributions and Transfers | | Expenses and Transfers | | Change in Fund Net Position | | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | |
| Airport | \$ 137,186 | \$ 146,606 | \$ 127,178 | \$ 132,866 | \$ 10,008 | \$ 13,740 | |
| OC Waste & Recycling | 184,215 | 194,163 | 142,700 | 141,632 | 41,515 | 52,531 | |
| Compressed Natural Gas | 199 | 149 | 11 | 11 | 188 | 138 | |
| Total | \$ 321,600 | \$ 340,918 | \$ 269,889 | \$ 274,509 | \$ 51,711 | \$ 66,409 | |

Airport

This fund accounts for major construction and self-supporting aviation related activities rendered at the Airport. At the end of FY 2020-21, there was an increase of \$10,008 in fund net position compared to the prior year increase of \$13,740. Revenues, contributions and transfers decreased by \$9,420, primarily due to a decrease in auto parking fees, concessions, landing fees, airport fees, passenger and terminal fees, partially offset by an increase in

intergovernmental revenues as a result of monies received from the FAA CARES Grant 49 and the FAA Airport Coronavirus Response Grant. Expenses decreased by \$5,688, mainly due to a decrease in S&EB and professional and specialized services.

OC Waste & Recycling

This fund is used to account for the operation, expansion and closing of existing landfills. Monies are collected through gate tipping fees, which users pay based primarily on tonnage. At the end of FY 2020-21, there was an increase of \$41,515 in fund net position compared to the prior year increase of \$52,531. Revenues, contributions and transfers decreased by \$9,948, which was primarily due to a decrease in interest revenue. Expenses and transfers increased by \$1,068, primarily due to an increase in S&S, professional and specialized services, operating leases, and depreciation expense. These increases were offset by a decrease in landfill site closure and post-closure care costs, pollution remediation expense, taxes and other fees, and S&EB.

Compressed Natural Gas

This fund is used to account for the operation and maintenance of the CNG facility. Revenues consist primarily of CNG sales to fuel the County's growing fleet of CNG-powered heavy equipment. At the end of FY 2020-21, there was an increase of \$188 in fund net position compared to the prior year increase of \$138. Revenues increased by \$50, due to a higher royalty payment from Clean Energy. This increase was partially offset by a decrease in Federal Excise Tax for the Alternative Fuel Credit. Expenditures remain the same as prior year.

For further comparative analysis of Changes in Fund Net Position, please see the Business-Type Activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Original Revenue Budget vs. Final Revenue Budget

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

Intergovernmental

- An increase of \$117,282 in the Sheriff-Coroner Department, primarily due to revenue received from the CRF to reimburse public safety payroll costs for staff presumed to be substantially dedicated to mitigate the COVID-19 pandemic, as well as the transfer of budget from the Sheriff Court Operations and excess Prop 172 Public Safety Sales Tax.
- An increase of \$103,554 in HCA, mainly due to federal grant revenue related to the Emergency Rental Assistance Program and the CRF to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic and to reimburse public health payroll costs for staff presumed to be substantially dedicated to mitigate the COVID-19 emergency.
- An increase of \$64,201 in the OC Community Resources (OCCR) budget due to the anticipated monies related to the CARES Act, ARPA, and FEMA funding to provide nutrition and economic assistance to Orange County residents and businesses impacted by the COVID-19 pandemic.
- An increase of \$26,851 in the Social Services Agency (SSA) due to federal public assistance administration of social services programs aimed at helping those in need or impacted during the COVID-19 pandemic.

Transfers In

- An increase of \$15,226 in HCA from various sources, including HCA Interest Bearing Purpose Restricted Revenue, OC Tobacco Settlement, and the Bioterrorism Center for Disease Control Fund, to support ongoing program costs.
- An increase of \$6,610 in SSA from the SSA Wraparound Program to provide sufficient funding for position reinstatements.

- An increase of \$3,532 in the Sheriff-Coroner, primarily due to transfers from Prop 69 DNA Identification, OC Tobacco Settlement Revenue, and 800MHZ Countywide Coordinated Communications System to reimburse costs related to the tracking and collection of criminal activity information and to purchase an evidence refrigerated locker.

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 \$171,304 less than budgeted amount was primarily comprised of the following:
 - \$96,338 less received in HCA due to lower than expected drawdowns from the MHSA Fund and OC Tobacco Settlement Revenue.
 - \$30,545 less received in SSA mainly attributable to lower than budgeted reimbursements from the Wraparound Fund.
 - \$11,408 less received from the Teeter Tax Loss Reserve Funds, which was not necessary to balance the General Fund's budget.

Intergovernmental

- A \$38,558 less than budgeted amount was primarily comprised of the following:
 - \$65,535 less in OCCR due to eligible COVID-19 expenditures not being incurred for reimbursement from CARES and ARPA funding and a delay in the reimbursement of FEMA claims.
 - \$33,717 less in SSA due to lower than expected revenue from Medi-Cal, Kinship Guardianship Assistance Payment, CalFresh, and lower than anticipated reimbursements from CARES.
 - \$29,249 less in HCA due to lower than expected revenue related to the California Children Services, HIV Planning and Coordination, Nutrition Services, Environmental Health, Juvenile Health Services and a delay on the reimbursement of FEMA claims.
 - \$4,149 less received in the Human Resources Department due to lower than expected revenues related to the Operation Independence Project.
 - \$3,858 less received in OC Watersheds due to lower than expected revenues from the South Orange County Watershed Management Area.
 - \$3,360 less received in CEO due to the Coordinated Reentry System Project not being completed and funding was rebudgeted in FY 2021-22 for the renovation of the Youth Guidance Center to establish an Adult Reentry Center.
 - Partially offsetting the overall less than budgeted intergovernmental revenue amounts were the following:
 - \$50,266 more received in the Sheriff-Coroner Department related to Prop 172 Public Safety Sales Tax, AB 109 Realignment, and Intake Release Center.
 - \$40,325 more received in the County Local Revenue 2011 due to increased sales tax revenue being higher than projected during the COVID-19 pandemic.
 - \$12,156 more received in the District Attorney due to higher Prop 172 Public Safety Sales Tax allocation.
 - \$11,084 more revenue received for Correctional Medical Services, Mental Health Services and Public Health Laboratory.

Taxes

- A \$21,413 higher than budgeted amount was primarily comprised of the following:
 - \$17,170 more in other taxes due to an increase in revenues received for former California Redevelopment Agencies (RDA) residual and pass-through distributions.
 - \$6,022 more in current secured property taxes resulting from an increase in secured assessed values offset by \$1,662 less revenue received for current supplemental property taxes and \$833 less revenue received from local sales tax and district tax.

Original Expenditure Budget vs. Final Expenditure Budget

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

Miscellaneous

- An increase of \$115,753, mainly due to an increase in appropriations for various public health and public safety projects to mitigate the COVID-19 pandemic.

Sheriff-Coroner

- An increase of \$110,211, primarily due to the reorganization of the Emergency Management Division and Sheriff Court Operations under the Sheriff-Coroner budget control and an increase in budgeted transfers out to Excess Public Safety Sales Tax and to the Sheriff-Coroner Construction and Facility Development Fund for the James A. Musick Jail Facility Expansion Project.

Health Care Agency

- An increase of \$87,602, primarily due to the related agreements with the U.S Department of the Treasury prior to the expiration of the eviction moratorium to provide financial assistance to individuals at risk of homelessness or eviction due to unpaid rent and utilities as a result of the COVID-19 impacts on income and employment.

Sheriff Court Operations

- A decrease of \$51,036, mainly due to the merger of the Sheriff Court Operations with the Sheriff-Coroner.

OC Community Resources

- An increase of \$51,022, primarily due to nutrition and economic assistance provided to Orange County residents and businesses impacted by the COVID-19 pandemic.

Social Services Agency

- An increase of \$44,553 to provide sufficient funding for position reinstatements and contract costs.

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

- \$67,826 lower than budgeted amount primarily due to lower expenditures for S&EB, professional and specialized contracted services related to CalWORKs programs, as well as lower expenditures for IT professional services contracts related to CalWIN special projects, rents and leases, and building improvements.

Health Care Agency

- \$48,330 less than budgeted amount mainly due to lower than anticipated expenditures for S&EB, professional and specialized services associated with MHSA programs offset by higher medical supplies expenditures related to Health Disaster Preparedness and Public Laboratory in response to the COVID-19 pandemic.

OC Community Resources

- \$27,751 less than budgeted amount mainly due to lower than anticipated expenditures for professional and specialized services associated with Office on Aging and Community Investment programs.

Sheriff-Coroner

- \$18,130 less than budgeted amount primarily due to lower than expected costs for S&EB, professional and specialized contracted services, as well as transportation and travel expenses.

OC Public Works

- \$11,205 less than budgeted amount primarily due to lower expenditures for S&EB, professional and specialized services, maintenance and improvements, IT services, and garage operation and maintenance.

Capital Projects

- \$8,448 less than budgeted amount mainly as a result of lower than anticipated transfers out to the Countywide Capital Projects Non-General Fund due to the delayed construction of various structure and improvement projects.

Utilities

- \$7,162 less than budgeted amount was primarily due to lower alteration and maintenance expenditures related to the Central Utility Facility Economizers and Continuous Emission Monitoring System analyzers replacement projects.

County Executive Office

- \$6,855 less than budgeted amount primarily due to lower than expected costs for S&EB, professional and specialized contracted services, and building improvements.

OC Watersheds

- \$6,775 less than budgeted amount mainly due to lower than anticipated expenditures for S&EB, equipment maintenance, professional and specialized services associated with the South and North OC Watershed Management Area.

Assessor

- \$6,689 less than budgeted amount due to lower than anticipated expenditures for S&EB, office expenses, rents and leases, and building improvements.

Capital Assets

At June 30, 2021, the County's capital assets for both the governmental and business-type activities amounted to \$4,583,177 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 5%.

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

| CAPITAL ASSETS | | | | | | | | |
|--|---------------------|---------------------|----------------------|-------------------|---------------------|---------------------|---------------------------------|--|
| (Net of Accumulated Depreciation) | | | | | | | | |
| June 30, 2021 and 2020 | | | | | | | | |
| | Governmental | | Business-Type | | Total | | Increase/ (Decrease) | |
| | Activities | | Activities | | | | | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>% Change</u> | |
| Land | \$ 871,293 | \$ 871,319 | \$ 38,379 | \$ 38,379 | \$ 909,672 | \$ 909,698 | -- | |
| Structures and Improvements | 821,067 | 819,263 | 524,868 | 534,484 | 1,345,935 | 1,353,747 | (1)% | |
| Land Improvements | 5,550 | 3,077 | 584 | 603 | 6,134 | 3,680 | 67 % | |
| Equipment | 208,429 | 187,638 | 50,611 | 43,797 | 259,040 | 231,435 | 12 % | |
| Software | 29,770 | 34,573 | 2,769 | 2,727 | 32,539 | 37,300 | (13)% | |
| Infrastructure | 1,343,207 | 1,302,875 | 272,480 | 286,240 | 1,615,687 | 1,589,115 | 2 % | |
| Intangible in Progress | 27,370 | 18,798 | 307 | 749 | 27,677 | 19,547 | 42 % | |
| Land Use Rights | 6,439 | 6,439 | -- | -- | 6,439 | 6,439 | -- | |
| Construction in Progress | 327,261 | 182,788 | 52,793 | 39,934 | 380,054 | 222,722 | 71 % | |
| Total | \$ 3,640,386 | \$ 3,426,770 | \$ 942,791 | \$ 946,913 | \$ 4,583,177 | \$ 4,373,683 | 5 % | |

The following lists the significant expenditures for capital assets in FY 2020-21:

General Fund

- \$4,741 for the purchase of medical and related equipment to address the COVID-19 pandemic
- \$2,810 for the purchase of the Telehealth Capacity Development equipment

- \$2,280 for the Property Tax System Re-platforming Project
- \$1,841 for various systems upgrades
- \$1,535 for the purchase of emergency medical services equipment and supplies
- \$1,446 for the purchase and installation of network hardware and computer equipment storage related peripherals and services for the Sheriff-Coroner Department
- \$1,279 for the replacement of HVAC units at the Orangewood Children and Family Center
- \$1,258 for the purchase of IT hardware, software and services for District Attorney
- \$1,255 for the replacement of HVAC ducting system for Sheriff-Coroner Eckhoff building

Flood Control District

- \$26,513 for the East Garden Grove Wintersburg Channel Project
- \$25,208 for the purchase of properties for the Santa Ana River Mainstem and Prado Dam Project
- \$11,203 for the Fullerton Creek Channel Project
- \$1,621 for the Huntington Beach and Talbert Channels Rehabilitation Project

Other Public Protection

- \$1,068 for software licenses related to the Civil Automated Systems for the Sheriff-Coroner Court Operations

Other Governmental Funds

- \$66,095 for the Civic Center Facilities Master Plan, CAN Construction Project
- \$51,739 for the James A. Musick Facility Master Plan, Phase I Project
- \$25,816 for the James A. Musick Facility Master Plan, Phase II Project
- \$16,578 for the construction of the Yale Transitional Center
- \$8,625 for the Juvenile Hall-Gym and Visitation Center
- \$4,369 for the construction costs associated with District Attorney Osborne Building remodeling
- \$2,780 for the Countywide Trails & Bikeways Active Transportation Program
- \$2,720 for the Santiago Canyon Road Safety Roadway Improvement Project
- \$2,458 for the Jail Security Electronic Control Systems upgrade
- \$2,093 for the El Toro RV Storage Lot Project
- \$1,946 for construction costs related to El Toro Library remodeling
- \$1,634 for the purchase of automated handler equipment for the Orange County Public Libraries
- \$1,627 for the OC Zoo Large Mammal Exhibit
- \$1,607 for the Santa Ana Avenue and University Drive Drainage and Pavement Improvements Project
- \$1,494 for the Americans with Disability Act (ADA) upgrades at Anaheim Island
- \$1,418 for the Rancho Santa Margarita Library tenant enhancements
- \$1,353 for the OC Loop El Cajon Bikeway Project
- \$1,351 for the Central Men's Jail Laundry upgrade
- \$1,141 for the upgrades at the Mental Health Facility in the Intake Release Center

Airport

- \$7,204 for the Terminal Building Curtain Wall Modification Project
- \$6,365 for the replacement of Terminal A & B air handlers
- \$5,869 for the Airport Operations Center
- \$5,122 for the rental car reconfiguration
- \$1,872 for the infrastructure work of the Concession Development Project
- \$1,660 for the generator engines blackstart in the Central Plant

OC Waste & Recycling

- \$5,672 for the purchase of heavy equipment at the Frank R. Bowerman (FRB) Landfill
- \$4,451 for the Bee Canyon Greenery Composting Facility
- \$3,550 for the installation of isolation vales at each fire hydrant within Capistrano Greenery
- \$3,104 for the FRB liner restoration from Silverado Fire Damage
- \$2,007 for the purchase of heavy equipment at the Olinda Alpha Landfill
- \$1,892 for the FRB South East Perimeter Access Road Improvements Project
- \$1,318 for the purchase of heavy equipment at the Prima Deshecha Landfill

Internal Service Funds

- \$11,253 for the purchase of vehicles for OC Fleet Services
- \$1,115 for the purchase of new storage area network solution
- \$1,065 for the upgrade and replacement of the legacy Audio/Visual System in the Main Conference Room at the OC Data Center

Additional information on the County's capital assets can be found in Note 5, Changes in Capital Assets in the Notes to the Basic Financial Statements Section.

Commitments for Capital Expenditures

At the end of FY 2020-21, significant commitments for capital expenditures included the following:

- \$92,208 for the Civic Center Facilities Master Plan, CAN
- \$45,511 for the East Garden Grove-Wintersburg Channel U/S Warner
- \$30,941 for the Huntington Beach and Talbert Channels
- \$9,472 for the purchase of various vehicles
- \$7,359 for the OC Zoo-Large Mammal Exhibit
- \$6,801 for the rental car configuration at the Airport
- \$3,786 for the Katella Range Facility upgrade
- \$2,913 for the James A. Musick Facility Expansion, Phase I Project
- \$2,801 for the Redundant Bus and Automatic Transfer Switch (ATS) installation and upgrade

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

Long-Term Debt

At June 30, 2021, the County had total debt obligations outstanding of \$562,575 excluding long-term liabilities such as compensated absences payable, pension, OPEB, and capital lease obligations payable. During the year, the County's outstanding bond obligations decreased by 5% which is primarily attributable to the redemption of \$69,611 in bond obligations and a decrease of \$13,049 in Interest Accretion on Capital Appreciation Bonds (CABs). This was partially offset by the issuance of \$50,725 in Teeter Plan Notes and \$849 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 and other forms of debt not covered by the general obligation bonded debt limitation.

The following table summarizes the County's outstanding bonds at June 30, 2021 and 2020:

| LONG-TERM DEBT OBLIGATIONS | | | | | | | | |
|--------------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------------|--|
| June 30, 2021 and 2020 | | | | | | | | |
| | Governmental | | Business-Type | | Total | | Increase/ (Decrease) | |
| | Activities | | Activities | | | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | % Change | |
| Revenue Bonds | \$ 381,886 | \$ 386,745 | \$ 71,825 | \$ 83,080 | \$ 453,711 | \$ 469,825 | (3)% | |
| Pension Obligation Bonds | 516 | 2,967 | -- | -- | 516 | 2,967 | (83)% | |
| Teeter Plan Notes (Direct Placement) | 37,406 | 34,661 | -- | -- | 37,406 | 34,661 | 8 % | |
| Add: Premium | | | | | | | | |
| on Bonds Payable | 59,967 | 60,736 | 8,085 | 10,382 | 68,052 | 71,118 | (4)% | |
| Add: Interest Accretion | | | | | | | | |
| on CABs | 2,890 | 15,090 | -- | -- | 2,890 | 15,090 | (81)% | |
| Total | \$ 482,665 | \$ 500,199 | \$ 79,910 | \$ 93,462 | \$ 562,575 | \$ 593,661 | (5)% | |

The following summarizes the County’s long-term debt issuance during FY 2020-21:

Teeter Plan Notes: On July 14, 2020, the County issued additional Teeter Plan Notes for \$50,725 to finance the delinquent property tax receivables associated with the Teeter Plan. On December 30, 2020 and June 28, 2021, the County used all of the accumulated base taxes to redeem \$32,756 and \$15,224, respectively, of the Teeter Plan Obligation Notes. As of June 30, 2021, the outstanding principal amount of the Teeter Plan Obligation Notes was \$37,406.

Additional information on the County’s long-term debt activity can be found in Note 12, Long-Term Obligations, and Note 22, Subsequent Events in the Notes to Basic Financial Statements Section.

Bond Ratings

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

On October 9, 2020, S&P lowered the ratings on the 2019A & 2019B Airport Revenue Refunding Bonds to A+ from AA-.

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

| LONG-TERM DEBT RATINGS | | | |
|---------------------------------------|----------------|----------------|--------------|
| June 30, 2021 | | | |
| | S&P | Moody’s | Fitch |
| 2016 Lease Revenue Bonds | AA | NR | NR |
| 2017 Lease Revenue Bonds | AA | NR | AA+ |
| Teeter Plan Notes | NR | NR | NR |
| 1997A Pension Obligation Bonds | NR | Aa1 | AA+ |
| Airport 2019A Revenue Refunding Bonds | A+ | NR | NR |
| Airport 2019B Revenue Refunding Bonds | A+ | NR | NR |

OTHER POTENTIALLY SIGNIFICANT MATTERS

The County’s management has determined that the following are significant matters that have a potential impact on the County’s financial position or changes in financial position:

State Legislation and Budget

System of Care

The County is working together with cities to respond to regional community needs in addressing homelessness. The continuous partnership between the County and each of the 34 cities in Orange County is essential to meet the needs of people experiencing homelessness and leverages the funding available with the Building Homes and Jobs Act (SB 2) or other programs such as the State’s No Place Like Home, Whole Person Care, and the Special Needs Housing Programs. In June 2018, the County issued its Housing Funding Strategy to create 2,700 permanent supportive housing units. Operational funding was provided to three city-operated emergency shelters in Buena Park, Placentia, and Huntington Beach. Capital funding was provided for a city-operated emergency shelter in Costa Mesa. Additional funding was allocated for a transitional aged youth-focused emergency shelter, as well as the construction of the Yale Transitional Center which allowed for moving the operations of the Courtyard Transitional Center to a more suitable building. The County has worked in partnership with the Orange County Continuum of Care to respond to the COVID-19 pandemic and address the needs of those experiencing homelessness or at risk of homelessness. The COVID-19 pandemic required the mobilization of community partners and stakeholders to develop an emergency response to provide non-congregate shelter to individuals and families experiencing homelessness who were COVID-19 positive or symptomatic through Project Roomkey. The participants of Project Roomkey were provided an opportunity to isolate or quarantine in an effort to limit the spread of COVID-19. Additionally, participants in Project Roomkey were able to access other resources of the System of Care including emergency shelter, temporary housing, and housing navigation to assist in overcoming

barriers as they transition to permanent housing, and access other support services that promote housing stability. The County was awarded funding from the California Department of Housing and Community Development for two Homekey Projects to secure motel buildings and convert them into interim or/and permanent, long-term housing. The County was successful in creating 132 units of interim housing and will transition into permanent supportive housing in approximately three years. To support the transition to permanent housing from Project Roomkey, Homekey programs and other emergency shelter programs, the County has made significant investments in the provision of rapid rehousing services. The County also supports city-led homeless service programs through field-based outreach teams that integrate with County behavioral health resources. The County implemented the Emergency Rental Assistance Program providing nearly \$34 million in financial assistance to tenant households experiencing financial hardships due to COVID-19 to pay for rental arrears and past due utilities thus promoting housing stability and minimizing the risk of homelessness. The County has launched the Care Plus Program to provide services through a multi-disciplinary team approach focusing on person-centered care for those experiencing homelessness.

CARES Act, FEMA and ARPA Revenue for COVID-19

In April 2020, the County received \$554,134 from the United States Treasury CRF. Use of the funds was subject to the restrictions outlined in the CARES Act. The CARES Act provided funds to state, territorial, local, and tribal governments. In addition to the \$554,134, the State allocated a portion of its CARES Act funds to counties and cities, of which the County was allocated \$73,509. As of June 30, 2021, the County used its entire United States Treasury and State CRF allocation for eligible COVID-19 related expenditures. In addition to the allocations mentioned above, the Airport received dedicated funding of \$44,910 from the FAA-CARES Act Airport Grants, which are restricted to Airport use only.

The County will also receive reimbursement for eligible COVID-19-related expenditures from FEMA. On March 13, 2020, the President declared the ongoing COVID-19 pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories, and the District of Columbia pursuant to Section 501 (b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act"). State, territorial, tribal, local government entities and certain private non-profit organizations are eligible to apply for public assistance. As of June 2021, the County submitted \$133,763 FEMA claims for seven eligible COVID-19 projects: Emergency Operations Center, Testing Kits, Personal Protective Equipment, Project RoomKey, the Great Plates Program, Vaccinations and Care Sites. In addition to CARES Act and FEMA funding, some county departments are receiving additional funding from the state/federal governments for other eligible program costs related to COVID-19.

In May 2021, the County received \$308,420, the first tranche of ARPA funds from the United States Treasury. The Coronavirus State and Local Fiscal Recovery Fund, under the ARPA provided funds to state, territorial, local, and tribal governments. Use of the funds is subject to the restrictions outlined in ARPA. As of June 30, 2021, the County used \$11,029 from the first tranche for eligible expenditures. All ARPA funds must be obligated by December 31, 2024 and spent by December 31, 2026 according to Federal guidelines issued by the United States Treasury.

Long-Term Financial Planning

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

The funded ratio of the System is a measure of the ability of the System to make obligated payments to current retirees and future retirees. As of December 31, 2020, the funding ratio for the System is 76.51%, which is an increase from 73.17% in 2019. The System's Unfunded Actuarial Accrued Liability (UAAL) decreased from \$5.88 billion (\$4.75 billion attributable to the County) to \$5.38 billion (\$4.48 billion attributable to the County). The decrease in the UAAL is primarily attributable to favorable investment returns (after smoothing) and actual cost-of-living adjustment (COLA) increases for retirees being less than expected.

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

Reduction in OCERS Assumed Investment Rate of Return

The assumed investment rate of return is the rate of investment yield that the System will earn over the long-term future.

On December 5, 2012, the OCERS Board voted to reduce the assumed investment rate of return from 7.75% to 7.25%. The reduction was phased in over a two-year period beginning July 2014 at 7.5% and reducing to 7.25% effective July 2015. On October 16, 2017, the OCERS Board adopted a reduction in the assumed investment rate of return to 7.00% effective July 1, 2019. The assumed rate of return reduction had the impact of increasing contribution rates of members and plan sponsors.

OCERS Actuarial Funding Policy (Amortization)

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

OCERS Actuarial Assumptions

The 2014 through 2016 valuations were impacted by economic assumption changes, which flowed from the 2014 Triennial Study of Actuarial Assumptions. These changes, adopted by the OCERS Board on September 23, 2014, included a decrease in the inflation assumption from 3.25% to 3.00% per annum. As a result of the 2017 Triennial Study of Actuarial Assumptions, the OCERS Board, on October 16, 2017, adopted a further decrease in the inflation assumption to 2.75%, which was effective with the 2017 valuation. On August 17, 2020, the OCERS Board adopted another decrease in the inflation rate assumption to 2.50%, while maintaining the post-retirement COLA at 2.75%. The new assumption changes were effective with the 2020 valuation.

Requests for Information

We hope that the preceding information provides a general overview of the County's overall financial status. For questions or comments concerning information contained in this report, please contact the Auditor-Controller's Office, County of Orange, 1770 N. Broadway, Santa Ana, CA 92706 or you can access our website at www.ac.ocgov.com.



OC Probation Department at Fullerton College



County of Orange
 Comprehensive Annual Financial Report
 June 30, 2021
 (Dollar Amounts in Thousands)

| | Primary Government | | | Component Units | |
|---|-------------------------|--------------------------|--------------|--------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental CFCOC | Proprietary CalOptima |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 3,442,648 | \$ 709,019 | \$ 4,151,667 | \$ 52,752 | \$ 341,979 |
| Restricted Cash and Cash Equivalents | 138,294 | 142,351 | 280,645 | -- | 300 |
| Investments | -- | 49,995 | 49,995 | -- | 1,650,944 |
| Deposits In-Lieu of Cash | 12,165 | 23,881 | 36,046 | -- | -- |
| Internal Balances | (30,311) | 30,311 | -- | -- | -- |
| Due from Component Unit | 142 | -- | 142 | -- | -- |
| Due from Primary Government | -- | -- | -- | 929 | -- |
| Prepaid Costs | 431,102 | 6,822 | 437,924 | -- | 59,537 |
| Inventory of Materials and Supplies | 2,316 | -- | 2,316 | -- | -- |
| Receivables, Net of Allowances | | | | | |
| Accounts | 20,876 | 25,944 | 46,820 | -- | 427,338 |
| Taxes | 37,010 | -- | 37,010 | 1,562 | -- |
| Interest/Dividends | 3,960 | 906 | 4,866 | 74 | -- |
| Deposits | 899 | -- | 899 | -- | -- |
| Advances | 7,864 | -- | 7,864 | 2,202 | -- |
| Leases | 87,571 | -- | 87,571 | -- | -- |
| Due from Other Governmental Agencies, Net | 539,109 | 13,122 | 552,231 | 6,921 | -- |
| Notes Receivable, Net | 61,127 | -- | 61,127 | -- | -- |
| Net Pension Asset | -- | -- | -- | 612 | -- |
| Capital Assets | | | | | |
| Not Depreciable/Amortizable | 1,232,363 | 91,479 | 1,323,842 | -- | 6,144 |
| Depreciable/Amortizable, Net | 2,408,023 | 851,312 | 3,259,335 | -- | 39,584 |
| Total Capital Assets | 3,640,386 | 942,791 | 4,583,177 | -- | 45,728 |
| Total Assets | 8,395,158 | 1,945,142 | 10,340,300 | 65,052 | 2,525,826 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Charge on Refunding | -- | 1,684 | 1,684 | -- | -- |
| Deferred Outflows of Resources Related to Pension | 1,012,759 | 20,051 | 1,032,810 | 379 | 10,542 |
| Deferred Outflows of Resources Related to OPEB | 23,921 | 456 | 24,377 | 67 | 4,450 |
| Total Deferred Outflows of Resources | 1,036,680 | 22,191 | 1,058,871 | 446 | 14,992 |

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

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|--------------|----------------------|--------------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental CFCO | Proprietary CalOptima |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 174,668 | \$ 17,236 | \$ 191,904 | \$ 2,240 | \$ 9,054 |
| Salaries and Employee Benefits Payable | 81,368 | 1,746 | 83,114 | 60 | 16,217 |
| Retainage Payable | 4,687 | 2,171 | 6,858 | 1,093 | -- |
| Interest Payable | 1,519 | 1,796 | 3,315 | -- | -- |
| Deposits from Others | 103,664 | 27,284 | 130,948 | -- | -- |
| Due to Primary Government | -- | -- | -- | 142 | -- |
| Due to Component Unit | 2 | -- | 2 | -- | -- |
| Due to Other Governmental Agencies | 106,056 | 10,727 | 116,783 | 3,193 | 690,132 |
| Unearned Revenue | 456,439 | 3,868 | 460,307 | -- | 13,174 |
| Short-Term Bonds Payable | 484,800 | -- | 484,800 | -- | -- |
| Long-Term Liabilities | | | | | |
| Due Within One Year | | | | | |
| Civic Center Facilities Master Plan Loan | 3,459 | -- | 3,459 | -- | -- |
| Interest Accretion on Capital Appreciation Bonds Payable | 2,890 | -- | 2,890 | -- | -- |
| Insurance Claims Payable | 60,633 | -- | 60,633 | -- | -- |
| Medical Claims Payable | -- | -- | -- | -- | 292,088 |
| Capitation and Withholds | -- | -- | -- | -- | 144,780 |
| Compensated Employee Absences Payable | 113,588 | 2,512 | 116,100 | 77 | -- |
| Capital Lease Obligations Payable | 7,155 | 331 | 7,486 | -- | -- |
| Notes Payable | 37,406 | -- | 37,406 | -- | -- |
| Bonds Payable | 3,116 | 13,720 | 16,836 | -- | -- |
| Pollution Remediation Obligation | -- | 610 | 610 | -- | -- |
| Intangible Assets Obligations Payable | 607 | -- | 607 | -- | -- |
| Landfill Site Closure/Postclosure Liability | -- | 3,920 | 3,920 | -- | -- |
| Due in More than One Year | | | | | |
| Civic Center Facilities Master Plan Loan | 380,974 | -- | 380,974 | -- | -- |
| Estimated Liability - Litigation and Claims | 2,124 | -- | 2,124 | -- | -- |
| Insurance Claims Payable | 176,849 | -- | 176,849 | -- | -- |
| Compensated Employee Absences Payable | 71,950 | 1,516 | 73,466 | 22 | -- |
| Capital Lease Obligations Payable | 25,838 | 663 | 26,501 | -- | -- |
| Bonds Payable | 54,820 | 66,190 | 121,010 | -- | -- |
| Pollution Remediation Obligation | -- | 14,052 | 14,052 | -- | -- |
| Intangible Assets Obligations Payable | 107 | -- | 107 | -- | -- |
| Landfill Site Closure/Postclosure Liability | -- | 182,914 | 182,914 | -- | -- |
| Net Pension Liability | 3,470,192 | 77,510 | 3,547,702 | -- | 30,620 |
| Net OPEB Liability | 299,697 | 5,714 | 305,411 | 271 | 31,610 |
| Total Liabilities | 6,124,608 | 434,480 | 6,559,088 | 7,098 | 1,227,675 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows of Resources Related to Pension | 1,048,910 | 20,057 | 1,068,967 | 1,141 | 3,054 |
| Deferred Inflows of Resources Related to OPEB | 38,122 | 727 | 38,849 | 35 | 1,309 |
| Deferred Inflows for Service Concession Arrangements | 69,000 | -- | 69,000 | -- | -- |
| Total Deferred Inflows of Resources | 1,156,032 | 20,784 | 1,176,816 | 1,176 | 4,363 |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 3,533,978 | 865,175 | 4,399,153 | -- | 45,601 |
| Restricted for: | | | | | |
| Expendable | | | | | |
| Pension Benefits | 148,764 | -- | 148,764 | -- | -- |
| Capital Projects | 98,252 | -- | 98,252 | -- | -- |
| Debt Service | 38,248 | 12,698 | 50,946 | -- | -- |
| Legally Segregated for Grants and Other Purposes | 1,377,939 | -- | 1,377,939 | -- | -- |
| Regional Park Endowment | 168 | -- | 168 | -- | -- |
| CalOptima | -- | -- | -- | -- | 101,509 |
| Passenger Facility Charges Approved Capital Projects | -- | 8,093 | 8,093 | -- | -- |
| Capital Projects-Replacements and Renewals | -- | 1,000 | 1,000 | -- | -- |
| Landfill Closure/Postclosure | -- | 25,053 | 25,053 | -- | -- |
| Landfill Corrective Action | -- | 10,472 | 10,472 | -- | -- |
| Wetland | -- | 879 | 879 | -- | -- |
| Nonexpendable | | | | | |
| Regional Park Endowment | 200 | -- | 200 | -- | -- |
| Unrestricted (Deficit) | (3,046,351) | 588,699 | (2,457,652) | 57,224 | 1,161,670 |
| Total Net Position | \$ 2,151,198 | \$ 1,512,069 | \$ 3,663,267 | \$ 57,224 | \$ 1,308,780 |

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

| Functions/Programs | Expenses | | Program Revenues | | |
|----------------------------------|---------------------|------------------------------|----------------------|------------------------------------|----------------------------------|
| | Direct Expenses | Indirect Expenses Allocation | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| General Government | \$ 242,077 | \$ (53,409) | \$ 57,828 | \$ 165,365 | \$ 22,310 |
| Public Protection | 1,477,186 | 36,595 | 326,011 | 693,661 | 104,031 |
| Public Ways and Facilities | 143,848 | (5,178) | 49,063 | 101,811 | 11,947 |
| Health and Sanitation | 1,100,010 | 6,979 | 143,981 | 959,993 | 2,743 |
| Public Assistance | 1,348,466 | 10,257 | 18,347 | 1,276,789 | 224 |
| Education | 51,682 | 897 | 441 | 372 | -- |
| Recreation and Cultural Services | 126,521 | 2,226 | 29,409 | 1,190 | 628 |
| Interest on Long-Term Debt | 27,232 | -- | -- | -- | -- |
| Total Governmental Activities | <u>4,517,022</u> | <u>(1,633)</u> | <u>625,080</u> | <u>3,199,181</u> | <u>141,883</u> |
| Business-Type Activities | | | | | |
| Airport | 127,526 | 634 | 109,168 | 22,066 | 5,387 |
| OC Waste & Recycling | 133,214 | 988 | 179,974 | 305 | -- |
| Compressed Natural Gas | -- | 11 | 183 | -- | -- |
| Total Business-Type Activities | <u>260,740</u> | <u>1,633</u> | <u>289,325</u> | <u>22,371</u> | <u>5,387</u> |
| Total Primary Government | <u>\$ 4,777,762</u> | <u>\$ --</u> | <u>\$ 914,405</u> | <u>\$ 3,221,552</u> | <u>\$ 147,270</u> |
| Component Units | | | | | |
| Children and Families | | | | | |
| Commission of Orange County | \$ 25,687 | \$ -- | \$ -- | \$ 27,298 | \$ -- |
| CalOptima | 3,870,635 | -- | 4,148,335 | -- | -- |
| Total Component Units | <u>\$ 3,896,322</u> | <u>\$ --</u> | <u>\$ 4,148,335</u> | <u>\$ 27,298</u> | <u>\$ --</u> |

General Revenues

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

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

Net (Expense) Revenue and Change in Net Position

| Primary Government | | | Component Units | | Functions/Programs |
|-----------------------------|-----------------------------|--------------|-----------------------|--------------------------|--|
| Governmental Activities | Business-Type Activities | Total | Governmental CFCOC | Proprietary CalOptima | |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| \$ 56,835 | \$ -- | \$ 56,835 | \$ -- | \$ -- | General Government |
| (390,078) | -- | (390,078) | -- | -- | Public Protection |
| 24,151 | -- | 24,151 | -- | -- | Public Ways and Facilities |
| (272) | -- | (272) | -- | -- | Health and Sanitation |
| (63,363) | -- | (63,363) | -- | -- | Public Assistance |
| (51,766) | -- | (51,766) | -- | -- | Education |
| (97,520) | -- | (97,520) | -- | -- | Recreation and Cultural Services |
| (27,232) | -- | (27,232) | -- | -- | Interest on Long-Term Debt |
| (549,245) | -- | (549,245) | -- | -- | Total Governmental Activities |
| Business-Type Activities | | | | | |
| -- | 8,461 | 8,461 | -- | -- | Airport |
| -- | 46,077 | 46,077 | -- | -- | OC Waste & Recycling |
| -- | 172 | 172 | -- | -- | Compressed Natural Gas |
| -- | 54,710 | 54,710 | -- | -- | Total Business-Type Activities |
| (549,245) | 54,710 | (494,535) | -- | -- | Total Primary Government |
| Component Units | | | | | |
| Children and Families | | | | | |
| Commission of Orange County | | | | | |
| CalOptima | | | | | |
| Total Component Units | | | | | |
| General Revenues | | | | | |
| Taxes | | | | | |
| 351,951 | -- | 351,951 | -- | -- | Property Taxes, Levied for General Fund |
| 119,476 | -- | 119,476 | -- | -- | Property Taxes, Levied for Flood Control District |
| 93,792 | -- | 93,792 | -- | -- | Property Taxes, Levied for OC Parks |
| 59,333 | -- | 59,333 | -- | -- | Property Taxes, Levied for OC Public Libraries |
| 438,321 | -- | 438,321 | -- | -- | Property Taxes in-Lieu of Motor Vehicle License Fees |
| 127,777 | 14 | 127,791 | -- | -- | Other Taxes |
| 15,547 | -- | 15,547 | -- | -- | Grants and Contributions Not Restricted to Specific Programs |
| 3,528 | -- | 3,528 | -- | -- | State Allocation of Motor Vehicle License Fees |
| 35,393 | 1,269 | 36,662 | 132 | 5,949 | Unrestricted Investment Earnings |
| 64,764 | 2,249 | 67,013 | 8,352 | -- | Miscellaneous |
| 7,509 | (7,509) | -- | -- | -- | Transfers |
| 1,317,391 | (3,977) | 1,313,414 | 8,484 | 5,949 | Total General Revenues and Transfers |
| 768,146 | 50,733 | 818,879 | 10,095 | 283,649 | Change in Net Position |
| 1,383,052 | 1,461,336 | 2,844,388 | 47,129 | 1,025,131 | Net Position-Beginning of Year |
| \$ 2,151,198 | \$ 1,512,069 | \$ 3,663,267 | \$ 57,224 | \$ 1,308,780 | Net Position-End of Year |

County of Orange
 Comprehensive Annual Financial Report
 June 30, 2021
 (Dollar Amounts in Thousands)

| | General Fund | Flood Control District | Other Public Protection |
|--|---------------------|------------------------------|-------------------------------|
| <u>ASSETS</u> | | | |
| Pooled Cash/Investments | \$ 1,247,941 | \$ 484,895 | \$ 201,649 |
| Cash/Cash Equivalents | -- | -- | 12,924 |
| Imprest Cash Funds | 1,838 | -- | -- |
| Restricted Cash and Investments with Trustee | 8 | -- | -- |
| Deposits In-Lieu of Cash | 9,803 | -- | -- |
| Receivables | | | |
| Accounts | 17,709 | 1,192 | 55 |
| Taxes | 6,109 | 1,246 | -- |
| Interest/Dividends | 1,598 | 561 | 251 |
| Deposits | 412 | 436 | -- |
| Advances | 7,835 | -- | 29 |
| Allowance for Uncollectible Receivables | (896) | (243) | -- |
| Due from Other Funds | 110,138 | 2,192 | 32,869 |
| Due from Component Unit | 142 | -- | -- |
| Due from Other Governmental Agencies, Net | 415,167 | 45,675 | 4,244 |
| Inventory of Materials and Supplies | 1,428 | 426 | 227 |
| Prepaid Costs | 514,451 | 6,577 | 1,709 |
| Notes Receivable, Net | -- | -- | -- |
| Total Assets | <u>\$ 2,333,683</u> | <u>\$ 542,957</u> | <u>\$ 253,957</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 93,961 | \$ 11,546 | \$ 1,048 |
| Retainage Payable | 1,536 | 970 | 1 |
| Salaries and Employee Benefits Payable | 75,953 | 1,036 | 237 |
| Interest Payable | 882 | -- | -- |
| Deposits from Others | 24,169 | 5,643 | 18,977 |
| Due to Other Funds | 234,778 | 7,998 | 6,168 |
| Due to Other Governmental Agencies | 43,459 | -- | 6,350 |
| Unearned Revenue | 402,513 | 2,492 | -- |
| Bonds Payable | 484,800 | -- | -- |
| Advances from Other Funds | -- | -- | -- |
| Total Liabilities | <u>1,362,051</u> | <u>29,685</u> | <u>32,781</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Unavailable Revenue-Intergovernmental Revenues | 195,873 | 44,655 | 2,012 |
| Unavailable Revenue-Senate Bill 90 Mandated Claims, Net | 17,380 | -- | -- |
| Unavailable Revenue-Property Taxes | 5,995 | 434 | -- |
| Unavailable Revenue-Other | 16,657 | 75 | -- |
| Total Deferred Inflows of Resources | <u>235,905</u> | <u>45,164</u> | <u>2,012</u> |
| <u>FUND BALANCES</u> | | | |
| Nonspendable | 515,879 | 7,003 | 1,936 |
| Restricted | 97,998 | 461,105 | 217,228 |
| Assigned | 108,268 | -- | -- |
| Unassigned | 13,582 | -- | -- |
| Total Fund Balances | <u>735,727</u> | <u>468,108</u> | <u>219,164</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 2,333,683</u> | <u>\$ 542,957</u> | <u>\$ 253,957</u> |

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

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

| Mental Health Services Act | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|--------------------------------|--------------------------------|
| \$ 201,732 | \$ 960,713 | \$ 3,096,930 |
| -- | -- | 12,924 |
| -- | 45 | 1,883 |
| -- | 138,286 | 138,294 |
| -- | 2,362 | 12,165 |
| -- | 3,384 | 22,340 |
| -- | 29,655 | 37,010 |
| 226 | 972 | 3,608 |
| -- | 51 | 899 |
| -- | -- | 7,864 |
| -- | (322) | (1,461) |
| -- | 200,829 | 346,028 |
| -- | -- | 142 |
| 24,945 | 48,711 | 538,742 |
| -- | -- | 2,081 |
| -- | 20,640 | 543,377 |
| -- | 61,127 | 61,127 |
| <u>\$ 226,903</u> | <u>\$ 1,466,453</u> | <u>\$ 4,823,953</u> |

ASSETS

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

| | | |
|---------------|----------------|------------------|
| \$ -- | \$ 40,591 | \$ 147,146 |
| -- | 2,159 | 4,666 |
| -- | 3,267 | 80,493 |
| -- | 55 | 937 |
| -- | 54,875 | 103,664 |
| 44,744 | 42,775 | 336,463 |
| -- | 56,247 | 106,056 |
| -- | 51,434 | 456,439 |
| -- | -- | 484,800 |
| -- | 55,000 | 55,000 |
| <u>44,744</u> | <u>306,403</u> | <u>1,775,664</u> |

LIABILITIES

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

| | | |
|-----------|---------------|----------------|
| -- | 9,934 | 252,474 |
| -- | -- | 17,380 |
| -- | 801 | 7,230 |
| -- | -- | 16,732 |
| <u>--</u> | <u>10,735</u> | <u>293,816</u> |

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 |

| | | |
|-------------------|---------------------|---------------------|
| -- | 20,840 | 545,658 |
| 182,159 | 751,247 | 1,709,737 |
| -- | 377,228 | 485,496 |
| -- | -- | 13,582 |
| <u>182,159</u> | <u>1,149,315</u> | <u>2,754,473</u> |
| <u>\$ 226,903</u> | <u>\$ 1,466,453</u> | <u>\$ 4,823,953</u> |

FUND BALANCES

| |
|---------------------|
| Nonspendable |
| Restricted |
| Assigned |
| Unassigned |
| Total Fund Balances |

Total Liabilities, Deferred Inflows of Resources,
and Fund Balances

County of Orange
 Comprehensive Annual Financial Report
 June 30, 2021
 (Dollar Amounts in Thousands)

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 (\$603,275) is due to the long-term economic focus of the Statement of Net Position versus the short-term economic focus of the governmental funds. The components of the difference are described below.

Total Fund Balances-Governmental Funds \$ 2,754,473

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

| | | |
|---------------------------------------|-------------|-----------|
| Land | 871,293 | |
| Structures and Improvements | 1,620,115 | |
| Equipment | 349,300 | |
| Software | 145,018 | |
| Infrastructure | 2,097,081 | |
| Land Use Rights (Permanent) | 6,439 | |
| Land Improvements | 7,018 | |
| Construction in Progress | 325,313 | |
| Intangible in Progress | 27,370 | |
| Accumulated Depreciation/Amortization | (1,879,333) | 3,569,614 |

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 | 148,764 | |
| Installment Receivables from Service Concession Arrangements | 87,571 | |

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. 124,484

Deferred outflows of resources are similar to assets, but they do not meet the definition of an asset at June 30, 2021. When all the recognition criteria are met, the deferred outflows of resources will become an expense. The counterpart to deferred outflows of resources are deferred inflows of resources, which do not meet the definition of a liability at June 30, 2021. When all recognition criteria are met, the deferred inflows of resources will become revenue, except for pension and OPEB related deferred inflows of resources which will be recognized as a credit to expense. The County reports the different types of deferred outflows and inflows of resources in the Statement of Net Position as follows:

| | | |
|--|--|---------|
| Deferred Outflows of Resources: | | |
| Employer retirement contribution subsequent to measurement date | | 737,575 |
| Employer retirement contribution subsequent to measurement date for the net OPEB liability | | 23,611 |

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

Reclassification of prepaid pension contribution from prepaid costs to deferred outflows of resources for the portion to be recognized in the next measurement period. Refer to Note 19, Retirement Plans for further information.

| | | |
|---|-----------|-------------|
| Prepaid Pension Contribution | (263,920) | |
| Deferred Outflows of Resources | 263,920 | |
| Liabilities for Service Concession Arrangements | | (18,572) |
| Deferred Inflows of Resources: | | |
| Deferred Inflows of Resources that have been earned but not available to finance expenditures in the current period | | 293,816 |
| Deferred Inflows of Resources Related to Pension | | (1,036,847) |
| Deferred Inflows of Resources Related to OPEB | | (37,619) |
| Deferred Inflows from Service Concession Arrangements | | (69,000) |

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 | (57,936) | |
| Civic Center Facilities Master Plan Financing | (384,433) | |
| Teeter Plan Notes Payable | (37,406) | |
| Compensated Employee Absences Payable | (182,964) | |
| Capital Lease Obligations Payable | (23,605) | |
| Intangible Assets Obligations Payable | (714) | |
| Interest Payable on Bonds | (582) | |
| Interest Accretion on Capital Appreciation Bonds | (2,890) | |
| Estimated Liability-Litigation and Claims | (2,124) | |
| County's proportionate share of Net Pension Liability | (3,438,076) | |
| County's proportionate share of Net OPEB Liability | (295,942) | <u>(4,426,672)</u> |

| | |
|---|---------------------|
| Net Position of Governmental Activities | <u>\$ 2,151,198</u> |
|---|---------------------|

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

| | General Fund | Flood Control District | Other Public Protection |
|---|-------------------|------------------------------|-------------------------------|
| Revenues | | | |
| Taxes | \$ 848,296 | \$ 136,011 | \$ -- |
| Licenses, Permits, and Franchises | 26,682 | -- | 98 |
| Fines, Forfeitures, and Penalties | 38,697 | 28 | 1,439 |
| Use of Money and Property | 3,734 | 2,817 | 4,159 |
| Intergovernmental | 2,401,642 | 5,433 | 22,799 |
| Charges for Services | 499,381 | 17,759 | 15,832 |
| Other | 22,175 | 3,522 | 5,413 |
| Total Revenues | <u>3,840,607</u> | <u>165,570</u> | <u>49,740</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 197,531 | -- | -- |
| Public Protection | 1,430,830 | 105,870 | 22,476 |
| Public Ways and Facilities | 40,431 | -- | -- |
| Health and Sanitation | 1,130,237 | -- | -- |
| Public Assistance | 1,129,822 | -- | -- |
| Education | -- | -- | -- |
| Recreation and Cultural Services | -- | -- | -- |
| Capital Outlay | 28,963 | 74,962 | 3,099 |
| Debt Service | | | |
| Principal Retirement | 5,682 | -- | -- |
| Interest | 6,983 | -- | -- |
| Total Expenditures | <u>3,970,479</u> | <u>180,832</u> | <u>25,575</u> |
| Excess (Deficit) of Revenues Over Expenditures | (129,872) | (15,262) | 24,165 |
| Other Financing Sources (Uses) | | | |
| Transfers In | 292,940 | 215 | 34,284 |
| Transfers Out | (290,643) | (4,684) | (21,476) |
| Debt Issued | -- | -- | -- |
| Total Other Financing Sources (Uses) | <u>2,297</u> | <u>(4,469)</u> | <u>12,808</u> |
| Net Change in Fund Balances | (127,575) | (19,731) | 36,973 |
| Fund Balances-Beginning of Year | <u>863,302</u> | <u>487,839</u> | <u>182,191</u> |
| Fund Balances-End of Year | <u>\$ 735,727</u> | <u>\$ 468,108</u> | <u>\$ 219,164</u> |

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

| Mental Health Services Act | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|--------------------------------|--------------------------------|
| \$ -- | \$ 168,164 | \$ 1,152,471 |
| -- | 1,039 | 27,819 |
| -- | 17,681 | 57,845 |
| 473 | 32,156 | 43,339 |
| 239,468 | 473,044 | 3,142,386 |
| -- | 38,160 | 571,132 |
| -- | 39,439 | 70,549 |
| <u>239,941</u> | <u>769,683</u> | <u>5,065,541</u> |
| -- | 29,997 | 227,528 |
| -- | 51 | 1,559,227 |
| -- | 90,400 | 130,831 |
| 104 | 706 | 1,131,047 |
| -- | 253,946 | 1,383,768 |
| -- | 53,372 | 53,372 |
| -- | 125,363 | 125,363 |
| -- | 234,385 | 341,409 |
| -- | 55,300 | 60,982 |
| -- | 33,132 | 40,115 |
| <u>104</u> | <u>876,652</u> | <u>5,053,642</u> |
| 239,837 | (106,969) | 11,899 |
| -- | 273,654 | 601,093 |
| (189,753) | (94,765) | (601,321) |
| -- | 50,725 | 50,725 |
| <u>(189,753)</u> | <u>229,614</u> | <u>50,497</u> |
| 50,084 | 122,645 | 62,396 |
| <u>132,075</u> | <u>1,026,670</u> | <u>2,692,077</u> |
| <u>\$ 182,159</u> | <u>\$ 1,149,315</u> | <u>\$ 2,754,473</u> |

| |
|--------------------------------------|
| Revenues |
| Taxes |
| Licenses, Permits, and Franchises |
| Fines, Forfeitures, and Penalties |
| Use of Money and Property |
| Intergovernmental |
| Charges for Services |
| Other |
| Total Revenues |
| Expenditures |
| Current |
| General Government |
| Public Protection |
| Public Ways and Facilities |
| Health and Sanitation |
| Public Assistance |
| Education |
| Recreation and Cultural Services |
| Capital Outlay |
| Debt Service |
| Principal Retirement |
| Interest |
| Total Expenditures |
| Excess (Deficit) of Revenues |
| Over Expenditures |
| Other Financing Sources (Uses) |
| Transfers In |
| Transfers Out |
| Debt Issued |
| Total Other Financing Sources (Uses) |
| Net Change in Fund Balances |
| Fund Balances-Beginning of Year |
| Fund Balances-End of Year |

County of Orange
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The Net Change in Fund Balances for governmental funds of \$62,396 in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Position for governmental activities of \$768,146 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 | \$ | 62,396 |
|--|----|--------|

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 | 35,905 | |
| Construction in Progress | 254,747 | |
| Equipment | 23,643 | |
| Software | 12,012 | |
| Net of Gains/(Losses) on Capital Assets Dispositions | (22,001) | |
| Depreciation/Amortization Expense | (105,233) | |
| Capital Contributions | 3,006 | 202,079 |

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 | (50,725) | |
| Principal and Other Long-Term Liability Payments: | | |
| Bonds Payable | 7,310 | |
| Teeter Plan Notes Payable | 47,980 | |
| Capital Lease Obligations Payable | 5,987 | 10,552 |

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

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

| | | |
|---|-------------------------|---------|
| Government Mandated and Voluntary Nonexchange Property Tax Revenues | 170,694 <u>(254)</u> | 170,440 |
|---|-------------------------|---------|

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 | 26 | |
| Amortization of Deferred Charges | 13,818 | |
| Change in Compensated Employee Absences | (5,590) | |
| Pension Costs and Investment Gains of the County's Investment Account with OCERS | 13,422 | |
| Estimated Litigation and Claims Expense | (2,124) | |
| Interest Accretion on Capital Appreciation Bonds | <u>(849)</u> | 18,703 |

Internal service funds (ISF) are used by management to charge the costs of certain activities, such as insurance, transportation, and telephone services to individual governmental funds. The operating loss of ISF is eliminated in the Statement of Activities as an adjustment to the various functions to arrive at a break-even basis. Also, general or non-program revenues and expenses of the ISF are recorded in governmental activities.

| | | |
|--|---------------|--------|
| Allocation of ISF's Operating Loss to Governmental Activities, net of Business-Type Activities | (6,184) | |
| Consolidation of Nonoperating Revenues, Expenses and Transfers to Governmental Activities | <u>24,922</u> | 18,738 |

GASB Statement No. 75 requires an employer to record OPEB expense and employer contribution that affects the County's proportionate share of the net OPEB liability.

| | | |
|----------------------------|---------------|--------|
| OPEB Expense | (27,422) | |
| OPEB Employer Contribution | <u>38,146</u> | 10,724 |

GASB Statement No. 68 requires an employer to record pension expense and employer contribution that affects the County's proportionate share of the net pension liability.

| | | |
|-------------------------------|----------------|----------------|
| Pension Expense | (213,138) | |
| Pension Employer Contribution | <u>487,652</u> | <u>274,514</u> |

| | | |
|---|-----------|----------------|
| Change in Net Position of Governmental Activities | <u>\$</u> | <u>768,146</u> |
|---|-----------|----------------|

County of Orange
 Comprehensive Annual Financial Report
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 (Dollar Amounts in Thousands)

**BUDGETARY COMPARISON STATEMENT
 MAJOR GOVERNMENTAL FUNDS-GENERAL FUND**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|--|-------------------|-------------------|------------------------------|------------------------------------|
| Revenues and Other Financing Sources | | | | |
| Taxes | \$ 816,508 | \$ 826,508 | \$ 847,921 | \$ 21,413 |
| Licenses, Permits, and Franchises | 26,979 | 26,979 | 26,031 | (948) |
| Fines, Forfeitures, and Penalties | 32,322 | 32,322 | 38,777 | 6,455 |
| Use of Money and Property | 19,405 | 19,405 | 8,987 | (10,418) |
| Intergovernmental | 2,217,415 | 2,561,844 | 2,523,286 | (38,558) |
| Charges for Services | 516,814 | 527,780 | 512,682 | (15,098) |
| Other | 22,988 | 28,360 | 33,338 | 4,978 |
| Transfers In | 432,649 | 460,104 | 288,800 | (171,304) |
| Bond Issuance Proceeds | -- | 100 | -- | (100) |
| Total Revenues and Other Financing Sources | <u>4,085,080</u> | <u>4,483,402</u> | <u>4,279,822</u> | <u>(203,580)</u> |
| Expenditures and Other Financing Uses | | | | |
| General Government: | | | | |
| Assessor | 48,074 | 48,074 | 41,385 | 6,689 |
| Auditor-Controller | 20,713 | 20,713 | 17,833 | 2,880 |
| Board of Supervisors-1st District | 1,311 | 1,311 | 1,267 | 44 |
| Board of Supervisors-2nd District | 1,393 | 1,393 | 1,196 | 197 |
| Board of Supervisors-3rd District | 1,371 | 1,371 | 1,266 | 105 |
| Board of Supervisors-4th District | 1,309 | 1,309 | 1,100 | 209 |
| Board of Supervisors-5th District | 1,313 | 1,313 | 1,136 | 177 |
| Capital Acquisition Financing | 6,969 | 6,969 | 1,477 | 5,492 |
| Capital Projects | 37,334 | 37,686 | 29,238 | 8,448 |
| CAPS Program | 14,864 | 14,864 | 13,079 | 1,785 |
| Clerk of the Board | 5,741 | 5,741 | 5,275 | 466 |
| County Counsel | 11,597 | 11,597 | 10,878 | 719 |
| CEO Real Estate | 9,307 | 11,521 | 11,093 | 428 |
| County Executive Office | 27,248 | 28,848 | 21,993 | 6,855 |
| Data Systems Development Project | 4,265 | 4,265 | 4,228 | 37 |
| Employee Benefits | 2,098 | 2,098 | 1,830 | 268 |
| Human Resources | 8,553 | 13,803 | 12,148 | 1,655 |
| Internal Audit | 2,862 | 2,862 | 2,516 | 346 |
| IBM Mainframe | 2,396 | 2,396 | 2,396 | -- |
| Miscellaneous | 30,411 | 146,164 | 145,993 | 171 |
| OC Campaign Finance and Ethics Commission | 457 | 457 | 417 | 40 |
| OCIT Shared Services | 3,038 | 4,070 | 4,064 | 6 |
| Office of Independent Review | 590 | 590 | 588 | 2 |
| Performance Audit | 1,305 | 1,305 | 284 | 1,021 |
| Prepaid Pension Obligation | 21 | 121 | 27 | 94 |
| Property Tax System Centralized O & M Support | 6,822 | 7,905 | 6,843 | 1,062 |
| Registrar of Voters | 28,065 | 28,065 | 27,638 | 427 |
| Treasurer-Tax Collector | 17,424 | 16,974 | 12,779 | 4,195 |
| Utilities | 30,899 | 31,829 | 24,667 | 7,162 |
| Public Protection: | | | | |
| Alternate Defense | 6,301 | 6,161 | 4,253 | 1,908 |
| Building & Safety | 14,806 | 15,048 | 12,885 | 2,163 |
| Child Support Services | 59,889 | 59,889 | 53,931 | 5,958 |
| Clerk-Recorder | 17,813 | 22,934 | 22,849 | 85 |
| Detention Release | 1,787 | 1,903 | 1,808 | 95 |
| District Attorney | 169,981 | 179,843 | 173,851 | 5,992 |
| District Attorney-Public Administrator | 4,141 | 4,165 | 3,922 | 243 |
| Emergency Management Division | 3,903 | 111 | 6 | 105 |
| Grand Jury | 604 | 634 | 608 | 26 |
| HCA Public Guardian | 5,797 | 5,801 | 5,632 | 169 |
| Juvenile Justice Commission | 239 | 239 | 128 | 111 |
| OC Animal Care | -- | 23,359 | 19,670 | 3,689 |
| Probation | 195,470 | 199,531 | 197,586 | 1,945 |
| Public Defender | 90,229 | 90,229 | 86,827 | 3,402 |
| Sheriff-Coroner | 783,919 | 894,130 | 876,000 | 18,130 |
| Sheriff Court Operations | 51,106 | 70 | 24 | 46 |
| Trial Courts | 67,691 | 67,859 | 66,404 | 1,455 |
| Public Ways and Facilities: | | | | |
| OC Public Works | 67,107 | 67,145 | 55,940 | 11,205 |
| Health and Sanitation: | | | | |
| Health Care Agency | 1,093,756 | 1,181,358 | 1,133,028 | 48,330 |
| OC Watersheds | 20,452 | 20,452 | 13,677 | 6,775 |
| Public Assistance: | | | | |
| OC Community Resources | 147,225 | 198,247 | 170,496 | 27,751 |
| Social Services Agency | 1,008,022 | 1,052,575 | 984,749 | 67,826 |
| Total Expenditures and Other Financing Uses | <u>4,137,988</u> | <u>4,547,297</u> | <u>4,288,908</u> | <u>258,389</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (52,908) | (63,895) | (9,086) | \$ <u>54,809</u> |
| Fund Balances-Beginning of Year | <u>745,939</u> | <u>745,939</u> | <u>745,939</u> | |
| Fund Balances-End of Year | <u>\$ 693,031</u> | <u>\$ 682,044</u> | <u>\$ 736,853</u> | |

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

Budgetary Comparison Statement
(Dollar Amounts in Thousands)

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

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|--|-------------------|-------------------|------------------------------|------------------------------------|
| Revenues and Other Financing Sources | | | | |
| Taxes | \$ 129,546 | \$ 129,546 | \$ 135,875 | \$ 6,329 |
| Fines, Forfeitures, and Penalties | 15 | 15 | 28 | 13 |
| Use of Money and Property | 8,149 | 8,149 | 6,047 | (2,102) |
| Intergovernmental | 12,792 | 12,842 | 7,983 | (4,859) |
| Charges for Services | 12,058 | 12,058 | 18,001 | 5,943 |
| Other | 110 | 110 | 1,944 | 1,834 |
| Transfers In | 75,245 | 75,245 | 75,245 | -- |
| Total Revenues and Other Financing Sources | <u>237,915</u> | <u>237,965</u> | <u>245,123</u> | <u>7,158</u> |
| Expenditures and Other Financing Uses | | | | |
| Public Protection: | | | | |
| OC Flood | 283,601 | 285,298 | 200,419 | 84,879 |
| OC Flood-Capital Improvement Projects | 75,595 | 75,595 | 13,327 | 62,268 |
| OC Flood-Santa Ana River | 79,499 | 79,499 | 46,558 | 32,941 |
| Total Expenditures and Other Financing Uses | <u>438,695</u> | <u>440,392</u> | <u>260,304</u> | <u>180,088</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (200,780) | (202,427) | (15,181) | <u>\$ 187,246</u> |
| Fund Balances-Beginning of Year | 483,839 | 483,839 | 483,839 | |
| Fund Balances-End of Year | <u>\$ 283,059</u> | <u>\$ 281,412</u> | <u>\$ 468,658</u> | |

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BUDGETARY COMPARISON STATEMENT
MAJOR GOVERNMENTAL FUNDS-OTHER PUBLIC PROTECTION

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|--|------------------|------------------|------------------------------|------------------------------------|
| Revenues and Other Financing Sources | | | | |
| Licenses, Permits, and Franchises | \$ 9 | \$ 9 | \$ 98 | \$ 89 |
| Fines, Forfeitures, and Penalties | 4,867 | 4,867 | 1,439 | (3,428) |
| Use of Money and Property | 7,000 | 7,000 | 5,038 | (1,962) |
| Intergovernmental | 18,513 | 19,005 | 23,419 | 4,414 |
| Charges for Services | 12,979 | 13,380 | 15,832 | 2,452 |
| Other | 6,782 | 6,782 | 5,403 | (1,379) |
| Transfers In | 4,665 | 36,936 | 37,060 | 124 |
| Total Revenues and Other Financing Sources | <u>54,815</u> | <u>87,979</u> | <u>88,289</u> | <u>310</u> |
| Expenditures and Other Financing Uses | | | | |
| Public Protection: | | | | |
| County Automated Fingerprint Identification | 2,289 | 2,419 | 1,588 | 831 |
| Building and Safety-Operating Reserve | 215 | 1,027 | 116 | 911 |
| Narcotic Forfeiture and Seizure | 587 | 587 | 225 | 362 |
| Sheriff-Regional Narcotics Suppression Program | 79 | 79 | 619 | (540) |
| Motor Vehicle Theft Task Force | 3,659 | 3,725 | 3,588 | 137 |
| Regional Narcotic Suppression Program-Dept of Treasury | -- | -- | 7 | (7) |
| Regional Narcotic Suppression Program-Other | 2,987 | 3,318 | 1,551 | 1,767 |
| Clerk Recorder Special Revenue | 7,645 | 7,645 | 6,937 | 708 |
| Clerk Recorder Operating Reserve | 967 | 7,763 | 2 | 7,761 |
| Real Estate Prosecution | 1,610 | 2,010 | 2,009 | 1 |
| Proposition 64-Consumer Protection | 5,190 | 5,190 | 1,147 | 4,043 |
| Proposition 69-DNA Identification | 701 | 1,095 | 567 | 528 |
| Traffic Violator | 1,007 | 1,007 | 203 | 804 |
| Sheriff Narcotics Program-Dept of Justice | 10,241 | 12,650 | 1,724 | 10,926 |
| Sheriff Narcotics Program-Other | 2,452 | 2,710 | 135 | 2,575 |
| Orange County Jail | 501 | 240 | -- | 240 |
| Sheriff Narcotics Program-CALMMET-Treasury | 1,134 | 1,588 | 51 | 1,537 |
| Sheriff's State Criminal Alien Assistance Program | 2,693 | 2,695 | 2 | 2,693 |
| California Automated Fingerprint Identification Operational Costs | 2,123 | 2,059 | 1,616 | 443 |
| California Automated Fingerprint Identification Systems Costs | 38,911 | 41,421 | 1,331 | 40,090 |
| Sheriff's Supplemental Law Enforcement Services | 2,629 | 1,876 | 1,001 | 875 |
| District Attorney's Supplemental Law Enforcement Services | 1,425 | 1,425 | 1,161 | 264 |
| Excess Public Safety Sales Tax | 3,250 | 28,156 | 2 | 28,154 |
| Sheriff-Coroner Replacement and Maintenance | 22,654 | 22,936 | 1,175 | 21,761 |
| Ward Welfare | 122 | 122 | 117 | 5 |
| Sheriff's Substations Fee Program | 997 | 1,007 | 852 | 155 |
| Sheriff Court OPS-Special Collections | 4,599 | 4,052 | 2,272 | 1,780 |
| Jail Commissary | 10,083 | 11,770 | 6,639 | 5,131 |
| Inmate Welfare | 17,475 | 17,287 | 3,558 | 13,729 |
| Child Support Program Development | 7,794 | 7,794 | 2,521 | 5,273 |
| 800 MHz Countywide Coordinated Communications System | 8,274 | 11,247 | 6,550 | 4,697 |
| Delta Special Revenue | 20 | 20 | 6 | 14 |
| Total Expenditures and Other Financing Uses | <u>164,313</u> | <u>206,920</u> | <u>49,272</u> | <u>157,648</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (109,498) | (118,941) | 39,017 | \$ 157,958 |
| Fund Balances-Beginning of Year | 160,680 | 160,680 | 160,680 | |
| Fund Balances-End of Year | <u>\$ 51,182</u> | <u>\$ 41,739</u> | <u>\$ 199,697</u> | |

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

Budgetary Comparison Statement
(Dollar Amounts in Thousands)

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

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|--|------------------|------------------|------------------------------|------------------------------------|
| Revenues and Other Financing Sources | | | | |
| Use of Money and Property | \$ 4,000 | \$ 4,000 | \$ 1,550 | \$ (2,450) |
| Intergovernmental | 181,600 | 181,600 | 239,468 | 57,868 |
| Total Revenues and Other Financing Sources | <u>185,600</u> | <u>185,600</u> | <u>241,018</u> | <u>55,418</u> |
| Expenditures and Other Financing Uses | | | | |
| Health & Sanitation: | | | | |
| Mental Health Services Act | 256,885 | 256,885 | 189,857 | 67,028 |
| Total Expenditures and Other Financing Uses | <u>256,885</u> | <u>256,885</u> | <u>189,857</u> | <u>67,028</u> |
| Excess (Deficit) of Revenues and Other Financing | | | | |
| Sources Over Expenditures and Other Financing Uses | (71,285) | (71,285) | 51,161 | <u>\$ 122,446</u> |
| Fund Balances-Beginning of Year | 130,567 | 130,567 | 130,567 | |
| Fund Balances-End of Year | <u>\$ 59,282</u> | <u>\$ 59,282</u> | <u>\$ 181,728</u> | |

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

County of Orange
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 (Dollar Amounts in Thousands)

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|--|-------------------------|---|------------------|---|
| | Airport | OC Waste & Recycling | Compressed Natural Gas (Nonmajor) | Total | |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Pooled Cash/Investments | \$ 181,881 | \$ 518,786 | \$ 301 | \$ 700,968 | \$ 325,099 |
| Cash Equivalents/Specific Investments | 3,356 | -- | -- | 3,356 | -- |
| Cash/Cash Equivalents | 4,646 | -- | -- | 4,646 | 5,804 |
| Imprest Cash Funds | 14 | 35 | -- | 49 | 8 |
| Restricted Cash and Investments with Trustee | 14,494 | -- | -- | 14,494 | -- |
| Restricted Pooled Cash and Investments | 8,858 | 854 | -- | 9,712 | -- |
| Deposits In-Lieu of Cash | 6,128 | 17,753 | -- | 23,881 | -- |
| Receivables: | | | | | |
| Accounts | 7,436 | 15,668 | 37 | 23,141 | 104 |
| Passenger Facility Charges | 2,548 | -- | -- | 2,548 | -- |
| Interest/Dividends | 198 | 708 | -- | 906 | 352 |
| Pollution Remediation Obligation Recoveries | 256 | -- | -- | 256 | -- |
| Allowance for Uncollectible Receivables | -- | (1) | -- | (1) | (107) |
| Due from Other Funds | 178 | 1,108 | -- | 1,286 | 3,970 |
| Due from Other Governmental Agencies | 11,552 | 1,570 | -- | 13,122 | 367 |
| Inventory of Materials and Supplies | -- | -- | -- | -- | 235 |
| Prepaid Costs | 3,549 | 3,273 | -- | 6,822 | 2,881 |
| Total Current Assets | 245,094 | 559,754 | 338 | 805,186 | 338,713 |
| Noncurrent Assets | | | | | |
| Restricted Cash and Investments with Trustee | 8,840 | -- | -- | 8,840 | -- |
| Restricted Pooled Cash and Investments | -- | 11,550 | -- | 11,550 | -- |
| Restricted Pooled Cash and Investments-Closure and Postclosure Care Costs | -- | 97,755 | -- | 97,755 | -- |
| Specific Investments | 49,995 | -- | -- | 49,995 | -- |
| Advances to Other Funds | -- | 55,000 | -- | 55,000 | -- |
| Capital Assets: | | | | | |
| Land | 15,678 | 22,701 | -- | 38,379 | -- |
| Construction in Progress | 41,348 | 11,445 | -- | 52,793 | 1,948 |
| Intangible Assets in Progress | -- | 307 | -- | 307 | -- |
| Intangible Assets-Amortizable | 4,449 | 2,007 | -- | 6,456 | 118 |
| Accumulated Amortization | (2,850) | (837) | -- | (3,687) | (86) |
| Land Improvements | -- | 611 | -- | 611 | -- |
| Accumulated Depreciation | -- | (27) | -- | (27) | -- |
| Structures and Improvements | 908,079 | 30,044 | -- | 938,123 | 18,623 |
| Accumulated Depreciation | (397,140) | (16,115) | -- | (413,255) | (8,455) |
| Equipment | 15,642 | 95,577 | -- | 111,219 | 171,531 |
| Accumulated Depreciation | (8,977) | (51,631) | -- | (60,608) | (112,907) |
| Infrastructure | 240,224 | 476,502 | -- | 716,726 | -- |
| Accumulated Depreciation | (200,530) | (243,716) | -- | (444,246) | -- |
| Total Capital Assets | 615,923 | 326,868 | -- | 942,791 | 70,772 |
| Total Noncurrent Assets | 674,758 | 491,173 | -- | 1,165,931 | 70,772 |
| Total Assets | 919,852 | 1,050,927 | 338 | 1,971,117 | 409,485 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Charge on Refunding | 1,684 | -- | -- | 1,684 | -- |
| Deferred Outflows of Resources Related to Pension | 8,759 | 11,292 | -- | 20,051 | 11,264 |
| Deferred Outflows of Resources Related to OPEB | 201 | 255 | -- | 456 | 310 |
| Total Deferred Outflows of Resources | 10,644 | 11,547 | -- | 22,191 | 11,574 |

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

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

| | Business-Type Activities - Enterprise Funds | | | Total | Governmental Activities - Internal Service Funds |
|--|--|-------------------------|---|---------------------|---|
| | Airport | OC Waste & Recycling | Compressed Natural Gas (Nonmajor) | | |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | \$ 11,195 | \$ 6,041 | \$ -- | \$ 17,236 | \$ 8,951 |
| Retainage Payable | 1,716 | 455 | -- | 2,171 | 21 |
| Salaries and Employee Benefits Payable | 766 | 980 | -- | 1,746 | 875 |
| Unearned Revenue | 3,800 | 68 | -- | 3,868 | -- |
| Due to Other Funds | 2,354 | 8,823 | -- | 11,177 | 3,644 |
| Due to Other Governmental Agencies | 229 | 10,498 | -- | 10,727 | 1 |
| Insurance Claims Payable | -- | -- | -- | -- | 60,633 |
| Compensated Employee Absences Payable | 1,078 | 1,434 | -- | 2,512 | 1,409 |
| Pollution Remediation Obligation | -- | 610 | -- | 610 | -- |
| Landfill Site Closure/Postclosure Liability | -- | 3,920 | -- | 3,920 | -- |
| Bonds Payable | 13,720 | -- | -- | 13,720 | -- |
| Capital Lease Obligations Payable | 331 | -- | -- | 331 | 1,647 |
| Interest Payable | 1,796 | -- | -- | 1,796 | -- |
| Deposits from Others | 8,441 | 18,843 | -- | 27,284 | -- |
| Total Current Liabilities | <u>45,426</u> | <u>51,672</u> | <u>--</u> | <u>97,098</u> | <u>77,181</u> |
| Noncurrent Liabilities | | | | | |
| Insurance Claims Payable | -- | -- | -- | -- | 176,849 |
| Compensated Employee Absences Payable | 595 | 921 | -- | 1,516 | 1,165 |
| Pollution Remediation Obligation | 994 | 13,058 | -- | 14,052 | -- |
| Landfill Site Closure/Postclosure Liability | -- | 182,914 | -- | 182,914 | -- |
| Bonds Payable | 66,190 | -- | -- | 66,190 | -- |
| Capital Lease Obligations Payable | 663 | -- | -- | 663 | 7,741 |
| Net Pension Liability | 34,352 | 43,158 | -- | 77,510 | 32,116 |
| Net OPEB Liability | 2,501 | 3,213 | -- | 5,714 | 3,755 |
| Total Noncurrent Liabilities | <u>105,295</u> | <u>243,264</u> | <u>--</u> | <u>348,559</u> | <u>221,626</u> |
| Total Liabilities | <u>150,721</u> | <u>294,936</u> | <u>--</u> | <u>445,657</u> | <u>298,807</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows of Resources Related to Pension | 8,884 | 11,173 | -- | 20,057 | 12,063 |
| Deferred Inflows of Resources Related to OPEB | 327 | 400 | -- | 727 | 503 |
| Total Deferred Inflows of Resources | <u>9,211</u> | <u>11,573</u> | <u>--</u> | <u>20,784</u> | <u>12,566</u> |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 538,531 | 326,644 | -- | 865,175 | 61,373 |
| Restricted for: | | | | | |
| Debt Service | 12,698 | -- | -- | 12,698 | -- |
| Passenger Facility Charges Approved Capital Projects | 8,093 | -- | -- | 8,093 | -- |
| Capital Projects-Replacements and Renewals | 1,000 | -- | -- | 1,000 | -- |
| Landfill Closure/Postclosure | -- | 25,053 | -- | 25,053 | -- |
| Landfill Corrective Action | -- | 10,472 | -- | 10,472 | -- |
| Wetland | -- | 879 | -- | 879 | -- |
| Unrestricted | <u>210,242</u> | <u>392,917</u> | <u>338</u> | <u>603,497</u> | <u>48,313</u> |
| Total Net Position | <u>\$ 770,564</u> | <u>\$ 755,965</u> | <u>\$ 338</u> | <u>1,526,867</u> | <u>\$ 109,686</u> |
| Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds | | | | (978) | |
| Cumulative Effect of Prior Years' Internal Service Funds Allocation | | | | (13,820) | |
| Net Position of Business-Type Activities | | | | <u>\$ 1,512,069</u> | |

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

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

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds | |
|--|--|-------------------------|---|---|-------------------|
| | Airport | OC Waste & Recycling | Compressed Natural Gas (Nonmajor) | | Total |
| Operating Revenues | | | | | |
| Use of Money and Property | \$ 84,214 | \$ 4,375 | \$ 183 | \$ 88,772 | \$ 1,372 |
| Licenses, Permits, and Franchises | -- | 150 | -- | 150 | -- |
| Charges for Services | 15,608 | 175,310 | -- | 190,918 | 120,195 |
| Insurance Premiums | -- | -- | -- | -- | 341,614 |
| Total Operating Revenues | <u>99,822</u> | <u>179,835</u> | <u>183</u> | <u>279,840</u> | <u>463,181</u> |
| Operating Expenses | | | | | |
| Salaries and Employee Benefits | 19,483 | 26,845 | -- | 46,328 | 23,893 |
| Services and Supplies | 30,378 | 38,471 | -- | 68,849 | 36,670 |
| Professional Services | 40,893 | 20,137 | 11 | 61,041 | 70,720 |
| Operating Leases | 381 | 920 | -- | 1,301 | 5,209 |
| Insurance Claims and Premiums | -- | -- | -- | -- | 319,895 |
| Pollution Remediation Expense | -- | (1,137) | -- | (1,137) | -- |
| Other Charges | -- | -- | -- | -- | 748 |
| Taxes and Other Fees | 186 | 21,042 | -- | 21,228 | 3 |
| Landfill Site Closure/Postclosure Costs | -- | 6,373 | -- | 6,373 | -- |
| Depreciation/Amortization | 34,117 | 21,831 | -- | 55,948 | 13,205 |
| Total Operating Expenses | <u>125,438</u> | <u>134,482</u> | <u>11</u> | <u>259,931</u> | <u>470,343</u> |
| Operating Income (Loss) | <u>(25,616)</u> | <u>45,353</u> | <u>172</u> | <u>19,909</u> | <u>(7,162)</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Fines, Forfeitures, and Penalties | 318 | 139 | -- | 457 | -- |
| Intergovernmental Revenues | 22,066 | 305 | -- | 22,371 | 5,197 |
| Interest and Investment Income | 243 | 1,024 | 2 | 1,269 | 511 |
| Interest Expense | (1,740) | -- | -- | (1,740) | (112) |
| Gain on Disposition of Capital Assets | 23 | 253 | -- | 276 | 280 |
| Passenger Facility Charges Revenue | 9,028 | -- | -- | 9,028 | -- |
| Other Taxes | -- | -- | 14 | 14 | 14 |
| Other Revenue | 299 | 1,950 | -- | 2,249 | 11,072 |
| Total Nonoperating Revenues | <u>30,237</u> | <u>3,671</u> | <u>16</u> | <u>33,924</u> | <u>16,962</u> |
| Income Before Contributions and Transfers | 4,621 | 49,024 | 188 | 53,833 | 9,800 |
| Capital Grant Contributions | 5,387 | -- | -- | 5,387 | -- |
| Capital Contributions | -- | -- | -- | -- | 223 |
| Transfers In | -- | 709 | -- | 709 | 9,048 |
| Transfers Out | -- | (8,218) | -- | (8,218) | (1,311) |
| Change in Net Position | <u>10,008</u> | <u>41,515</u> | <u>188</u> | <u>51,711</u> | <u>17,760</u> |
| Net Position-Beginning of Year | <u>760,556</u> | <u>714,450</u> | <u>150</u> | | <u>91,926</u> |
| Net Position-End of Year | <u>\$ 770,564</u> | <u>\$ 755,965</u> | <u>\$ 338</u> | | <u>\$ 109,686</u> |
| Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds | | | | <u>(978)</u> | |
| Increase in Net Position of Business-Type Activities | | | | <u>\$ 50,733</u> | |

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



County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|-------------------------|---|-------------------|---|
| | Airport | OC Waste & Recycling | Compressed Natural Gas (Nonmajor) | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers | \$ 106,438 | \$ 180,482 | \$ 210 | \$ 287,130 | \$ 35,103 |
| Cash Received for Premiums within the County's Entity | -- | -- | -- | -- | 341,614 |
| Payments to Suppliers for Goods and Services | (72,269) | (69,701) | (11) | (141,981) | (416,358) |
| Payments to Employees for Services | (22,186) | (26,742) | -- | (48,928) | (27,608) |
| Payments for Interfund Services | -- | (10,605) | -- | (10,605) | (986) |
| Receipts for Interfund Services Used | 53 | -- | -- | 53 | 87,778 |
| Landfill Site Closure/Postclosure Care Costs | -- | (3,920) | -- | (3,920) | -- |
| Payment for Taxes and Other Fees | (186) | (21,042) | -- | (21,228) | (3) |
| Other Operating Receipts | 940 | 3,230 | -- | 4,170 | 11,066 |
| Other Operating Payments | (26) | (6,472) | -- | (6,498) | (5,961) |
| Net Cash Provided by Operating Activities | <u>12,764</u> | <u>45,230</u> | <u>199</u> | <u>58,193</u> | <u>24,645</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers In | -- | 709 | -- | 709 | 9,048 |
| Transfers Out | -- | (8,218) | -- | (8,218) | (1,311) |
| Intergovernmental Revenues | 18,222 | 305 | -- | 18,527 | 5,197 |
| Other Taxes | -- | -- | 14 | 14 | 14 |
| Advances Paid To Other Funds, Net | -- | (24,948) | -- | (24,948) | -- |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>18,222</u> | <u>(32,152)</u> | <u>14</u> | <u>(13,916)</u> | <u>12,948</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of Capital Assets | (33,682) | (17,512) | -- | (51,194) | (13,532) |
| Principal Paid on Bonds | (11,255) | -- | -- | (11,255) | -- |
| Interest Paid on Long-Term Debt | (3,872) | -- | -- | (3,872) | -- |
| Capital Grant Contributions | 2,781 | -- | -- | 2,781 | -- |
| Passenger Facility Charges Received | 6,771 | -- | -- | 6,771 | -- |
| Principal Payments on Capital Lease Obligations | (167) | -- | -- | (167) | (5,071) |
| Interest Paid on Capital Lease Obligations | -- | -- | -- | -- | (112) |
| Proceeds from Sale of Capital Assets | 37 | 67 | -- | 104 | 449 |
| Net Cash Used by Capital and Related Financing Activities | <u>(39,387)</u> | <u>(17,445)</u> | <u>--</u> | <u>(56,832)</u> | <u>(18,266)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest on Investments | 634 | 1,722 | 2 | 2,358 | 786 |
| Purchase of Investments | (3,887) | -- | -- | (3,887) | -- |
| Net Cash Provided (Used) by Investing Activities | <u>(3,253)</u> | <u>1,722</u> | <u>2</u> | <u>(1,529)</u> | <u>786</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (11,654) | (2,645) | 215 | (14,084) | 20,113 |
| Cash and Cash Equivalents-Beginning of Year | 224,903 | 631,625 | 86 | 856,614 | 310,798 |
| Cash and Cash Equivalents-End of Year | <u>\$ 213,249</u> | <u>\$ 628,980</u> | <u>\$ 301</u> | <u>\$ 842,530</u> | <u>\$ 330,911</u> |

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

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

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|--|-------------------------|---|-------------------|---|
| | Airport | OC Waste & Recycling | Compressed Natural Gas (Nonmajor) | Total | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Operating Income (Loss) | \$ (25,616) | \$ 45,353 | \$ 172 | \$ 19,909 | \$ (7,162) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | | |
| Depreciation/Amortization | 34,117 | 21,831 | -- | 55,948 | 13,205 |
| Fines, Forfeitures and Penalties | 318 | 139 | -- | 457 | -- |
| Other Revenue | 299 | 1,950 | -- | 2,249 | 11,072 |
| (Increases) Decreases In: | | | | | |
| Deposits In-Lieu of Cash | 957 | (85) | -- | 872 | -- |
| Accounts Receivable, Net of Allowances | 5,816 | 127 | 27 | 5,970 | 1,067 |
| Due from Other Funds | 8 | (181) | -- | (173) | (947) |
| Due from Component Unit | -- | -- | -- | -- | 2 |
| Due from Other Governmental Agencies | 323 | 512 | -- | 835 | 55 |
| Inventory of Materials and Supplies | -- | -- | -- | -- | (53) |
| Prepaid Costs | (747) | (493) | -- | (1,240) | (278) |
| Deferred Outflows of Resources Related to Pension | (1,226) | (2,022) | -- | (3,248) | (2,027) |
| Deferred Outflows of Resources Related to OPEB | 29 | 35 | -- | 64 | 43 |
| Increases (Decreases) In: | | | | | |
| Accounts Payable | (30) | (8,951) | -- | (8,981) | (2,550) |
| Retainage Payable | 25 | -- | -- | 25 | -- |
| Salaries and Employee Benefits Payable | 88 | 153 | -- | 241 | 89 |
| Unearned Revenue | 1,696 | 4 | -- | 1,700 | -- |
| Due to Other Funds | 45 | (10,424) | -- | (10,379) | 141 |
| Due to Other Governmental Agencies | 72 | (2,142) | -- | (2,070) | 1 |
| Insurance Claims Payable | -- | -- | -- | -- | 13,807 |
| Compensated Employee Absences Payable | (168) | (50) | -- | (218) | 144 |
| Pollution Remediation Obligation | -- | (1,523) | -- | (1,523) | -- |
| Deposits from Others | (1,951) | 93 | -- | (1,858) | -- |
| Net Pension Liability | (4,911) | (5,892) | -- | (10,803) | (7,468) |
| Net OPEB Liability | (196) | (235) | -- | (431) | (298) |
| Landfill Site Closure/ Postclosure Liability | -- | 2,453 | -- | 2,453 | -- |
| Deferred Inflows of Resources Related to Pension | 3,744 | 4,490 | -- | 8,234 | 5,692 |
| Deferred Inflows of Resources Related to OPEB | 72 | 88 | -- | 160 | 110 |
| Total Adjustments | 38,380 | (123) | 27 | 38,284 | 31,807 |
| Net Cash Provided by Operating Activities | <u>\$ 12,764</u> | <u>\$ 45,230</u> | <u>\$ 199</u> | <u>\$ 58,193</u> | <u>\$ 24,645</u> |
| Reconciliation of Cash and Cash Equivalents to Statement of Net Position Accounts | | | | | |
| Pooled Cash/Investments | \$ 181,881 | \$ 518,786 | \$ 301 | \$ 700,968 | \$ 325,099 |
| Cash Equivalents/Specific Investments | 3,356 | -- | -- | 3,356 | -- |
| Cash/Cash Equivalents | 4,646 | -- | -- | 4,646 | 5,804 |
| Imprest Cash Funds | 14 | 35 | -- | 49 | 8 |
| Restricted Cash and Investments with Trustee | 14,494 (1) | -- | -- | 14,494 | -- |
| Restricted Pooled Cash/Investments | 8,858 | 12,404 | -- | 21,262 | -- |
| Restricted Pooled Cash/Investments-Closure and Postclosure Care Costs | -- | 97,755 | -- | 97,755 | -- |
| Total Cash and Cash Equivalents | <u>\$ 213,249</u> | <u>\$ 628,980</u> | <u>\$ 301</u> | <u>\$ 842,530</u> | <u>\$ 330,911</u> |

Schedule of Noncash Investing, Capital, and Financing Activities:

- The Internal Service Funds' gain of \$280 on disposition of capital assets.
- The Internal Service Funds received \$223 of capital contributions.
- The Internal Service Funds' acquisition of capital assets with accounts payable is \$3,571.
- The Internal Service Funds' acquisition of capital assets with retainage payable is \$11.
- Airport's gain of \$23 on disposition of capital assets.
- Airport's acquisition of capital assets with retainage payable is \$1,680.
- Airport's acquisition of capital assets with accounts payable is \$5,333.
- Airport's change in fair value of investments not considered cash or cash equivalents is \$3.
- Airport's accrued capital grant contribution receivable \$2,606.
- Airport's amortization of bond premium is \$2,297.
- Airport's amortization of deferred charge on refunding is \$446.
- OC Waste & Recycling's gain of \$253 on disposition of capital assets.
- OC Waste & Recycling's acquisition of capital assets with retainage payable is \$224.
- OC Waste & Recycling's acquisition of capital assets with accounts payable is \$672.

(1) Does not include \$8,840 from Airport's nonliquid Restricted Cash and Investments with Trustee.

**STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS**

| | Private- Purpose Trust Funds | Investment Trust Funds | Pension and Other Post- Employment Benefit Trust Funds | Custodial Funds |
|---|------------------------------------|---------------------------|--|--------------------|
| ASSETS | | | | |
| Pooled Cash/Investments | \$ 70,517 | \$ 6,140,080 | \$ 3,101 | \$ 337,052 |
| Cash/Cash Equivalents | -- | -- | 482,282 | 730 |
| Securities Lending Collateral | -- | -- | 239,640 | -- |
| Restricted Cash and Investments | | | | |
| Restricted Investments with Trustee | | | | |
| Money Market Mutual Funds | 4,640 | -- | -- | 31,559 |
| Global Public Equity | -- | -- | 8,969,077 | 12,966 |
| Private Equity | -- | -- | 2,353,755 | -- |
| Core Fixed Income | -- | -- | 2,375,245 | 6,129 |
| Credit | -- | -- | 1,545,445 | -- |
| Real Assets | -- | -- | 2,065,857 | -- |
| Risk Mitigation | -- | -- | 1,782,656 | -- |
| Absolute Return | -- | -- | 480 | -- |
| Unique Strategies | -- | -- | 55,283 | -- |
| Non-Bond Funds | -- | -- | 233,903 | -- |
| Mutual Bond Funds | -- | -- | 17,766 | -- |
| Stable Value Fund | -- | -- | 18,761 | -- |
| Total Restricted Cash and Investments | 4,640 | -- | 19,418,228 | 50,654 |
| Receivables | | | | |
| Accounts | 25 | -- | -- | 447 |
| Investments | -- | -- | 19,813 | -- |
| Taxes | -- | -- | -- | 188,428 |
| Securities Sales | -- | -- | 89,992 | -- |
| Contributions | -- | -- | 13,354 | -- |
| Foreign Currency Forward Contracts | -- | -- | 555 | -- |
| Interest/Dividends | 113 | 11,162 | 27 | 10,386 |
| Taxes | -- | -- | 4,434 | -- |
| Allowance for Uncollectible Receivables | -- | -- | -- | (29,711) |
| Due from Other Governmental Agencies | 2 | -- | 742 | 8,575 |
| Capital Assets, Net | -- | -- | 13,713 | -- |
| Total Assets | 75,297 | 6,151,242 | 20,285,881 | 566,561 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Charge on Refunding | 91 | -- | -- | -- |
| Total Deferred Outflows of Resources | 91 | -- | -- | -- |
| LIABILITIES | | | | |
| Accounts Payable | -- | -- | 122,372 | 7,848 |
| Salaries and Employee Benefits Payable | -- | -- | 108,322 | -- |
| Unearned Contributions | -- | -- | 293,948 | -- |
| Investment Obligations | -- | -- | 240,011 | -- |
| Bonds Payable | 9,331 | -- | -- | -- |
| Interest Payable | 128 | -- | -- | -- |
| Unapportioned Interest | -- | -- | -- | 7,865 |
| Due to Other Governmental Agencies | 223 | 182 | -- | 14,967 |
| Unapportioned Taxes | -- | -- | -- | 17,688 |
| Total Liabilities | 9,682 | 182 | 764,653 | 48,368 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Charge on Refunding | 44 | -- | -- | -- |
| Total Deferred Inflows of Resources | 44 | -- | -- | -- |
| NET POSITION | | | | |
| Restricted for: | | | | |
| OPEB Benefits | -- | -- | 671,481 | 19,579 |
| Pension | -- | -- | 18,853,793 | -- |
| Pool Participants | -- | 6,151,060 | -- | -- |
| Individuals, Organizations, and Other Governments | 65,662 | -- | -- | 498,614 |
| Total Net Position | \$ 65,662 | \$ 6,151,060 | \$ 19,525,274 | \$ 518,193 |

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

| | Private- Purpose Trust Funds | Investment Trust Funds | Pension and Other Post- Employment Benefit Trust Funds | Custodial Funds |
|---|------------------------------------|---------------------------|--|--------------------|
| Additions: | | | | |
| Contributions to Pension and Other Postemployment Benefit Trust Funds: | | | | |
| Employer | \$ -- | \$ -- | \$ 737,397 | \$ 613 |
| Employee | -- | -- | 281,647 | -- |
| Contributions to Pooled Investments | -- | 9,966,648 | -- | 1,132,584 |
| Contributions to Private-Purpose Trust | 48,661 | -- | -- | -- |
| Intergovernmental Revenues | 4,886 | -- | -- | -- |
| Other Revenues | 1,445 | -- | -- | -- |
| Taxes | -- | -- | -- | 10,148,356 |
| Investment Earnings | | | | |
| Interest and Investment Income | 1,148 | 19,823 | 2,383,202 | 115,953 |
| Less: Investment Expense | (71) | (3,559) | (108,790) | (138) |
| Total Additions | 56,069 | 9,982,912 | 3,293,456 | 11,397,368 |
| Deductions: | | | | |
| Benefits Paid to Participants | -- | -- | 1,029,706 | 1,383 |
| Distributions from Pooled Investments | -- | 9,547,868 | -- | 1,013,075 |
| Distributions from Private-Purpose Trust | 51,831 | -- | -- | -- |
| Professional Services | 473 | -- | 20,472 | 6,566 |
| Other Expenses | -- | -- | -- | 230,397 |
| Tax Pass-Throughs | 194 | -- | -- | -- |
| Apportioned Taxes | -- | -- | -- | 10,236,271 |
| Interest Expense | 267 | -- | -- | -- |
| Total Deductions | 52,765 | 9,547,868 | 1,050,178 | 11,487,692 |
| Change in Net Position | 3,304 | 435,044 | 2,243,278 | (90,324) |
| Net Position-Beginning of Year | 66,482 | 5,716,016 | 562,014 | -- |
| Adjustment Due to Change in Accounting Principle | (4,124) | -- | 16,719,982 | 608,517 |
| Net Position-Beginning of Year, as Restated | 62,358 | 5,716,016 | 17,281,996 | 608,517 |
| Net Position-End of Year | \$ 65,662 | \$ 6,151,060 | \$ 19,525,274 | \$ 518,193 |





Probation K-9



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 (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 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 GASB Statement No. 14, "*The Financial Reporting Entity*," Statement No. 39, "*Determining Whether Certain Organizations are Component Units-An Amendment of GASB Statement No. 14*," Statement No. 61, "*The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*," and Statement No. 80, "*Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14*," to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the County appoints the voting majority, there is a financial benefit/burden relationship, the County is able to impose its will, the component unit is fiscally dependent on the County, the component unit's governing body is substantially the same as the County, and management of the County have operational responsibility for the activities of the component unit. These criteria were used to determine the following:

Blended Component Units

Orange County Flood Control District The 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.

Orange County Housing Authority The governing body of the Authority is the County's governing body. Among its duties, it approves the Authority's budget and policies that govern the administration of the housing assistance programs and appoints the management. The Authority is reported in governmental fund types.

Orange County Public Financing Authority The Authority is a joint powers authority of the County and the Orange County Development Agency (OCDA), formed to provide financial assistance to the County by financing the acquisition, construction and improvement of public facilities in the County. The governing body of the Authority is the County's governing body. The Authority is reported in governmental fund types. With the passage of ABX1 26 dissolving redevelopment agencies statewide effective February 1, 2012, the Authority will not issue any new debt.

South Orange County Public Financing Authority The Authority is a joint powers authority of the County and Community Facilities District 88-2 of the County of Orange (Lomas Laguna), formed to provide for the financing of public capital improvements. The governing body of the Authority is the County's governing body. The Authority is reported in governmental fund types.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Capital Facilities Development Corporation The Corporation has its own three-member governing body appointed by the County's governing body. The purpose of the Corporation is to facilitate financings, acquisitions of property, and other financial and property related transactions, by or for the benefit of the County, including but not limited to purchasing property from or for the benefit of, borrowing or loaning money and selling or leasing property to, and otherwise participating in financial and leasing transactions with the County. The Corporation is reported in governmental fund types.

Orange County Public Facilities Corporation The Corporation has 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.

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.

In-Home Supportive Services (IHSS) Public Authority The governing body of the Authority is the County's governing body. The Authority was established by the Board to act as the employer of record for the individual providers for the IHSS program. The duties of the Authority include collective bargaining for the individual providers, establishing a registry of providers, investigating the background of providers and providing training to both IHSS providers and consumers. The Authority is reported in governmental fund types.

Fiduciary Component Unit

Orange County Employee Retirement System (OCERS) OCERS is a public retirement system established in 1945 that administers the County's retirement and OPEB Plans in accordance with the County Employees Retirement Law of 1937 and the California Public Employees' Pension Reform Act (PEPRA) of 2013. OCERS was determined to be a fiduciary component unit of the County based on the new guidelines of GASB Statement No. 84 "Fiduciary Activities" (GASB Statement No. 84). It is reported in the Pension and OPEB Trust Funds and Custodial Fund Fiduciary financial statements. OCERS issues a stand-alone financial report with year-end December 31 and is available online at www.ocers.org or in writing if requested to the Orange County Employees Retirement System, P.O. Box 1229, Santa Ana, CA 92702.

Discretely Presented Component Units

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) The Board established CalOptima in 1993. The governing board of CalOptima is comprised of nine voting members and includes two County Board members and one County Board member alternate; all other members are appointed by the Board. This is a County organized health system whose purpose is to administer health insurance programs for low-income families, children, seniors, and persons with disabilities throughout the County. These programs include Medi-Cal, OneCare (HMO SNP), OneCare Connect Cal MediConnect Plan, and Program of All-Inclusive Care for the Elderly (PACE). CalOptima is presented as a discretely presented component unit of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by CalOptima, the appointed CalOptima members serve at the will of the Board members who appoint them. CalOptima will continue until such time as the Board takes action to terminate CalOptima. A separate stand-alone annual financial report can be obtained by writing to CalOptima, 505 City Parkway West, Orange, CA 92868 or can be accessed via the website <http://wps0.dmhc.ca.gov/fe/search/>.

B. Government-Wide and Fund Financial Statements

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

The fund financial statements for the governmental funds are prepared 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-Wide Financial Statements (Continued)

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 County's financial and capital resources, including infrastructure, as well as the County's long-term obligations. The difference between the County's assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources is its net position. Net position represents the resources that the County has available for use in providing services after its debt or other obligations are settled.

These resources may not be readily available or spendable and consequently are classified into the following categories of net position in the government-wide financial statements:

- Net Investment in Capital Assets This amount is derived by subtracting the outstanding liabilities incurred by the County, including debt-related deferred outflows and inflows of resources, to buy or construct capital assets shown in the Statement of Net Position, net of depreciation.
- 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, 2021, the County's governmental activities reported restricted net position of \$1,663,571 and is restricted for pension benefits related to the OCERS Investment Account, capital projects, debt service, legally segregated funds restricted for grants and other purposes, and regional park endowment. Restricted Net Position for business-type activities amounted to \$58,195 and is restricted for the use of Airport and OC Waste & Recycling activities, including debt service, passenger facility charges (PFC), capital projects replacements and renewals, landfill closure/postclosure, and landfill corrective action. At June 30, 2021, the County reported \$8,093 of net position restricted by enabling legislation related to the Airport's PFC.
- Unrestricted Net Position These assets are resources of the County that can be used for any purpose, though they may not necessarily be liquid. In addition, assets in a fund that exceed the amounts required to be restricted by external parties or enabling legislation are reported as unrestricted net position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. The financial information of each major fund is shown in a separate column in the fund financial statements, with the data for all nonmajor governmental funds aggregated into a single column and all nonmajor proprietary funds aggregated into a single column. GASB Statement No. 34, as amended by GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*" (GASB Statement No. 65), sets forth minimum criteria (specified minimum percentages of the assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of a fund category and of the governmental and enterprise funds combined) for the determination of major funds. In addition to funds that meet the minimum criteria, any other governmental or enterprise fund that the government believes is of particular importance to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

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

Flood Control District This fund accounts for the planning, construction, operation, and maintenance of regional flood protection and water conservation works, such as dams, control channels, retarding basins, and other flood control infrastructure, charges for services revenue, along with property taxes restricted for flood control activities, provide most of this fund's revenues.

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

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

The County reports the following proprietary enterprise funds:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

Airport This major fund accounts for major construction and for self-supporting aviation-related activities rendered at John Wayne Airport, Orange County. The airport's staff coordinates and administers general business activities related to the Airport, including concessions, commercial and general aviation operations, leased property, auto parking, and aircraft tie-down facilities.

OC Waste & Recycling This major fund accounts for the operation, expansion, and closing of existing landfills. Monies are collected through landfill disposal fees, which users pay based primarily on tonnage.

Compressed Natural Gas (CNG) This nonmajor fund accounts for the operation and maintenance of the CNG facility. Revenues consist primarily of CNG sales to both the County and the public.

Additionally, the County reports the following fund types:

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

Fiduciary Fund Types The County has a total of 388 individual trust and custodial funds for FY 2020-21. These trust and custodial funds are used to account for assets held on behalf of outside parties including other governments. They also include funds to account for financial activities of Pension and OPEB Plans administered by OCERS. When these assets are held under the terms of a formal trust agreement, a private-purpose trust, pension trust or OPEB trust fund is used. An investment trust fund is used for the portion of the County investment pool representing external pool participants, whose assets are deemed to be held in trust by the County's Treasurer. Custodial funds are used to account for assets that the County holds on behalf of others as their agent.

The County reports the following trust and custodial funds:

Private-Purpose Trust These funds are used to account for trust arrangements where the principal and income benefit individuals, private organizations, or other governments. Examples of private-purpose trusts include unidentified funds, unclaimed prisoner funds, and decedents' property held for escheatment. Also included are the County accounts for the former redevelopment agency.

Investment Trust

Orange County Investment Pool

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

Orange County Educational Investment Pool

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

Pension and Other Postemployment Benefits Trust The County reports nine Pension and OPEB Trust funds, which includes three trust funds under OCERS, the County's fiduciary component unit. These trust funds are used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit and defined contribution pension and post-employment benefit plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

Custodial Funds These funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds, such as funds to hold property taxes and special assessments collected on behalf of various local governments, monies held in the Redevelopment Property Tax Trust funds, civil filing fees, and special assessment districts debt service funds. They also include the Orange County Transportation Agency, which is an OCERS custodial fund that is used to account for the Health Care Plan established in accordance with Internal Revenue Code (IRC) Section 115. The County's custodial funds use the economic resources measurement focus and accrual basis of accounting.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Governmental Fund Financial Statements

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of accounting, revenues and other governmental fund type financial resources (e.g., bond issuance proceeds) are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Revenues that are accrued include real and personal property taxes, sales taxes, property taxes in-lieu of motor vehicle license fees, fines, forfeitures and penalties, interest, federal and state grants and subventions, charges for current services, and the portion of long-term sales contracts and leases receivable that are measurable and available and where collectability is assured. Revenues that are not considered susceptible to accrual include penalties on delinquent property taxes and minor licenses and permits. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, provided that the revenues are also available. If intergovernmental revenues are expected to be received later than 60 days following the end of the fiscal year, then a receivable is recorded along with deferred inflows of resources. Once the intergovernmental revenue is received, revenue and cash are recorded, and the receivable and deferred inflows of resources are eliminated. Receipts that have not met all of the earning requirements are reported as unearned revenue received. As of June 30, 2021, the County reported \$293,816 of deferred inflows of resources and \$456,439 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 are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds are used to account for business-type activities, which are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

There are two types of proprietary funds:

- *Enterprise Funds*
- *Internal Service Funds*

The County has three enterprise funds: Airport, OC Waste & Recycling, and CNG. The principal operating revenues of the Airport, OC Waste & Recycling, and CNG enterprise funds are charges to customers for (1) landing fees, terminal space rental, auto parking, concessions, revenue from use of property, revenue from services, and aircraft tie-down fees, (2) disposal fees charged to users of the waste disposal sites, and (3) natural gas sales, respectively.

Internal Service Funds are used to report activities that provide goods or services to other funds of the County. The internal service funds receive revenues through cost-reimbursements of the goods and 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Fund Financial Statements

Fiduciary funds are used to account for assets held in a trustee or custodial capacity and cannot be used to support the County's own programs. They are accounted for using the economic resources measurement focus and accrual basis of accounting.

D. Budget Adoption and Revision

No later than October 2nd of each year, after conducting public hearings concerning the recommended budget, the Board adopts a budget in accordance with Government Code Sections 29000-29144 and 30200. The County publishes the results of this initial budgeting process in a separate report, the "Adopted Budget," which specifies all accounts established within each fund/department/budget control (a collection of account numbers necessary to fund a certain division or set of goal related activities) and will not include the carried forward prior year encumbrances. However, the original and final budget amounts presented in the financial statements may differ due to the inclusion of the carried forward prior year encumbrances.

Throughout the year, the original budget is adjusted to reflect increases or decreases in revenues and changes in fund balance, offset by an equal amount of adjustments to appropriations. Department heads are authorized to approve appropriation transfers within a fund/department/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 Capital Facilities Development Corporation, South OC Public Financing Authority Fund, and Capital Facilities Construction Fund. The budgetary comparison statements provide three separate types of information: (1) the original budget, which is the first complete appropriated budget; (2) the final amended budget, which includes all legally authorized changes regardless of when they occurred; and (3) the actual revenues and expenditures during the year for budget-to-actual comparisons.

The 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

- Under the budgetary basis, revenues are normally recorded when earned. For GAAP basis, in accordance with GASB Statement No. 33, “*Accounting and Financial Reporting for Nonexchange Transactions*” (GASB Statement No. 33), and GASB Statement No. 65, all nonexchange transactions, such as government-mandated nonexchange transactions and voluntary nonexchange transactions, can be accrued only if they are measurable and “available.” “Available” has been defined by GASB Statement No. 33 as “collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.” The County has established the availability period as 60 days after the end of the fiscal year. In order to ensure all transactions for the current fiscal year meet this criterion, the County analyzes revenue receipts through August 31 and records adjustments to deferred inflows of resources for transactions that are not collected.
- GASB Statement No. 34 states, “Fiduciary funds should be used to report assets held in a trustee or custodial capacity for others and therefore, cannot be used to support the government’s own programs”. For the GAAP financial statements, an adjustment to record public-purpose trust monies as revenue in the benefitting funds is recorded for funds which continue to be accounted for as fiduciary funds on a budgetary basis, but do not meet the definition of a fiduciary fund.
- Under the budgetary basis, intrafund transfers are recognized as other financing sources (uses). For the GAAP financial statements, intrafund transfers are eliminated to minimize the “grossing-up” of intrafund transfers.
- For budgetary purposes, the loan from OC Waste & Recycling 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 expenditure accruals. In order to reasonably ensure that accruals for current fiscal year transactions are materially accurate, the County performs an analysis to identify expenditure accruals for the GAAP financial statements.
- The OC Animal Care Center used cash basis to record money it received from invoicing due to the low collection rate. Per GAAP, the receivables and the amount of the allowance for the doubtful accounts should be recorded.
- Under the budgetary basis, the lease rental payments were recorded in the Information Technology ISF. Per GAAP, the lease payments were reclassified to the fund where the lease liability is recorded.
- Under a budgetary basis, the County bills department for their portion of the pension required contribution to OCERS and recognizes the portion that is not forwarded to OCERS as revenue because the County Investment Account at OCERS funded this portion of the required contribution. For the GAAP financial statements, the County reclassified the budgeted revenue for the portion of the required contribution funded by the County Investment Account to reduce expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

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

| | General Fund | Flood Control District | Other Public Protection | Mental Health Services Act |
|---|---------------------|------------------------------|-------------------------------|----------------------------------|
| Actual Revenues and Other Financing Sources from the Budgetary Comparison Statements | \$ 4,279,822 | \$ 245,123 | \$ 88,289 | \$ 241,018 |
| Differences-budget to GAAP: | | | | |
| Change in unrealized loss on investment | (7,919) | (3,220) | (1,058) | (1,077) |
| Adjustment to report redirected investment income as transfers | -- | -- | 14 | -- |
| Adjustment of revenue accruals for 60 day recognition period | (114,150) | (807) | (610) | -- |
| Adjustment to record Public-Purpose Trust Fund monies as revenue in benefitting fund | 107 | 70 | -- | -- |
| Adjustment to eliminate intrafund transfers | (7,628) | (75,030) | (2,777) | -- |
| Reclassification of direct billing reimbursements paid by fund for the benefit of other funds | (7,121) | (351) | -- | -- |
| Revenues and Other Financing Sources for non-budgeted funds are excluded in the Budgetary Comparison Statements | -- | -- | 166 | -- |
| Recognition of outstanding invoices for OC Animal Care Center | 750 | -- | -- | -- |
| Reclassification of Other Revenues to an Expenditure for portion of pension obligation bonds funded by the County Investment Account with OCERS | (10,450) | -- | -- | -- |
| Reclass ISF lease rental to General Fund | 136 | -- | -- | -- |
| Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ 4,133,547 | \$ 165,785 | \$ 84,024 | \$ 239,941 |
| Actual Expenditures and Other Financing Uses from the Budgetary Comparison Statements | \$ 4,288,908 | \$ 260,304 | \$ 49,272 | \$ 189,857 |
| Differences-budget to GAAP: | | | | |
| Adjustment to report redirected investment income as transfers | -- | -- | 14 | -- |
| Adjustment of expenditure accruals for timing differences | (2,538) | 593 | 49 | -- |
| Adjustment to eliminate intrafund transfers | (7,628) | (75,030) | (2,777) | -- |
| Reclassification of direct billing reimbursements paid by fund for the benefit of other funds | (7,121) | (351) | -- | -- |
| Expenditures and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements | -- | -- | 493 | -- |
| Reclassification of loan repayment from General Fund to OC Waste & Recycling | (185) | -- | -- | -- |
| Reclassification of Other Revenues to an Expenditure for portion of pension obligation bonds funded by the County Investment Account with OCERS | (10,450) | -- | -- | -- |
| Reclass ISF lease rental to General Fund | 136 | -- | -- | -- |
| Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances | \$ 4,261,122 | \$ 185,516 | \$ 47,051 | \$ 189,857 |

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance

The County applies GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" (GASB Statement No. 54) for financial statement purposes. The intent of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The balance sheet reports the following five different classifications of fund balance:

Nonspendable Fund Balance Amounts that are not in a spendable form, such as long-term receivables, inventory or prepaid costs, or that are required to be maintained intact, such as the corpus of an endowment fund. The County's Regional Park Endowment Permanent Fund reports the original donation as nonspendable in accordance with donor requirements.

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

Committed Fund Balance Amounts constrained to specific purposes by a formal action of the highest level of decision-making authority. The constraint remains binding unless the government takes the same highest-level action to remove or change the constraint. The Board is the County's highest level of decision-making authority. The highest level of formal action to commit resources is an ordinance.

Assigned Fund Balance Amounts a government intends to use for a specific purpose that are neither restricted nor committed; intent can be expressed by the governing body (Board) or by an official or body to which the governing body delegates authority (CEO, County Department Heads, and County Purchasing Agent). The County's budget development guidelines provide the policy that is used by all County departments to determine the designation of assigned fund balance. Assigned fund balance includes the aggregation of resources for capital projects, which are expected to develop in future periods and fund balance reserved for outstanding contractual obligations for which goods and services have not yet been received or approved by the Board for appropriation in FY 2020-21, through the County's budget process.

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

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

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

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

| | General Fund | Flood Control District | Other Public Protection | Mental Health Services Act | Other Governmental Funds | Total Governmental Funds |
|---|-----------------|------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| Nonspendable: | | | | | | |
| Inventory | \$ 1,428 | \$ 426 | \$ 227 | \$ -- | \$ -- | \$ 2,081 |
| Prepaid costs | 514,451 | 6,577 | 1,709 | -- | 20,640 | 543,377 |
| Endowment | -- | -- | -- | -- | 200 | 200 |
| Total Nonspendable Fund Balance | 515,879 | 7,003 | 1,936 | -- | 20,840 | 545,658 |
| Restricted for: | | | | | | |
| Public Safety Realignment | 97,998 | -- | -- | -- | -- | 97,998 |
| Flood Control District | -- | 274,142 | -- | -- | -- | 274,142 |
| Flood Control District-Construction & Maintenance | -- | 8,958 | -- | -- | -- | 8,958 |
| Flood Control District-Project Management | -- | 40,487 | -- | -- | -- | 40,487 |
| OC Flood Santa Ana River Mainstem/Prado Dam Capital Project | -- | 137,518 | -- | -- | -- | 137,518 |
| Building & Safety Operating Reserve | -- | -- | 5,130 | -- | -- | 5,130 |
| Child Support Program Development | -- | -- | 13,065 | -- | -- | 13,065 |
| Clerk Recorder Special Revenue | -- | -- | 16,440 | -- | -- | 16,440 |
| Clerk Recorder Operating Reserve | -- | -- | 11,667 | -- | -- | 11,667 |
| Sheriff-Coroner Replacement & Maintenance | -- | -- | 21,020 | -- | -- | 21,020 |
| Excess Public Safety Sales Tax | -- | -- | 28,202 | -- | -- | 28,202 |
| CAL-ID System Costs | -- | -- | 59,709 | -- | -- | 59,709 |
| Jail Commissary | -- | -- | 5,109 | -- | -- | 5,109 |
| Inmate Welfare | -- | -- | 12,800 | -- | -- | 12,800 |
| 800 MHz Countywide Coordinated Communications System | -- | -- | 5,009 | -- | -- | 5,009 |
| Prop 64-Consumer Protection | -- | -- | 7,469 | -- | -- | 7,469 |
| Regional Narcotics Suppression Program | -- | -- | 19,521 | -- | -- | 19,521 |
| Other Public Safety Programs | -- | -- | 12,087 | -- | -- | 12,087 |
| Mental Health Services Workforce Education & Training | -- | -- | -- | 59,553 | -- | 59,553 |
| Mental Health Services Prevention & Early Intervention | -- | -- | -- | 3,211 | -- | 3,211 |
| Mental Health Services Capital Facilities & Technological Needs | -- | -- | -- | 27,376 | -- | 27,376 |
| Mental Health Services Community Services and Support | -- | -- | -- | 8,491 | -- | 8,491 |
| Mental Health Services General | -- | -- | -- | 83,528 | -- | 83,528 |
| OC Dana Point Harbor Projects | -- | -- | -- | -- | 65,926 | 65,926 |
| Community and Welfare Services | -- | -- | -- | -- | 84,653 | 84,653 |
| Low and Moderate Income Housing Program | -- | -- | -- | -- | 30,113 | 30,113 |
| Health Care Programs | -- | -- | -- | -- | 33,961 | 33,961 |
| Parking Facilities | -- | -- | -- | -- | 2,863 | 2,863 |
| Roads | -- | -- | -- | -- | 105,647 | 105,647 |
| OC Road-Capital Improvement | -- | -- | -- | -- | 41,744 | 41,744 |
| Public Libraries | -- | -- | -- | -- | 79,470 | 79,470 |
| OC Parks | -- | -- | -- | -- | 80,259 | 80,259 |
| OC Parks-Capital Projects | -- | -- | -- | -- | 21,189 | 21,189 |
| County Tidelands-New port Bay Service Areas, Lighting, Maintenance and Assessment Districts | -- | -- | -- | -- | 6,270 | 6,270 |
| Other Environmental Management | -- | -- | -- | -- | 14,581 | 14,581 |
| Tobacco Settlement Programs | -- | -- | -- | -- | 2,108 | 2,108 |
| Housing Programs | -- | -- | -- | -- | 22,542 | 22,542 |
| Technological & Capital Acquisitions/Improvements | -- | -- | -- | -- | 17,702 | 17,702 |
| Endowment | -- | -- | -- | -- | 2,071 | 2,071 |
| Pension Obligation Bonds | -- | -- | -- | -- | 168 | 168 |
| Teeter Plan Notes | -- | -- | -- | -- | 3,329 | 3,329 |
| Capital Facilities Development Corporation | -- | -- | -- | -- | 28,076 | 28,076 |
| Capital Projects: Criminal Justice Facilities Improvement | -- | -- | -- | -- | 16,299 | 16,299 |
| Capital Facilities Development Corporation Construction | -- | -- | -- | -- | 3,770 | 3,770 |
| Total Restricted Fund Balance | \$ 97,998 | \$ 461,105 | \$ 217,228 | \$ 182,159 | \$ 751,247 | \$ 1,709,737 |

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

| | General Fund | Flood Control District | Other Public Protection | Mental Health Services Act | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| Assigned to: | | | | | | |
| General Services: | | | | | | |
| General Services-Operations | \$ 16,294 | \$ -- | \$ -- | \$ -- | \$ -- | \$ 16,294 |
| Maintenance and Construction | 7,792 | -- | -- | -- | -- | 7,792 |
| Imprest Cash | 1,838 | -- | -- | -- | 45 | 1,883 |
| Public Safety | 21,900 | -- | -- | -- | -- | 21,900 |
| Public Works | 3,662 | -- | -- | -- | -- | 3,662 |
| Watershed Programs | 2,294 | -- | -- | -- | -- | 2,294 |
| Social Services Programs | 9,358 | -- | -- | -- | -- | 9,358 |
| Health Care Programs | 41 | -- | -- | -- | 13,588 | 13,629 |
| Teeter Plan Notes | -- | -- | -- | -- | 78,530 | 78,530 |
| Capital Projects: | | | | | | |
| Property Tax Software Development | 5,076 | -- | -- | -- | -- | 5,076 |
| Criminal Justice Facilities | 1,412 | -- | -- | -- | -- | 1,412 |
| Financial/Procurement/HR Payroll System Upgrade | 12,653 | -- | -- | -- | -- | 12,653 |
| Sheriff-Coroner Closed Circuit TV | 1,307 | -- | -- | -- | -- | 1,307 |
| Sheriff-Coroner Katella Range and Jails Renovation | 21,953 | -- | -- | -- | -- | 21,953 |
| Sheriff-Coroner Maintenance Repair | 793 | -- | -- | -- | -- | 793 |
| Various IT/CAPS+ Upgrade projects | 1,895 | -- | -- | -- | -- | 1,895 |
| Countywide Projects | -- | -- | -- | -- | 228,861 | 228,861 |
| Parking Facilities | -- | -- | -- | -- | 1,263 | 1,263 |
| OC Parks | -- | -- | -- | -- | 12,673 | 12,673 |
| Real Estate Development | -- | -- | -- | -- | 7,970 | 7,970 |
| Community and Welfare Services | -- | -- | -- | -- | 34,298 | 34,298 |
| Total Assigned Fund Balance | 108,268 | -- | -- | -- | 377,228 | 485,496 |
| Unassigned | 13,582 | -- | -- | -- | -- | 13,582 |
| Total Unassigned Fund Balance | 13,582 | -- | -- | -- | -- | 13,582 |
| Total Fund Balances | \$ 735,727 | \$ 468,108 | \$ 219,164 | \$ 182,159 | \$ 1,149,315 | \$ 2,754,473 |

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

The County 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 2020-21, the proceeds of \$484,800 was for short-term Taxable Pension Obligation Bonds to prepay its FY 2021-22 pension contribution at a discount. Of this amount \$478,913 is the prepaid costs for General Fund and is Nonspendable. Refer to Note 11, Short-Term Obligations, and Note 19, Retirement Plans for additional information.

F. Deposits and Investments

The County's deposits and investments are called the Orange County Investment Fund (OCIF), which includes all cash and investment balances entrusted to the Treasurer and may include cash on hand, demand deposits, restricted cash, investments in OCIF and other non-pooled investments. For reporting purposes, OCIF is further divided into the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP), the latter of which is utilized exclusively by the County's public school and community college districts. The OCIF is maintained for the County and other Non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. In addition, the OCIF includes other non-pooled specific investment accounts, such as John Wayne Airport Investment Fund (JWA Fund).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deposits and Investments (Continued)

The County has reported investment values at fair value in the accompanying financial statements, using the fair value measurement within the fair value hierarchy established by GASB Statement No. 72 "*Fair Value Measurement and Application*" (GASB Statement No. 72).

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. All investments are measured at fair value. The trustee uses an independent service to value those securities.

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 investment administrative cost of such investing, depositing or handling of funds. This method differs from the fair value method used to value investments in this statement because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pools' investments. Refer to Note 4, 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 20, 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 non-spendable for amounts equal to the inventories on hand at the end of the fiscal year, as these amounts are not available for appropriation and expenditure. The costs of inventory items are recorded as expenditures/expenses when issued to user departments.

H. Prepaid Costs

The County 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 \$543,377, which primarily consist of \$508,937 for the County's FY 2021-22 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 19, Retirement Plans for additional information.

I. Capital Assets

Capital assets are defined as assets of a long-term character that are intended to be held or used in operations, such as land, land improvements, structures and improvements, equipment, intangible, and infrastructure. Infrastructure assets are grouped by networks consisting of flood channels, roads, bridges, trails, traffic signals, and harbors.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets with an original unit cost equal to or greater than the County's capitalization threshold shown in the table below are

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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 | 10 to 20 years |
| Structures and Improvements | 5 to 60 years |
| Equipment | 2 to 20 years |
| Intangibles: | |
| Computer Software | 2 to 15 years |
| Infrastructure: | |
| Flood Channels | 20 to 100 years |
| Roads | 10 to 20 years |
| Bridges | 50 to 75 years |
| Trails | 20 years |
| Traffic Signals | 15 to 20 years |
| Harbors | 20 to 50 years |
| Airport-Runways, Taxiways, and Aprons | 15 to 60 years |
| OC Waste & Recycling-Cell Development, Drainage Improvements, Habitat, Landfill Gas/Environmental, Closure/Other Earthwork | 3 to 85 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.

In accordance with GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," interest is not capitalized as a cost of the capital asset for business-type activities nor governmental activities.

The impairment loss of capital assets is measured using one of several allowable methodologies based on the reason for the impairment, which is reported net of insurance recovery, and is reported as a program or operating expense, special item or extraordinary item, depending on the circumstances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources

The County reports deferred outflows and inflows of resources in its governmental, proprietary, fiduciary, and government-wide financial statements. A deferred outflow of resources is a consumption of net 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 intergovernmental revenues, SB90, property taxes, 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 \$17,380 is net of an allowance for the estimated uncollectible of \$6,405.

The deferred outflows/inflows of resources, included on the government-wide Statement of Net Position and the Proprietary Funds Statement of Net Position relate to the deferred charge on refunding, deferred outflows/inflows of resources related to pension, deferred outflows/inflows of resources related to OPEB, and deferred inflows related to service concession arrangements (SCA). 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 SCA is the difference between the guaranteed installment payments and contractual commitments. Deferred resources related to pension and OPEB result from the net difference between projected and actual investment earnings on the plan investments, changes of assumptions and changes in proportion and differences between employer contributions and the proportionate share of contributions calculated by the actuarial study and differences between expected and actual experience. The deferred outflows of resources related to pension and OPEB also 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 19, Retirement Plans, for further information.

| | Governmental Activities | Airport | OC Waste & Recycling | Total |
|--|----------------------------|-----------------|-------------------------|---------------------|
| Deferred Outflows of Resources Related to Pension per Actuarial Studies | | | | |
| Difference Between Expected and Actual Experience | \$ 104,692 | \$ 906 | \$ 1,091 | \$ 106,689 |
| Changes of Assumptions | 343,879 | 2,952 | 3,865 | 350,696 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 21,824 | 189 | 243 | 22,256 |
| Deferred Outflows of Resources Related to Pension - Employer Contributions after Measurement date | 275,563 | 2,287 | 3,033 | 280,883 |
| Deferred Outflows of Resources Related to Prepaid Contribution | 266,801 | 2,425 | 3,060 | 272,286 |
| Total Deferred Outflows of Resources Related to Pension | \$ 1,012,759 | \$ 8,759 | \$ 11,292 | \$ 1,032,810 |
| Deferred Inflows of Resources Related to Pension per Actuarial Studies | | | | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | \$ 830,764 | \$ 6,546 | \$ 8,121 | \$ 845,431 |
| Difference Between Expected and Actual Experience | 114,113 | 1,253 | 1,728 | 117,094 |
| Changes of Assumptions | 100,291 | 1,053 | 1,285 | 102,629 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 3,742 | 32 | 39 | 3,813 |
| Total Deferred Inflows of Resources Related to Pension | \$ 1,048,910 | \$ 8,884 | \$ 11,173 | \$ 1,068,967 |

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources (Continued)

The following table details out all deferred outflows/inflows of resources related to OPEB. Please refer to Note 20, Postemployment Health Care Benefits, for further information.

| | Governmental Activities | Airport | OC Waste & Recycling | Total |
|---|----------------------------|---------------|-------------------------|------------------|
| Deferred Outflows of Resources Related to OPEB per Actuarial Studies | | | | |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | \$ 4,027 | \$ 35 | \$ 41 | \$ 4,103 |
| Employer Contributions after Measurement Date | 19,894 | 166 | 214 | 20,274 |
| Total Deferred Outflows of Resources Related to OPEB | \$ 23,921 | \$ 201 | \$ 255 | \$ 24,377 |
| Deferred Inflows of Resources Related to OPEB per Actuarial Studies | | | | |
| Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments | \$ 16,069 | \$ 136 | \$ 171 | \$ 16,376 |
| Difference Between Expected and Actual Experience | 7,215 | 61 | 76 | 7,352 |
| Changes of Assumptions | 11,895 | 104 | 123 | 12,122 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 2,942 | 26 | 31 | 2,999 |
| Total Deferred Inflows of Resources Related to OPEB | \$ 38,122 | \$ 327 | \$ 400 | \$ 38,849 |

K. Self-Insurance

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

L. 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 custodial funds. When collected, the property taxes are deposited into the County Treasury in the property tax unapportioned funds, where they are held in the unapportioned taxes liability accounts pending periodic apportionment to the tax-receiving agencies. The property tax unapportioned funds are included in the custodial funds category of the County's fund financial statements because the unapportioned taxes are collected and held on behalf of other governmental agencies.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes (Continued)

Property tax collections are apportioned (disbursed) to the tax-receiving agencies periodically from the tax unapportioned funds based on various factors including statutory requirements, materiality of collections received, tax delinquency dates, the type of property tax roll unapportioned fund (e.g. secured, unsecured, supplemental, delinquent secured, delinquent unsecured, delinquent supplemental, homeowners' property tax subvention, or state-assessed properties, etc.), and cash flow needs of the tax-receiving agencies. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due within the fiscal year and collected within 60 days after the fiscal year-end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year-end, and are collected within 60 days after the fiscal year-end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule. The County's portion of the unapportioned taxes at June 30, 2021 is allocated to and recorded in the corresponding funds for reporting purposes.

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

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

The following are significant dates on the property tax calendar:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

N. 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, 2021, the County's net pension liability from OCERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by using actuarial valuation results. The County's net pension liability from the Extra-Help Defined Benefit Plan was measured as of June 30, 2021; and the plan's total pension liability used to calculate the net pension liability was determined by rolling forward the July 1, 2019 valuation to June 30, 2021.

O. 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, 2020.

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, 2021, the County's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

P. Statement of Cash Flows

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

Only investments with maturities of three months or less at the time of purchase may be classified as cash equivalent.

Q. 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 2020-21 County-Wide Cost Allocation Plan (CWCAP), which was prepared in accordance with the Code of Federal

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Indirect Costs (Continued)

Regulation, Title 2, Part 200. For financial statement purposes, the County has elected to allocate and record indirect costs to budget controls within the General Fund in order to match the reimbursement of indirect costs recorded as program revenues to the same function.

R. Effects of New Pronouncements

The following lists recent GASB Pronouncements that have been implemented in FY 2020-21:

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, 2019, which requires the County to implement this Statement in FY 2020-21. The statement was implemented with a material impact to the County. Refer to Note 2, Change in Accounting Principle for additional information.

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, 2019, which requires the County to implement this Statement in FY 2020-21. The statement was implemented without an impact on the County.

The following summarizes recent GASB Pronouncements that will be implemented in future financial statements, as amended by GASB Statement 95. The County has not determined the effect of these Statements.

In 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 June 15, 2021, which requires the County to implement this Statement in FY 2021-22.

In May 2019, GASB issued Statement No. 91, "*Conduit Debt Obligations*." This statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this statement are effective for reporting periods beginning after December 15, 2021, which requires the County to implement this Statement in FY 2022-23.

In January 2020, GASB issued Statement No. 92, "*Omnibus 2020*." This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for reporting periods after June 15 2021, which requires the County to implement the Statement in FY 2021-22.

In March 2020, GASB issued Statement No. 93, "*Replacement of Interbank Offered Rates*." This statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate due to global reference rate reform. The requirements of this Statement, are effective for

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Effects of New Pronouncements (Continued)

reporting periods beginning after June 15, 2021, which requires the County to implement this Statement in FY 2021-22.

In March 2020, GASB issued Statement No. 94, *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements.”* This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. It also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The County will implement this Statement in FY 2022-23.

In May 2020, GASB issued Statement No. 96, *“Subscription-Based Information Technology Arrangements.”* This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County will implement this Statement in FY 2022-23.

In June 2020, GASB Statement No. 97, *“Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.”* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board, and (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans by clarifying the financial burden criteria in Statement No.84. It also extends the accounting and financial reporting requirements related to the Pension Plans, to Section 457 plans that meet the definition of a pension plan. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter, which requires the County to implement this Statement in FY 2021-22.

In October 2021, GASB issued Statement No. 98, *“The Annual Comprehensive Financial Report.”* This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years beginning after December 15, 2021. The County will implement this Statement in FY 2021-22.

S. 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.

T. Consolidation of Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position Line Items in Statement of Net Position

Several asset line items in the Governmental Funds Balance Sheet and the Proprietary Funds Statement of Net Position are combined into one line item in the Government-Wide Statement of Net Position for presentation purposes. In order to avoid any confusion, the following table lists the line items shown in the Governmental and Proprietary Fund financial statements that are condensed together in the Government-Wide Statement of Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Consolidation of Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position Line Items in Statement of Net Position (Continued)

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

2. CHANGE IN ACCOUNTING PRINCIPLE

The County implemented GASB Statement No. 84 in the current financial statements. Prior period adjustments of \$17,324,375 were made to adjust the fiduciary funds' beginning net position. The restatement of beginning net position of the fiduciary funds are restated as follows:

| | Pension and Other Postemployment Benefit Trust Funds | Private-Purpose Trust Funds | Custodial Funds |
|--|--|--------------------------------|-------------------|
| Net Position at June 30, 2020 | \$ 562,014 | \$ 66,482 | \$ -- |
| Prior Period Adjustment due to GASB 84 | 16,719,982 | (4,124) | 608,517 |
| Net Position at June 30, 2020, as Restated | <u>\$ 17,281,996</u> | <u>\$ 62,358</u> | <u>\$ 608,517</u> |

| | Private-Purpose Trust Funds | Custodial Funds | |
|--|--------------------------------------|---|--|
| | Public Administration Trust Funds | Unapportioned Tax and Interest Funds | Orange County Employees Retirement System-OCTA* |
| Net Position at June 30, 2020 | \$ 73,795 | \$ -- | \$ -- |
| Prior Period Adjustment due to GASB 84 | (4,124) | 590,496 | 18,021 |
| Net Position at June 30, 2020, as Restated | <u>\$ 69,671</u> | <u>\$ 590,496</u> | <u>\$ 18,021</u> |

| | Pension and Other Postemployment Benefit Trust Funds | | | |
|--|--|---|---|-----------------------------------|
| | Orange County Employees Retirement System-Pension Trust Fund* | Orange County Employees Retirement System-Health Care Fund-OCFA* | Orange County Employees Retirement System- 401(h)* | Retiree Medical Plan 115 Trust |
| Net Position at June 30, 2020 | \$ -- | \$ -- | \$ -- | \$ 370,545 |
| Prior Period Adjustment due to GASB 84 | 16,678,581 | 41,401 | 370,381 | (370,381) |
| Net Position at June 30, 2020, as Restated | <u>\$ 16,678,581</u> | <u>\$ 41,401</u> | <u>\$ 370,381</u> | <u>\$ 164</u> |

* The prior period adjustment for the County's newly presented fiduciary component unit, Orange County Employees Retirement System (OCERS) is taken directly from the beginning net position of OCERS' financial statements as of December 31, 2020.

Refer to Note 1, Summary of Significant Accounting Policies, for additional information on GASB Statement No. 84.

3. DEFICIT FUND EQUITY

The Workers' Compensation ISF reported a deficit net position balance of \$22,026. 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 \$19,267 from the previous fiscal year primarily due to a decrease in claim costs. 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, its 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 \$1,530. The deficit for the Successor Agency decreased by \$5,783 from the previous fiscal year primarily due to a one-time refund from the City of Newport Beach for the return of an escrow payment as the project was completed.

The Retiree Medical Plan 115 Trust reported a deficit net position balance of \$1,203. The deficit resulted from the timing of employer contributions to fund the lump-sum payments for employees that elected to voluntary retire or separate from the County as part of the Voluntary Retirement Incentive Program implemented by the County. Refer to Note 20, Postemployment Health Care Benefits for more information.

4. DEPOSITS AND INVESTMENTS

The elected Treasurer is responsible for authorizing all County bank accounts and pursuant to California Government Code (CGC) Sections 27000.1–27000.5, 27130–27137 and 53600–53686 is responsible for conducting County investment activities of the County's investment pooled funds in addition to various specific investment accounts. The public funds deposited with the Treasurer are called the OCIF. OCIF contains pooled funds in an "external investment pool" wherein monies of the County and other legally separate external entities, which are not part of the County reporting entity, are commingled for investment purposes only (pooled) and invested on the participants' behalf (OCIF-Pooled Funds). The OCIF is not registered with the Securities and Exchange Commission (SEC) as an investment company, and therefore is exempt from SEC rules. For reporting purposes only, the Treasurer separates OCIF into the OCIP, the OCEIP and non-pooled funds. In addition to the pooled funds in OCIF, the Treasurer separately invests other non-pooled funds (Specific Investments), including the JWA Fund and other separately managed investments.

The Treasurer further invests pooled funds from the OCIF into three Funds: the Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF), and the Extended Fund. On December 16, 2020, 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 at or above \$0.9975 (in absolute dollar amounts). The pooled funds do not have any legally binding guarantees of share values.

The maximum maturity of investments for the OCMMF and OCEMMF is 13 months with a maximum weighted average maturity (WAM) of 60 days. The maximum maturity of the Extended Fund is five years per CGC. The Investment Policy Statement (IPS) provides that all pools, except short-term pools, shall have a maximum duration of 1.50 years.

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

4. DEPOSITS AND INVESTMENTS (Continued)

money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants. The last goal is to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds. Interest is allocated to individual general ledger accounts monthly based on the average daily balances of each account on deposit with the Treasurer.

Deposits and investments in OCIF with the Treasurer totaled \$11,067,995 as of June 30, 2021, consisting of \$216,290 in Deposits for OCIF, \$10,739,371 for the pooled funds and \$112,334 for the Specific Investments.

Total County deposits and investments at fair value as of June 30, 2021, are reported as follows:

Deposits:

| | |
|---|------------------|
| Imprest Cash | \$ 1,950 |
| Pooled Deposits for OCIF with Treasurer | 216,290 |
| Deposits with Trustees | 24,433 |
| All other Deposits and Timing Differences | <u>(133,766)</u> |
| Total Deposits and Timing Differences | <u>108,907</u> |

Investments:

| | |
|--|-------------------|
| Pooled Investments for OCIF with Treasurer | 10,739,371 |
| Specific Investments with Treasurer | 112,334 |
| Restricted Investments with Trustees | <u>432,072</u> |
| Total Investments | <u>11,283,777</u> |

Fiduciary Component Unit Deposits and Investments:

| | |
|--------------------------------|----------------------|
| External-OCERS ⁽¹⁾ | <u>19,889,299</u> |
| Total Deposits and Investments | <u>\$ 31,281,983</u> |

Total County deposits and investments are reported in the following funds:

| | |
|--------------------------------|----------------------|
| Governmental Funds | \$ 3,250,031 |
| Proprietary Funds | 1,232,276 |
| Fiduciary Funds | 26,746,924 |
| Component Unit-CFCOC | <u>52,752</u> |
| Total Deposits and Investments | <u>\$ 31,281,983</u> |

(1) Starting in FY 2020-21, OCERS is reported as a Fiduciary Component Unit of the County. OCERS' cash and investments are held by OCERS and are not with the County's Treasurer. For more information regarding investments with OCERS, refer to their most recently issued financial statements available at <https://www.ocers.org/financial-reports>.

A. Deposits

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

4. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

demand deposits and interest saving deposit funds deposited at any one financial institution up to a maximum of \$250.

Custodial Credit Risk-Deposits

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. The County's deposits are not exposed to custodial credit risk, since all of its deposits are covered by FDIC or collateralized with securities held by the County or its agent in the County's name in accordance with CGC Section 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, 2021, the Treasurer was in full compliance with the more restrictive IPS for the OCIF and the Specific Investments accounts.

The following table provides a summary listing of the authorized investments as of June 30, 2021.

| 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 Fund) |
|--|-----------------------------|---|----------------------------|---|--|
| U.S. Treasury Securities | 100% | 100% | 5 Years | 5 Years | 397 Days |
| U.S. Government Agency Securities (GSEs) | 100% | 100% | 5 Years | 5 Years | 397 Days |
| Municipal Debt | 100% | 20% Total, no more than 5% in one issuer except 10%- County of Orange | 5 Years | 3 Years | 397 Days |
| Medium-Term Notes | 30% | 20% Total, no more than 5% in one issuer | 5 Years | 2 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% | 20% Total, no more than 5% in one issuer | 5 Years | 18 months | 397 Days |
| State of California Local Agency Investment Fund | \$75 million per account | State limit (currently \$75 million per pool) | N/A | N/A | N/A |
| Repurchase Agreements | 100% | 20% Total, no more than 10% in one issuer | 1 Year | 180 Days | 1 Year |
| Money Market Mutual Funds (MMMMF) | 20% | 20% Total, no more than 10% in one MMMF account | N/A | N/A | N/A |
| JPA Investment Pools (JPA) | 100% | 20% Total, no more than 10% in one JPA Pool | N/A | N/A | N/A |
| Supranationals | 30% | 30% Total, no more than 5% in one issuer | 5 Years | 5 Years | 397 Days |

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC Section 53601, structured notes, structured investment vehicles, derivatives, and money market mutual funds that do not maintain a constant net asset value. 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 have 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 AA or Aa2; and the Treasurer has approved the purchase in writing prior to purchase.

Investments by the Treasurer are stated at fair value. Investments in the OCIF are marked-to-market on a daily basis.

Unless otherwise required in a trust agreement or other financing document, educational districts (public school and community college), including certain bond-related funds are required by state law to deposit all monies received from any source with the County Treasurer. At June 30, 2021, the OCIF-Pooled Funds includes approximately 54.8% of these involuntary participant deposits. Involuntary (Education Code Sections 41001 and 41002) and other external pool participants funds (Government Code Section 27100.1) are deemed to be held in trust and such funds shall not be deemed funds or assets of the County and the relationship of the depositing entity and the County shall not be one of creditor-debtor.

Investment 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 categories fair value at June 30, 2021.

| <u>With Treasurer:</u> | Fair Value | Principal | Interest Rate Range (%) (3) | Maturity Range | Weighted Average Maturity (Years) | Rating (1) | % of Portfolio |
|-------------------------------------|----------------------|----------------------|--------------------------------|---------------------|--|------------|-------------------|
| <u>OCIF-Pooled Funds</u> | | | | | | | |
| U.S. Treasuries | \$ 4,047,760 | \$ 4,059,600 | 0.002-2.985% | 07/01/21 - 01/31/26 | 0.541 | | 37.69% |
| U.S. Government Agencies | 4,354,034 | 4,329,284 | 0.001-3.092% | 07/02/21 - 11/28/25 | 0.500 | AA | 40.55% |
| Municipal Debt | 484,800 | 484,800 | 0.304-0.398% | 07/30/21 - 04/29/22 | 0.021 | NR | 4.51% |
| Medium-Term Notes | 17,055 | 17,035 | 1.702% | 08/08/21 | 0.000 | AA | 0.16% |
| Local Agency Investment Fund (LAIF) | 74,089 | 74,089 | 0.262% | 07/01/21 | 0.000 | NR | 0.69% |
| Money Market Mutual Funds | 1,761,633 | 1,761,633 | 0.026% | 07/01/21 | 0.000 | AAA | 16.40% |
| | \$ 10,739,371 | \$ 10,726,441 | | | 1.062 (2) | | 100.00% |

| <u>With Treasurer:</u> | Fair Value | Principal | Interest Rate Range (%) (3) | Maturity Range | Weighted Average Maturity (Years) | Rating (1) | % of Portfolio |
|-----------------------------|-------------------|-------------------|--------------------------------|-------------------|--|------------|-------------------|
| <u>Specific Investments</u> | | | | | | | |
| U.S. Treasuries | \$ 43,244 | \$ 42,500 | 0.025-2.908% | 07/13/21-02/15/36 | 0.785 | | 38.50% |
| U.S. Government Agencies | 64,338 | 61,021 | 0.015-3.480% | 07/12/21-11/02/35 | 2.140 | AA | 57.27% |
| Money Market Mutual Funds | 4,752 | 4,752 | 0.010-0.026% | 07/01/21 | 0.000 | AAA | 4.23% |
| | \$ 112,334 | \$ 108,273 | | | 2.925 (2) | | 100.00% |

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investment Disclosures (Continued)

| <u>With Trustees:</u> | Fair Value | Principal | Interest Rate Range (%) (3) | Maturity Range | Weighted Average Maturity (Years) | Rating (1) | % of Portfolio |
|---|-------------------|-------------------|--------------------------------|------------------|--|------------|-------------------|
| <u>Restricted Investments with Trustees</u> | | | | | | | |
| U.S. Government Agencies | \$ 3,323 | \$ 1,569 | 0.000% | 9/01/21 | 0.001 | AA | 0.77% |
| U.S. Treasuries | 14,648 | 13,959 | 1.630-2.000% | 11/30/21-5/31/23 | 0.033 | | 3.39% |
| Guaranteed Investment Contracts | 96,352 | 96,352 | 2.760% | 9/20/22 | 0.273 | NR | 22.30% |
| Money Market Mutual Funds | 47,319 | 47,319 | Variable | 7/01/21 | 0.000 | AAA | 10.96% |
| Bond Mutual Funds | 17,766 | 17,766 | (0.720)-4.070% | 7/01/21 | 0.000 | Baa | 4.11% |
| Non-Bond Funds | 233,903 | 233,461 | Variable | 7/01/21 | 0.002 | NR | 54.13% |
| Stable Value Funds | 18,761 | 18,761 | Variable | 7/01/21 | 0.000 | AA | 4.34% |
| | <u>\$ 432,072</u> | <u>\$ 429,187</u> | | | <u>0.309 (2)</u> | | <u>100.00%</u> |

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

(3) Interest Rate Range for OCIF and Specific Investments are purchase yield rates and for Restricted Investments with Trustees are coupon rates.

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 not subject to the fair value hierarchy. Additionally, the Local Agency Investment Fund is 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.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Fair Value Measurements (Continued)

The following table presents a summary of the County's investments according to the assigned fair value hierarchy level as of June 30, 2021.

| | Fair Value | Fair Value Measurement | | |
|--|-----------------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <u>OCIF-Pooled Funds</u> | | | | |
| U.S. Treasuries | \$ 4,047,760 | \$ -- | \$ 4,047,760 | \$ -- |
| U.S. Government Agencies | 4,354,034 | -- | 4,354,034 | -- |
| Medium-Term Notes | 17,055 | -- | 17,055 | -- |
| Municipal Debt | 484,800 | -- | -- | 484,800 |
| Sub-total | <u>8,903,649</u> | <u>--</u> | <u>8,418,849</u> | <u>484,800</u> |
| Investments Not Subject to Fair Value Hierarchy: | | | | |
| Money Market Mutual Funds | 1,761,633 | | | |
| Local Agency Investment Fund | 74,089 | | | |
| Total, OCIF | <u>\$ 10,739,371</u> | | | |
| <u>Specific Investments</u> | | | | |
| U.S. Treasuries | \$ 43,244 | \$ -- | \$ 43,244 | \$ -- |
| U.S. Government Agencies | 64,338 | -- | 64,338 | -- |
| Sub-total | <u>107,582</u> | <u>--</u> | <u>107,582</u> | <u>--</u> |
| Investments Not Subject to Fair Value Hierarchy: | | | | |
| Money Market Mutual Funds | 4,752 | | | |
| Total, Specific Investments | <u>\$ 112,334</u> | | | |
| <u>With Trustees</u> | | | | |
| U.S. Government Agencies | \$ 3,323 | \$ -- | \$ 3,323 | \$ -- |
| U.S. Treasuries | 14,648 | -- | 14,648 | -- |
| Non-Bond Funds | 233,903 | 233,903 | -- | -- |
| Bond Mutual Funds | 17,766 | 17,766 | -- | -- |
| Sub-total | <u>269,640</u> | <u>251,669</u> | <u>17,971</u> | <u>--</u> |
| Investments Not Subject to Fair Value Hierarchy: | | | | |
| Money Market Mutual Funds | 47,319 | | | |
| Guaranteed Investment Contract | 96,352 | | | |
| Stable Value Fund | 18,761 | | | |
| Total, With Trustees | <u>\$ 432,072</u> | | | |

Investment in County of Orange Taxable Pension Obligation Bonds 2021, Series A

On January 14, 2021, the OCIF purchased the County issued Taxable Pension Obligation Bonds 2021, Series A (2021 POBs) in the principal amount of \$484,800. The 2021 POBs were issued with a fixed coupon rate and with maturities from July 2021 to April 2022 and are solely owned by the pooled funds in

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investment in County of Orange Taxable Pension Obligation Bonds 2021, Series A (Continued)

the OCIF. The obligation of the County to pay principal and interest on the 2021 POBs is an obligation imposed by law and is absolute and unconditional. As of June 30, 2021, the outstanding principal amount of the 2021 POBs is \$484,800. The bonds are not rated by any of the NRSROs. The County's investment in the 2021 POBs is disclosed herein as Municipal Debt. For additional information, refer to Note 11, Short-Term Obligations, and Note 19, Retirement Plans.

Interest Rate Risk-Investments

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, investments of longer maturities are more sensitive to changes in market interest rates. The Treasurer manages its exposure to interest rate risk by carefully matching incoming cash flows and maturing investments to meet expenditures and by maintaining a duration of 1.50 years or less. 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 and duration by investment type for the OCIF-Pooled Funds are presented in the table in the Investment Disclosures Section. The OCIF-Pooled Funds at June 30, 2021 has 52.6% of investments maturing in six months or less and 47.4% maturing between six months and five years. As of June 30, 2021, the OCIF-Pooled Funds has no variable-rate notes.

Interest Rate Risk-Weighted Average Maturity

At June 30, 2021, the OCMMF and OCEMMF in the OCIF fair values amounted to \$1,127,948. In accordance with the Board-approved IPS, the Treasurer manages these pools exposure to declines in fair value for deposits and investments by limiting the WAM to 60 days. At June 30, 2021, the WAM of the funds in the OCIF was less than 60 days. At the same date, the NAV of both pooled funds in the OCIF was \$1.00 (in absolute dollar amounts).

Interest Rate Risk-Duration

At June 30, 2021, the Extended Fund in the OCIF investment fair value amounted to \$9,611,423. In accordance with the Board-approved IPS, the Treasurer manages investment-related risk for deposits and investments by limiting duration pooled funds to a maximum of 1.50 years.

As of June 30, 2021, the Extended Fund in the OCIF had the following duration by investment type:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Portfolio %</u> | <u>Duration (In Years)</u> |
|-------------------------------------|---------------------|--------------------|--------------------------------|
| U.S. Treasuries | \$ 3,167,774 | 32.96% | 1.82 |
| U.S. Government Agencies | 4,185,036 | 43.54% | 1.28 |
| Municipal Debt | 484,800 | 5.04% | 0.46 |
| Medium-Term Notes | 17,055 | 0.18% | 0.11 |
| Money Market Mutual Funds | 1,682,669 | 17.51% | 0.00 |
| Local Agency Investment Fund (LAIF) | 74,089 | 0.77% | 0.00 |
| <u>Total Fair Value</u> | <u>\$ 9,611,423</u> | | |
| Portfolio Duration | | | 1.18 |

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The IPS does not permit investments in uninsured and unregistered securities not held by the County. The Treasurer utilizes third party Delivery Versus Payment (DVP) which mitigates any custodial credit risk. Securities purchased by the Treasurer are held by third party custodians in their trust

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk (Continued)

department to mitigate custodial credit risk. At year-end, in accordance with the IPS, the County's pooled funds and specific investments did not have any securities exposed to custodial credit risk, and the Treasurer did not have any securities lending during the year (or at year-end).

Credit Risk-Investments

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. The IPS sets forth the minimum acceptable credit ratings for investments from 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, 2021, the OCIF investments were in compliance with the 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. As of June 30, 2021, all OCIF investments were in compliance with state law and the IPS single issuer limits. See the County's investments table for concentrations of holdings. The following holdings in OCIF-Pooled Funds exceeded five percent of the portfolio at June 30, 2021.

| <u>Investment Type</u> | <u>Issuer</u> | <u>Fair Value</u> | <u>Portfolio %</u> |
|--------------------------|--|-------------------|--------------------|
| U.S. Government Agencies | Federal Home Loan Bank (FHLB) Bonds | \$ 1,870,731 | 17.42% |
| | Federal Farm Credit Bank (FFCB) | 1,441,321 | 13.42% |
| | Federal National Mortgage Association (FNMA) | 614,894 | 5.73% |

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 the OCIF are presented below as of and for the year ended June 30, 2021:

OCIF

Statement of Net Position

| | <u>OCIP</u> | <u>OCEIP</u> | <u>Total</u> |
|---|--------------|--------------|---------------|
| Net Position Held for Pool Participants | \$ 5,497,796 | \$ 5,443,308 | \$ 10,941,104 |
| Equity of Internal Pool Participants | \$ 4,779,497 | \$ -- | \$ 4,779,497 |
| Equity of External Pool Participants | 707,752 | 5,433,543 | 6,141,295 |
| Undistributed and Unrealized Gain | 10,547 | 9,765 | 20,312 |
| Total Net Position | \$ 5,497,796 | \$ 5,443,308 | \$ 10,941,104 |

Statement of Changes in Net Position

| | <u>OCIP</u> | <u>OCEIP</u> | <u>Total</u> |
|---|--------------|--------------|---------------|
| Net Position at July 1, 2020 | \$ 5,024,746 | \$ 5,220,045 | \$ 10,244,791 |
| Net Changes in Investments by Pool Participants | 473,050 | 223,263 | 696,313 |
| Net Position at June 30, 2021 | \$ 5,497,796 | \$ 5,443,308 | \$ 10,941,104 |

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Condensed Financial Statements (Continued)

External Pool Portion

Combining Statement of Fiduciary Net Position

| | <u>OCIP</u> | <u>OCEIP</u> | <u>Total</u> |
|------------------------------------|-------------------|---------------------|---------------------|
| <u>Assets</u> | | | |
| Pooled Cash/Investments | \$ 706,822 | \$ 5,433,258 | \$ 6,140,080 |
| Receivables | | | |
| Interest/Dividends | 1,047 | 10,115 | 11,162 |
| Total Assets | <u>707,869</u> | <u>5,443,373</u> | <u>6,151,242</u> |
| <u>Liabilities</u> | | | |
| Due to Other Governmental Agencies | 117 | 65 | 182 |
| Total Liabilities | <u>117</u> | <u>65</u> | <u>182</u> |
| <u>Net Position</u> | | | |
| Restricted for Pool Participants | <u>707,752</u> | <u>5,443,308</u> | <u>6,151,060</u> |
| Total Net Position | <u>\$ 707,752</u> | <u>\$ 5,443,308</u> | <u>\$ 6,151,060</u> |

Combining Statement of Changes in Fiduciary Net Position

| | <u>OCIP</u> | <u>OCEIP</u> | <u>Total</u> |
|--|-------------------|---------------------|---------------------|
| <u>Additions:</u> | | | |
| Contributions to Pooled Investments | \$ 850,138 | \$ 9,116,510 | \$ 9,966,648 |
| Interest and Investment Income | 1,336 | 18,487 | 19,823 |
| Less: Investment Expense | (266) | (3,293) | (3,559) |
| Total Additions | <u>851,208</u> | <u>9,131,704</u> | <u>9,982,912</u> |
| <u>Deductions:</u> | | | |
| Distributions from Pooled Investments | <u>639,427</u> | <u>8,908,441</u> | <u>9,547,868</u> |
| Total Deductions | <u>639,427</u> | <u>8,908,441</u> | <u>9,547,868</u> |
| Change in Net Position Held in Trust For External Investment Pool | 211,781 | 223,263 | 435,044 |
| Net Position-Beginning of Year | <u>495,971</u> | <u>5,220,045</u> | <u>5,716,016</u> |
| Net Position-End of Year | <u>\$ 707,752</u> | <u>\$ 5,443,308</u> | <u>\$ 6,151,060</u> |

C. Restricted Deposits and Investments with Trustees

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

D. OCERS Investments

Narratives and tables presented for investments managed by OCERS are taken directly from OCERS' Comprehensive Annual Financial Report for the year ended December 31, 2020 (tables were formatted to

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

conform with the County's presentation). The custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk related to OCERS investments are different than the corresponding risk on investments held by the Treasurer.

OCERS may invest, in accordance with state statutes, in any form or type of investment deemed prudent by the Board of Retirement. Pension and 401(h) Health Care plan assets are restricted for the exclusive purposes of providing benefits to plan participants and defraying reasonable expenses of administering the plans. The Board of Retirement may invest, or delegate the authority to invest, the assets of the funds through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction. Custodial fund assets, restricted pursuant to Section 115 of the IRC, are separately invested in domestic equity, international equity and domestic bond index funds in accordance with the respective OCTA Third-Party Administrative and Investment Management Agreement.

The following table shows the Investment Allocation as of December 31, 2020:

| <u>Investment Category</u> | <u>Target Ranges</u> | <u>Actual</u> |
|----------------------------|----------------------|---------------|
| Global Public Equity | 40-54% | 47% |
| Core Fixed Income | 6-16% | 12% |
| Credit | 4-10% | 8% |
| Real Assets | 8-16% | 11% |
| Absolute Return | 0% | 0% |
| Private Equity | 9-17% | 11% |
| Risk Mitigation | 6-14% | 9% |
| Unique Strategies | 0-5% | 0% |
| Cash | 0-5% | 2% |
| <u>Total</u> | | <u>100%</u> |

During 2020, the allocation to the global public equity and private equity categories increased while the allocation to the core fixed income, credit and real assets categories decreased.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, OCERS would not be able to recover its deposits. Deposits are exposed to custodial risk if they are not insured or not collateralized. As of December 31, 2020, OCERS' deposits with a financial institution are fully insured by FDIC insurance up to \$250 with the remaining balance exposed to custodial credit risk as it is not insured; however, the financial institution does collateralize the deposit of monies in excess of the FDIC insurance amount with eligible securities held by the pledging financial institution, but not in OCERS' name, which approximates \$90,400. Deposits held by OCERS' custodial bank are not exposed to custodial credit risk as they are held in a qualified pool trust, separate from the custodial bank assets.

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

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

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Credit Risk-Investments

By definition, credit risk measures the risk that an issuer or counterparty will not fulfill its obligations. S&P Global defines investment grade as those fixed income securities with ratings between AAA and BBB. OCERS' investment policy permits, on an opportunistic basis, the investment in fixed income securities rated below investment grade. A rating of N/R represents pooled funds and other securities that have not been rated by S&P Global and N/A represents securities explicitly guaranteed by the U.S. Government that are not subject to the GASB Statement No. 40 disclosure requirements. The credit ratings for individual OCERS' fixed income portfolios are monitored regularly.

As of December 31, 2020, the S&P Global credit ratings of the OCERS' fixed income portfolio were as follows:

| Investment Type | Rating as of December 31, 2020 | | | | | | | | | | | Total |
|----------------------------|--------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|-----------------|---------------------|-------------------|--------------|---------------------|
| | AAA | AA | A | BBB | BB | B | CCC | D | N/R | N/A | | |
| Pooled | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 1,151,269 | \$ -- | \$ 1,151,269 |
| U.S. Treasury Notes | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 295,222 | 295,222 |
| Corporate Bonds | 5,050 | 23,323 | 77,381 | 252,388 | 97,247 | 52,335 | 30,333 | -- | 22,796 | -- | -- | 560,853 |
| Mortgage-Backed Securities | 12,076 | 203,884 | 16 | 1,864 | -- | 2,519 | 3,070 | 1,253 | 51,164 | 4,982 | -- | 280,828 |
| Asset-Backed Securities | 10,180 | 14,052 | 4,610 | 9,040 | -- | 454 | 196 | -- | 32,792 | -- | -- | 71,324 |
| Municipal Bonds | 1,445 | 26,759 | 15,140 | 2,084 | 1,453 | 1,271 | -- | -- | 4,705 | -- | -- | 52,857 |
| Agencies | -- | -- | -- | -- | -- | -- | -- | -- | 5,878 | -- | -- | 5,878 |
| International | -- | 7,220 | 28,448 | 78,980 | 44,226 | 16,637 | 8,372 | -- | 4,705 | -- | -- | 188,588 |
| Swaps | -- | -- | -- | -- | -- | -- | -- | -- | 1,663 | -- | -- | 1,663 |
| Total | \$ 28,751 | \$ 275,238 | \$ 125,595 | \$ 344,356 | \$ 142,926 | \$ 73,216 | \$ 41,971 | \$ 1,253 | \$ 1,274,972 | \$ 300,204 | \$ -- | \$ 2,608,482 |

Interest Rate Risk-Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed-income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

Interest rate risk is managed through OCERS' investment policies requiring that investment managers investing on behalf of OCERS have applicable investment guidelines and that the effective durations of fixed income portfolios remain within a defined range of the benchmark's effective duration. The primary benchmark for domestic fixed income is a blend of two indices, the Bloomberg Barclays US Aggregate Total Return (80%), and the Bloomberg US TIPS Total Return (20%). As of December 31, 2020, the durations of these indices are 6.22 years and 7.56 years, respectively for a blended duration of 6.49 years. All investment managers were in compliance within their defined range.

OCERS invests in a variety of fixed income instruments including asset-backed securities, corporate obligations and commercial mortgage backed securities. The value, liquidity and income of these securities are sensitive to changes in overall economic conditions and the fair value of these securities may be affected by changes in interest rates, default rates and the value of the underlying securities.

The interest rate risk schedule presents the duration of fixed income securities by investment category as of December 31, 2020:

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Interest Rate Risk-Investments (Continued)

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Portfolio %</u> | <u>Duration (in Years)</u> |
|-------------------------------|---------------------|--------------------|--------------------------------|
| Pooled | \$ 1,151,269 | 44.14% | 6.79 |
| U.S. Treasury Notes | 295,222 | 11.32% | 7.21 |
| Corporate Bonds | 540,430 | 20.72% | 7.26 |
| Mortgage-Backed Securities | 266,302 | 10.21% | 2.42 |
| Asset-Backed Securities | 63,765 | 2.44% | 3.34 |
| Municipal Bonds | 52,857 | 2.03% | 9.58 |
| Agencies | 5,878 | 0.23% | 2.63 |
| International | 188,328 | 7.22% | 5.55 |
| No Effective Duration: | | | |
| Corporate Bonds | 20,423 | 0.78% | N/A |
| Mortgage-Backed Securities | 14,526 | 0.56% | N/A |
| Asset-Backed Securities | 7,559 | 0.29% | N/A |
| Municipals | - | 0.00% | N/A |
| Agencies | - | 0.00% | N/A |
| International | 260 | 0.01% | N/A |
| Swaps | 1,663 | 0.06% | N/A |
| Total Fair Value | \$ 2,608,482 | 100% | |
| Portfolio Duration | | | 6.24 |

Foreign Currency Risk

The value of deposits or investments denominated in foreign currency may be adversely affected by changes in currency exchange rates. OCERS' investment policy permits investment in international securities that includes investments in international equity securities, global equity securities, emerging markets equity securities and debt, public real estate securities, and real return. Investment managers monitor currency exposures daily.

The following schedule represents OCERS' net exposure to foreign currency risk in U.S. dollars as of December 31, 2020:

| <u>Currency in U.S. Dollar</u> | <u>Cash</u> | <u>Equity</u> | <u>Fixed Income</u> | <u>Forward Contracts</u> | <u>Swaps</u> | <u>Total</u> |
|--|-----------------|-------------------|---------------------|------------------------------|---------------|-------------------|
| Australian Dollar | \$ 76 | \$ 32,687 | \$ -- | \$ 424 | \$ 2 | \$ 33,189 |
| Brazilian Real | -- | 3,060 | -- | (293) | 152 | 2,919 |
| Canadian Dollar | 20 | 21,791 | 814 | 4 | 43 | 22,672 |
| Danish Krone | 40 | 32,372 | -- | (6) | -- | 32,406 |
| Euro Currency | (65) | 304,843 | 1,141 | 1 | 318 | 306,238 |
| Hong Kong Dollar | 73 | 47,591 | -- | -- | 165 | 47,829 |
| Iceland Krona | (1,174) | 1,669 | 1,479 | -- | -- | 1,974 |
| Indonesian Rupiah | -- | 926 | -- | -- | -- | 926 |
| Japanese Yen | 642 | 185,633 | -- | 147 | 155 | 186,577 |
| Mexican Peso | 3 | -- | 191 | 6 | -- | 200 |
| New Israeli Sheqel | -- | 765 | -- | 2 | -- | 767 |
| New Zealand Dollar | -- | 2,488 | -- | 923 | -- | 3,411 |
| Norwegian Krone | -- | 9,706 | -- | 32 | -- | 9,738 |
| Pound Sterling | (40) | 125,129 | 5,693 | (483) | 4 | 130,303 |
| Polish Zloty | -- | 768 | -- | -- | -- | 768 |
| Russian Ruble | -- | -- | -- | 10 | -- | 10 |
| Singapore Dollar | 16 | 6,026 | -- | 1 | -- | 6,043 |
| South African Rand | -- | 1,522 | -- | 30 | -- | 1,552 |
| South Korean Won | -- | 9,214 | -- | -- | -- | 9,214 |
| Swedish Krona | (13) | 27,910 | -- | (139) | 9 | 27,767 |
| Swiss Franc | 21 | 59,622 | -- | (475) | (305) | 58,863 |
| Thailand Bhat | -- | 525 | -- | -- | -- | 525 |
| Yuan Renminbi | -- | 3,768 | -- | -- | -- | 3,768 |
| Amount Exposed to Foreign Currency Risk | \$ (401) | \$ 878,015 | \$ 9,318 | \$ 184 | \$ 543 | \$ 887,659 |

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Concentration of Credit Risk

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

Concentration of Investments

As of December 31, 2020, OCERS did not hold investments in any one organization that represented five percent or more of the plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this requirement.

Derivative Instruments

As of December 31, 2020, all derivative instruments held by OCERS are considered investments and not hedges for accounting purposes. Any reference to the term hedging in these financial statements references an economic activity and not an accounting method. All gains and losses associated with these activities are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

The table that follows presents the related net appreciation/(depreciation) in fair value, the fair value amounts and the notional amounts of derivative instruments outstanding at December 31, 2020.

| <u>Derivative Instruments</u> | <u>Changes in Fair Value</u> | | <u>Fair Value at December 31, 2020</u> | | |
|-----------------------------------|---|-----------------|--|-------------------|---------------------|
| | <u>Net Appreciation/ (Depreciation) (4)</u> | | <u>Classification</u> | <u>Amount (2)</u> | <u>Notional (3)</u> |
| | <u>Amount (1)</u> | | | | |
| Commodity Futures Long | \$ | (6,548) | Cash | \$ -- | \$ 3,622 |
| Commodity Futures Short | | (475) | Cash | -- | (1) |
| Credit Default Swaps Bought | | (17) | Cash | -- | -- |
| Credit Default Swaps Written | | (1,234) | Core Fixed Income | 1,370 | 49,833 |
| Fixed Income Futures Long | | 28,665 | Cash / Core Fixed Income | -- | 35,015 |
| Fixed Income Futures Short | | (2,038) | Core Fixed Income | -- | (43,300) |
| Fixed Income Options Bought | | 348 | Core Fixed Income | 102 | 1,600 |
| Fixed Income Options Written | | (53) | Core Fixed Income | (55) | (25,689) |
| Futures Options Written | | 6 | Core Fixed Income | -- | -- |
| FX Forwards | | (3,972) | Core Fixed Income/Global Public Equity | 184 | 282,849 |
| Index Futures Long | | (19,565) | Cash/ Global Public Equity | -- | 1,672 |
| Index Futures Short | | (3,036) | Global Public Equity | -- | (26) |
| Pay Fixed Interest Rate Swaps | | (8,164) | Core Fixed Income | 102 | 24,477 |
| Receive Fixed Interest Rate Swaps | | 1,311 | Core Fixed Income | 191 | 23,853 |
| Rights | | 1 | Global Public Equity | -- | 31 |
| Total Return Swaps Bond | | 2,829 | Global Public Equity | (264) | 22,451 |
| Total Return Swaps Equity | | 422 | Global Public Equity | 467 | (14,175) |
| Warrants | | 3 | Global Public Equity | -- | -- |
| Total | \$ | (11,517) | | \$ 2,097 | |

(1) Negative values (in brackets) refer to losses.

(2) Negative values refer to liabilities and are reported net of investments.

(3) Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions.

(4) Excludes futures margin payments.

Valuation of Derivative Instruments

Non-exchange traded instruments, such as swaps, are valued using similar methods as those described for debt securities.

Futures contracts are traded on exchanges and typically derive their value from underlying indices and are marked to market daily. All gains and losses associated with changes in the value of futures contracts also settle on a daily basis and result in the contracts themselves having no fair value at the end of any trading

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Valuation of Derivative Instruments (Continued)

day, including December 31, 2020. Future variation margin accounts also settle daily and are recognized in the financial statements under net appreciation/(depreciation) in the fair value of the investments as incurred.

In general, option values are dependent upon a number of different factors, including the current market price of the underlying security, the strike price of the option, costs associated with holding a position in the underlying security including interest and dividends, the length of time until the option expires and an estimate of the future price volatility of the underlying security relative to the time period of the option.

Foreign currency forward contracts are agreements to buy or sell a currency at a specified exchange rate on a specified date. The fair value of a foreign currency forward is determined by the difference between the specified exchange rate and the closing exchange rate at December 31, 2020.

Custodial Credit Risk—Derivative Instruments

As of December 31, 2020, all investments in derivative instruments are held in OCERS' name and are not exposed to custodial credit risk as described in the previous discussion of custodial credit risk.

A summary of counterparty credit ratings relating to non-exchange traded derivatives in asset positions as of December 31, 2020 is as follows:

| <u>Counterparty Name</u> | <u>S&P Rating</u> | <u>Foreign Currency Forward Contracts</u> | <u>Swaps</u> | <u>Total Fair Value</u> |
|---|-----------------------|---|-----------------|-----------------------------|
| Bank of America CME | A- | \$ -- | \$ 153 | \$ 153 |
| Bank of America ICE | A- | -- | 1,189 | 1,189 |
| Bank of America Merrill Lynch Secur Inc | A- | -- | 150 | 150 |
| Bank of America, N.A. | A+ | 6 | 3 | 9 |
| Barclays Capital | A | -- | 3 | 3 |
| BNP Paribas SA | A+ | 219 | 2 | 221 |
| Citibank N.A. | A+ | 1,451 | 4 | 1,455 |
| Goldman Sachs Bank USA | BBB+ | 3 | -- | 3 |
| Goldman Sachs International | A+ | -- | 3 | 3 |
| HSBC Bank USA | A+ | 15 | -- | 15 |
| JP Morgan | A- | -- | 76 | 76 |
| JPMorgan Chase Bank N.A. | A+ | 1,417 | -- | 1,417 |
| Morgan Stanley Capital Services Inc | BBB+ | -- | 1 | 1 |
| Morgan Stanley Co Incorporated | BBB+ | -- | 431 | 431 |
| UBS AG | A+ | 7 | -- | 7 |
| Other | NR | -- | 233 | 233 |
| Total | | <u>\$ 3,118</u> | <u>\$ 2,248</u> | <u>\$ 5,366</u> |

Interest Rate Risk-Derivatives

At December 31, 2020, OCERS exposure to interest rate risk on its investments in various swap arrangements based on daily interest rates for Brazilian Interbank Deposit Rate (BRDI), Canadian Dollar Offered Rate (CDOR), London Interbank Offered Rate (LIBOR), Sterling Overnight Index Average (SONIA), and European reference rates.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Interest Rate Risk-Derivatives (Continued)

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

| | <u>Receive Rate</u> | <u>Payable Rate</u> | <u>Fair Value</u> | <u>Notional</u> |
|--|-------------------------|------------------------|-------------------|-----------------|
| Pay Fixed Interest Swaps | Variable 0-month BRCDI | Fixed 2.86%-2.88% | \$ (1) | \$ 2,176 |
| Pay Fixed Interest Swaps | Variable 12-month SONIA | Fixed 1.00% | 4 | 15,310 |
| Pay Fixed Interest Swaps | Variable 3-month LIBOR | Fixed 0.25%-1.15% | 99 | 4,900 |
| Pay Fixed Interest Swaps | Variable 6-month LIBOR | Fixed 0.08%-2.00% | -- | 2,092 |
| Total Pay Fixed Interest Swaps | | | <u>102</u> | |
| Received Fixed Interest Rate Swaps | Fixed 1.22%-1.29% | Variable 3-month CDOR | 42 | 1,962 |
| Received Fixed Interest Rate Swaps | Fixed 3.36% | Variable 0-month BRCDI | 153 | 18,790 |
| Received Fixed Interest Rate Swaps | Fixed 1.40% | Variable 3-month LIBOR | (4) | 3,100 |
| Total Received Fixed Interest Rate Swaps | | | <u>191</u> | |
| Total Interest Rate Swaps | | | <u>\$ 293</u> | |

Foreign Currency Risk—Derivatives

At December 31, 2020, OCERS is exposed to foreign currency risk on investments in swaps and forward currency contracts denominated in foreign currencies that may be adversely affected by changes in the currency exchange rates.

| <u>Currency Name</u> | <u>Options</u> | <u>Currency Forward Contracts</u> | | <u>Swaps</u> | <u>Total Exposure</u> |
|------------------------|----------------|-----------------------------------|---------------------|-----------------|-----------------------|
| | | <u>Net Receivables</u> | <u>Net Payables</u> | | |
| Australian Dollar | \$ -- | \$ 737 | \$ (313) | \$ 2 | \$ 426 |
| Brazilian Real | -- | 226 | (519) | 152 | (141) |
| Canadian Dollar | -- | 15 | (11) | 43 | 47 |
| Danish Krone | -- | 11 | (17) | -- | (6) |
| Euro Currency | -- | 240 | (239) | 318 | 319 |
| Hong Kong Dollar | -- | -- | -- | 165 | 165 |
| Japanese Yen | -- | 275 | (128) | 155 | 302 |
| Mexican Peso | -- | 14 | (8) | -- | 6 |
| New Israeli Sheqel | -- | 71 | (69) | -- | 2 |
| New Zealand Dollar | -- | 977 | (54) | -- | 923 |
| Norwegian Krone | -- | 33 | (1) | -- | 32 |
| Pound Sterling | -- | 284 | (767) | 4 | (479) |
| Russian Ruble | -- | 11 | (1) | -- | 10 |
| Singapore Dollar | -- | 7 | (6) | -- | 1 |
| South African Rand | -- | 33 | (3) | -- | 30 |
| Swedish Krona | -- | 161 | (300) | 9 | (130) |
| Swiss Franc | -- | 23 | (498) | (305) | (780) |
| Total Foreign Currency | \$ -- | \$ 3,118 | \$ (2,934) | \$ 543 | \$ 727 |
| U.S. Dollar | 47 | -- | -- | 1,323 | 1,370 |
| Total | <u>\$ 47</u> | <u>\$ 3,118</u> | <u>\$ (2,934)</u> | <u>\$ 1,866</u> | <u>\$ 2,097</u> |

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on the assets of the plan, net of investment expense, was 11.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Securities Lending

OCERS is authorized by investment policy and state law to lend its investment securities including global public equities, core fixed income, credit and real assets to broker/dealers in exchange for collateral in the form of either cash or securities. Lent domestic and international securities are collateralized with an initial market value of not less than 102% or 105% depending on the nature of the loaned securities and the collateral received, of fair value of the loaned securities. The lending agent receives cash and non-cash collateral for the securities on loan. There are no restrictions on the amount of securities that can be lent at one time. State Street Bank serves, in accordance with a Securities Lending Authorization Agreement, as OCERS' agent to loan domestic and international securities. State Street Bank does not have the ability to pledge or sell collateral securities delivered absent a borrower default.

Cash collateral received on loaned securities is invested together with the cash collateral of other qualified tax-exempt investors in a collective investment fund managed by State Street. The collective investment fund is not rated. In December 2010 the collective investment fund was divided into separate investment pools: 1) a liquidity pool and 2) a duration pool. As of December 31, 2020, the liquidity pool had an average duration of 16 days and a WAM of 76 days. The duration pool had an average duration of 18 days and a WAM of 1,539 days. Because loans are terminable at will, the duration of the loans did not generally match the duration of the investments made with the cash collateral. The Securities Lending Authorization Agreement requires State Street to indemnify OCERS if the broker/dealer fails to return any borrowed securities. During 2020, there were no failures to return loaned securities or to pay distributions by the borrowers. Furthermore, there were no losses due to borrower defaults. The fair value of securities on loan and the total cash and non- cash collateral held as of December 31, 2020 was \$233,834 and \$239,640, respectively.

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

| Securities Lent for Cash Collateral | Fair Value of OCERS' Security Lent | Cash Collateral Received | Non-Cash Collateral Received | Total Collateral Received |
|--|---------------------------------------|-----------------------------|---------------------------------|------------------------------|
| Global Public Equity | \$ 74,555 | \$ 77,309 | \$ -- | \$ 77,309 |
| Core Fixed Income | 132,747 | 135,286 | -- | 135,286 |
| Credit | 26,532 | 27,045 | -- | 27,045 |
| Total | <u>\$ 233,834</u> | <u>\$ 239,640</u> | <u>\$ --</u> | <u>\$ 239,640</u> |

Investments—Fair Value Measurements

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

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

The following table represents the fair value measurements as of December 31, 2020.

| | Fair Value | Fair Value Measurement | | |
|--|---------------|---|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by Fair Value Level | | | | |
| Fixed Income: | | | | |
| U.S. Fixed Income: | | | | |
| Pooled | \$ 1,151,269 | \$ -- | \$ 1,151,269 | \$ -- |
| U.S. Treasury Notes | 295,222 | -- | 295,222 | -- |
| Corporate Bonds | 560,853 | -- | 560,853 | -- |
| Mortgage-Backed Securities | 280,828 | -- | 279,812 | 1,016 |
| Asset-backed Securities | 71,324 | -- | 71,324 | -- |
| Municipal Bonds | 52,857 | -- | 52,857 | -- |
| Agencies | 5,878 | -- | 5,878 | -- |
| International | 188,588 | -- | 188,588 | -- |
| Total Fixed Income | 2,606,819 | -- | 2,605,803 | 1,016 |
| Global Public Equity investments: | | | | |
| Domestic Equity | 4,777,312 | 504,263 | 4,273,049 | -- |
| International Equity | 2,465,581 | 902,455 | 1,563,126 | -- |
| Emerging Markets Equity | 592,838 | -- | 592,838 | -- |
| Total Global Public Equity | 7,835,731 | 1,406,718 | 6,429,013 | -- |
| Real Assets: | | | | |
| Agriculture | 69,670 | -- | -- | 69,670 |
| Real Return | -- | -- | -- | -- |
| Energy | -- | -- | -- | -- |
| Infrastructure | -- | -- | -- | -- |
| Real Estate | 11,338 | -- | -- | 11,338 |
| Timber | 36,685 | -- | -- | 36,685 |
| Total Real Assets | 117,693 | -- | -- | 117,693 |
| Other Investments: | | | | |
| Credit | -- | -- | -- | -- |
| Risk Mitigation | 555,694 | -- | 555,694 | -- |
| Total Other Investments | 555,694 | -- | 555,694 | -- |
| Total Investments at Fair Value Level | \$ 11,115,937 | \$ 1,406,718 | \$ 9,590,510 | \$ 118,709 |

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

| | Fair Value | Fair Value Measurement | | |
|---|---------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments Measured at the Net Asset Value (NAV): | | | | |
| Global Public Equity investments: | | | | |
| Domestic Equity | \$ 1,312 | | | |
| International Equity | 294,177 | | | |
| Emerging Markets Equity | 900,810 | | | |
| Total Global Public Equity | 1,196,299 | | | |
| Real Assets: | | | | |
| Agriculture | 64,508 | | | |
| Energy | 472,625 | | | |
| Infrastructure | 186,410 | | | |
| Real Estate | 1,224,621 | | | |
| Total Real Assets | 1,948,164 | | | |
| Other Investments: | | | | |
| Absolute Return | 480 | | | |
| Credit (includes private credit) | 1,268,100 | | | |
| Private Equity | 2,353,755 | | | |
| Risk Mitigation | 1,226,962 | | | |
| Unique Strategies | 55,283 | | | |
| Total Other Investments | 4,904,580 | | | |
| Total investments measured at the NAV | \$ 8,049,043 | | | |
| Investments Derivative Instruments: | | | | |
| Swaps: | | | | |
| Interest Rate Swaps | \$ 293 | \$ -- | \$ 293 | \$ -- |
| Credit Default Swaps | 1,370 | -- | 1,370 | -- |
| Total Return Swaps | 203 | -- | 203 | -- |
| Options | 47 | -- | 47 | -- |
| Total Investment Derivative Instruments | \$ 1,913 | \$ -- | \$ 1,913 | \$ -- |
| Total Investments Measured at Fair Value | \$ 19,166,893 | | | |
| Investments Securities Lending Collateral: | | | | |
| Debt Securities: | | | | |
| Core Fixed Income | \$ 135,286 | \$ -- | \$ 135,286 | \$ -- |
| Credit | 27,045 | -- | 27,045 | -- |
| Equity Investments: | | | | |
| U.S. Equities | 67,059 | 67,059 | -- | -- |
| International Equities | 10,250 | 10,250 | -- | -- |
| Total Invested Securities Lending Collateral | \$ 239,640 | \$ 77,309 | \$ 162,331 | \$ -- |

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

Core fixed income include actively traded debt instruments such as those securities issued by the United States government, federal agencies, municipal obligations, foreign governments, and both U.S. and foreign corporate issuers. Core fixed income securities are reported at fair value as of the close of the trading date. Fair values for securities not traded on a regular basis are obtained from pricing vendors who employ modeling techniques, such as matrix pricing or discounted cash flow method, in determining security values. These inputs are observable, which supports the Level 2 fair value hierarchy. One fixed income mortgage security is leveled at Level 3 based on the investment manager's pricing policy.

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

Real assets investments at fair value include a variety of real return investments in agriculture, real estate and timber resources, which are held directly. Real estate assets held directly are appraised by independent third-party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice. Independent appraisals use professional judgment, which is unobservable input, to determine the fair value of the asset; therefore, these real estate investments are classified as Level 3. Agriculture and timber resources included in Level 3 are based on independent appraisals and/or the good faith estimates of management.

Other investments include two risk mitigation funds. These investments are classified in Level 2 of the fair value hierarchy and include primarily institutional mutual funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund.

Derivative instruments classified as Level 2 are valued using a market approach with observable inputs from major indices as well as benchmark interest rates and foreign exchange rates.

Securities Lending represents cash collateral received for securities lent. The equity securities lent include U.S. equities and international and global equities in Level 1 of the fair value hierarchy, valued using a market approach for prices quoted in active markets for securities. Level 2 securities lent are core fixed income securities, which include U.S. government, federal agencies, and credit securities including municipal obligations along with corporate issuers.

The System uses the NAV to determine the fair value of the underlying investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company following the accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC") Topic 946 Financial Services-Investment Companies.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

The follow table represents the investments measured at NAV as of December 31, 2020.

| | Fair Value Measured at NAV | Unfunded Commitments | Redemption Frequency (If Currently Eligible)* | Redemption Notice Period |
|--|----------------------------------|-------------------------|---|-----------------------------|
| <u>Investments measured at the net asset value (NAV):</u> | | | | |
| Global Public Equity Investments: | | | | |
| Domestic Equity | \$ 1,312 | \$ -- | S | 60 days |
| International Equity | 294,177 | -- | W | 7 days |
| Emerging Markets Equity | 900,810 | -- | M | 30 days |
| | - | - | | |
| Total equity investments measured at the NAV | <u>1,196,299</u> | <u>--</u> | | |
| Real Assets: | | | | |
| Agriculture | 64,508 | 22,451 | Q | 60 days |
| Energy | 472,625 | 529,018 | N/A | N/A |
| Infrastructure | 186,410 | 296,675 | N/A | N/A |
| Real Estate | 1,224,621 | 366,437 | Q, N/A | 45-90 days, N/A |
| Timber | - | - | | |
| | - | - | | |
| Total real assets measured at the NAV | <u>1,948,164</u> | <u>1,214,581</u> | | |
| Other Investments: | | | | |
| Absolute Return | 480 | -- | N/A | N/A |
| Credit | (1) | 53,079 | M, Q, N/A | 5-90 days, N/A |
| Private Credit | -- | 444,730 | N/A | N/A |
| Credit (includes private credit) | 1,268,100 | 497,809 | M, Q, N/A | 5-90 days, N/A |
| Private Debt | -- | -- | N/A | N/A |
| Private Equity | -- | -- | N/A | N/A |
| Private Equity | 2,353,755 | 1,138,392 | N/A | N/A |
| Risk Mitigation | 1,226,962 | -- | D, W, M, Q | 1-75 days |
| Unique Strategies | 55,283 | 40,082 | Q, N/A | 60 days, N/A |
| | - | - | | |
| Total other investments at the NAV | <u>4,904,580</u> | <u>1,676,283</u> | | |
| Total investments measured at the NAV | <u>\$ 8,049,043</u> | <u>\$ 2,890,864</u> | | |

* D=Daily, W=Weekly, M=Monthly, S=Semi-Annually, Q=Quarterly

The investment types listed in the above table measured at the NAV as explained below:

Global public equity includes six institutional funds. One fund focuses primarily U.S. equity securities, two funds focus on international securities and three funds focus on emerging markets equities. The fair value of each fund has been determined using NAV per share or unit of the investments.

Real assets: Agriculture includes one fund that invests in a diversified portfolio of vegetable and permanent crop farmland in select major agricultural states. The fund is an open-end, infinite life, private real estate investment trust (REIT) subject to the redemption terms in the above schedule.

Real assets: Energy consists of 17 limited partnerships that invest primarily in oil and gas related investments. There are no redemption terms for any of these partnerships. These investments are considered illiquid. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using estimates provided by the underlying partnerships and are at NAV. One of the partnerships is considered a going concern, and is included at a zero value.

Real assets: Infrastructure consists of six limited partnerships that invest primarily in energy related renewable infrastructure. There are no redemption terms for any of these partnerships. These investments are considered illiquid. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using estimates provided by the underlying partnerships and are at NAV.

4. DEPOSITS AND INVESTMENTS (Continued)

D. OCERS Investments (Continued)

Investment–Fair Value Measurements (Continued)

Real assets: Real estate investments include 16 funds consisting of primarily trust funds and limited partnerships. The purpose of these funds is to acquire, own, invest in real estate and real estate related assets with the intention of achieving current income, capital appreciation or both. These investments are valued through independent appraisals and other unobservable methods. The majority of these funds are closed-end funds with structured investment periods, and considered illiquid investments. All other funds have no redemption restrictions other than the restrictions noted above.

Absolute return: Direct hedge includes one limited partnership fund, which is winding down. No redemptions are available at this time. Proceeds will be distributed when liquidated.

Credit includes investments in 20 limited partnership funds. 14 of these funds are considered private credit investments, which are closed-end funds and are considered illiquid investments. These investments represent approximately 35% of the value. The remaining six funds allow for redemption based on the terms noted above. The fair value of these investments has been determined using NAV per share of the investments.

Private equity includes primarily investments in limited partnership funds, managed by various different investment managers. Generally, the partnership strategies are to maximize the return by participating in private equity and equity-related investments through a diversified portfolio of venture capital, growth equity, buyouts, special situation partnerships and other limited liability vehicles. Investments in these partnerships are typically for 10-12 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using NAV per share of the System's ownership interest in partners' capital.

Risk mitigation includes 10 limited partnership funds, which allow redemption with proper notification. The funds assist in diversifying the portfolio and protecting in an economic downturn of growth assets. The strategies are uncorrelated or negatively correlated to economic growth assets. The fair value of these investments has been determined using NAV per share.

Unique Strategies includes two limited partnership funds, one of the funds allows for redemptions and the other fund has no redemption terms and is considered an illiquid investment. This asset class provides additional diversification which can be used to mitigate risk and provide value to the OCERS portfolio. These investments are valued at NAV.

E. CalOptima's Cash and Investments

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

| | 2021 |
|--|---------------------|
| Current Assets: | |
| Cash and Cash Equivalents | \$ 281,834 |
| Investments | 1,065,410 |
| Board-Designated Assets and Restricted Cash: | |
| Cash and Cash Equivalents | 60,145 |
| Investments | 585,534 |
| Restricted Deposit | 300 |
| Total | \$ 1,993,223 |

4. DEPOSITS AND INVESTMENTS (Continued)

E. CalOptima's Cash and Investments (Continued)

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

| | <u>2021</u> |
|--|--------------------------|
| Board-Designated Assets and Restricted Cash: | |
| Contingency Reserve Fund | \$ 588,880 |
| Homeless Health Initiative Fund | 56,799 |
| Restricted Deposits with DMHC | <u>300</u> |
| Total | <u>\$ 645,979</u> |

Custodial Credit Risk Deposits

Custodial credit risk is the risk that, in the event of a bank failure, CalOptima may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under the state law. As of June 30, 2021, 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, 2021, CalOptima's investments, including cash equivalents, had the following modified duration:

| | <u>Fair Value</u> | <u>Investment Maturities (In Years)</u> | |
|-----------------------------|---------------------|---|---------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> |
| U.S. Treasury Notes | \$ 384,597 | \$ 212,905 | \$ 171,692 |
| U.S. Agency Notes | 145,971 | 46,409 | 99,562 |
| Corporate Bonds | 433,094 | 62,754 | 370,340 |
| Asset-Backed Securities | 205,797 | 933 | 204,864 |
| Mortgage-Backed Securities | 59,942 | 978 | 58,964 |
| Municipal Bonds | 197,208 | 50,269 | 146,939 |
| Tax Exempt Municipal Bonds | 7,757 | 4,000 | 3,757 |
| Supranational | 79,450 | 20,446 | 59,004 |
| Commercial Paper | 1,799 | 1,799 | -- |
| Certificates of Deposit | 131,384 | 129,385 | 1,999 |
| Cash Equivalents | 281,461 | 281,461 | -- |
| Cash | 5,852 | 5,852 | -- |
| Total | <u>1,934,312</u> | <u>\$ 817,191</u> | <u>\$ 1,117,121</u> |
| Accrued Interest Receivable | 3,945 | | |
| | <u>\$ 1,938,257</u> | | |

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:

| | June 30, 2021 |
|----------------------------|---------------|
| Asset-Back Securities | \$ 205,797 |
| Mortgage-Backed Securities | 59,942 |
| | \$ 265,739 |

Credit Risk

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

As of June 30, 2021, following are the credit ratings of investments and cash equivalents:

| Investment Type | Fair Value | Minimum Legal Rating | Exempt From Disclosure | Rating as of Year-End | | | | | | |
|-------------------------------|---------------------|----------------------|------------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | | AAA | Aa & Aa+ | Aa- | A+ | A | A- | |
| U.S. Treasury Notes | \$ 469,043 | N/A | \$ 469,043 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | |
| U.S. Agency Notes | 191,616 | N/A | 191,616 | -- | -- | -- | -- | -- | -- | |
| Corporate Bonds | 349,716 | A- | -- | 1,006 | 28,927 | 56,253 | 69,946 | 92,779 | 100,805 | |
| Floating-Rate Note Securities | 184,786 | A- | -- | 91,501 | 26,294 | 6,289 | 20,563 | 15,290 | 24,849 | |
| Asset-Backed Securities | 89,786 | AAA | -- | 84,157 | 5,629 | -- | -- | -- | -- | |
| Mortgage-Backed Securities | 158,921 | AAA | -- | 158,921 | -- | -- | -- | -- | -- | |
| Municipal Bonds | 228,783 | A | -- | 62,717 | 95,593 | 56,751 | 10,727 | 2,995 | -- | |
| Supranational | 29,796 | AAA | -- | 29,796 | -- | -- | -- | -- | -- | |
| Repurchase Agreement | 53,007 | N/A | 53,007 | -- | -- | -- | -- | -- | -- | |
| Certificates of Deposit | 89,203 | A1/P1 | -- | 89,203 | -- | -- | -- | -- | -- | |
| Commercial Paper | 87,748 | A1/P1 | -- | 66,749 | 20,999 | -- | -- | -- | -- | |
| Money Market Mutual Funds | 5,852 | AAA | -- | 5,852 | -- | -- | -- | -- | -- | |
| Total | \$ 1,938,257 | | | \$ 713,666 | \$ 589,902 | \$ 177,442 | \$ 119,293 | \$ 101,236 | \$ 111,064 | \$ 125,654 |

4. DEPOSITS AND INVESTMENTS (Continued)

E. CalOptima's Cash and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of CalOptima's investment in a single issuer. CalOptima's investment policy limits to no more than 5% of the total fair value of investments in the securities of any one issuer, except for obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises, and no more than 10% may be invested in one money market mutual fund unless approved by the governing board. The investment policy also places a limit of 35% of the amount of investment holdings with any one government-sponsored issuer and 5% of all other issuers. As of June 30, 2021, all holdings complied with the foregoing limitations. The following holdings exceeded 5% of the portfolio as of June 30, 2021:

| <u>Investment Type</u> | <u>Issuer</u> | <u>Percentage of Portfolio June 30, 2021</u> |
|------------------------|------------------------|--|
| U.S. Treasury Notes | United States Treasury | 24.30 |
| U.S. Agency Notes | Federal Home Loan Bank | 4.25 |

Fair Value Measurements

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

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

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

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

4. DEPOSITS AND INVESTMENTS (Continued)

E. CalOptima's Cash and Investments (Continued)

Marketable Securities (Continued)

The following table presents the fair value measurements of assets recognized in CalOptima's consolidated statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

| | Investment Assets at Fair Value as of June 30, 2021 | | | |
|----------------------------|--|---------------------|----------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| U.S. Treasury Notes | \$ 384,597 | \$ -- | \$ -- | \$ 384,597 |
| U.S. Agency Notes | -- | 145,971 | -- | 145,971 |
| Corporate Bonds | -- | 433,094 | -- | 433,094 |
| Asset-Backed Securities | -- | 205,797 | -- | 205,797 |
| Mortgage-Backed Securities | -- | 59,942 | -- | 59,942 |
| Municipal Bonds | -- | 197,208 | -- | 197,208 |
| Tax Exempt Municipal Bonds | -- | 7,757 | -- | 7,757 |
| Supranational | -- | 79,450 | -- | 79,450 |
| Commercial Paper | -- | 1,799 | -- | 1,799 |
| Certificates of Deposits | -- | 131,384 | -- | 131,384 |
| | <u>\$ 384,597</u> | <u>\$ 1,262,402</u> | <u>\$ --</u> | <u>\$ 1,646,999</u> |

5. CHANGES IN CAPITAL ASSETS

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

| | Primary Government | | | Balance June 30, 2021 |
|---|-------------------------|------------|--------------|--------------------------|
| | Balance July 1, 2020 | Increases | Decreases | |
| Governmental Activities: | | | | |
| Capital Assets Not Depreciable/Amortizable: | | | | |
| Land | \$ 871,319 | \$ 16 | \$ (42) | \$ 871,293 |
| Land Use Rights (Permanent) | 6,439 | -- | -- | 6,439 |
| Construction in Progress | 182,788 | 264,584 | (120,111) | 327,261 |
| Intangible in Progress | 18,798 | 11,111 | (2,539) | 27,370 |
| Total Capital Assets Not Depreciable/Amortizable | 1,079,344 | 275,711 | (122,692) | 1,232,363 |
| Capital Assets, Depreciable/Amortizable: | | | | |
| Structures and Improvements | 1,596,269 | 45,160 | (2,691) | 1,638,738 |
| Land Improvements | 4,256 | 2,762 | -- | 7,018 |
| Equipment | 521,279 | 44,458 | (44,906) | 520,831 |
| Software | 142,877 | 2,259 | -- | 145,136 |
| Infrastructure: | | | | |
| Flood Channels | 1,317,390 | 57,404 | -- | 1,374,794 |
| Roads | 436,122 | 21,158 | -- | 457,280 |
| Bridges | 156,725 | 234 | -- | 156,959 |
| Trails | 46,938 | -- | -- | 46,938 |
| Traffic Signals | 17,164 | 2,708 | -- | 19,872 |
| Harbors and Beaches | 41,238 | -- | -- | 41,238 |
| Total Capital Assets, Depreciable/Amortizable | 4,280,258 | 176,143 | (47,597) | 4,408,804 |
| Less Accumulated Depreciation/Amortization For: | | | | |
| Structures and Improvements | (777,006) | (43,130) | 2,465 | (817,671) |
| Land Improvements | (1,179) | (289) | -- | (1,468) |
| Equipment | (333,641) | (26,785) | 48,024 | (312,402) |
| Software | (108,304) | (7,062) | -- | (115,366) |
| Infrastructure: | | | | |
| Flood Channels | (386,192) | (18,331) | -- | (404,523) |
| Roads | (192,557) | (18,147) | -- | (210,704) |
| Bridges | (49,891) | (2,854) | -- | (52,745) |
| Trails | (38,045) | (806) | -- | (38,851) |
| Traffic Signals | (12,578) | (380) | -- | (12,958) |
| Harbors and Beaches | (33,439) | (654) | -- | (34,093) |
| Total Accumulated Depreciation/Amortization | (1,932,832) | (118,438) | 50,489 | (2,000,781) |
| Total Capital Assets, Depreciable/Amortizable (Net) | 2,347,426 | 57,705 | 2,892 | 2,408,023 |
| Governmental Activities Total Capital Assets, Net | \$ 3,426,770 | \$ 333,416 | \$ (119,800) | \$ 3,640,386 |

5. CHANGES IN CAPITAL ASSETS (Continued)

| | Primary Government | | | Balance June 30, 2021 |
|--|-------------------------|------------------|--------------------|--------------------------|
| | Balance July 1, 2020 | Increases | Decreases | |
| Business-Type Activities: | | | | |
| Capital Assets Not Depreciable/Amortizable: | | | | |
| Land | \$ 38,379 | \$ -- | \$ -- | \$ 38,379 |
| Construction in Progress | 39,934 | 39,429 | (26,570) | 52,793 |
| Intangible in Progress | 749 | -- | (442) | 307 |
| Total Capital Assets Not Depreciable/Amortizable | 79,062 | 39,429 | (27,012) | 91,479 |
| Capital Assets, Depreciable/Amortizable: | | | | |
| Structures and Improvements | 921,157 | 19,837 | (2,871) | 938,123 |
| Land Improvements | 611 | -- | -- | 611 |
| Equipment | 101,073 | 13,376 | (3,230) | 111,219 |
| Software | 5,635 | 821 | -- | 6,456 |
| Infrastructure | 712,483 | 8,163 | (3,920) | 716,726 |
| Total Capital Assets, Depreciable/Amortizable | 1,740,959 | 42,197 | (10,021) | 1,773,135 |
| Less Accumulated Depreciation/Amortization For: | | | | |
| Structures and Improvements | (386,673) | (29,452) | 2,870 | (413,255) |
| Land Improvements | (8) | (19) | -- | (27) |
| Equipment | (57,276) | (7,445) | 4,113 | (60,608) |
| Software | (2,908) | (779) | -- | (3,687) |
| Infrastructure | (426,243) | (18,253) | 250 | (444,246) |
| Total Accumulated Depreciation/Amortization | (873,108) | (55,948) | 7,233 | (921,823) |
| Total Capital Assets, Depreciable/Amortizable (Net) | 867,851 | (13,751) | (2,788) | 851,312 |
| Business-Type Activities Total Capital Assets, Net | <u>\$ 946,913</u> | <u>\$ 25,678</u> | <u>\$ (29,800)</u> | <u>\$ 942,791</u> |

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

| | |
|---|-------------------|
| Government Activities: | |
| General Government | \$ 11,082 |
| Public Protection | 47,256 |
| Public Ways and Facilities | 27,743 |
| Health and Sanitation | 3,238 |
| Public Assistance | 6,290 |
| Education | 1,789 |
| Recreation and Cultural Services | 7,835 |
| Internal Service Funds' Depreciation Expense Allocated to Various Functions | 13,205 |
| Total Governmental Activities Depreciation/Amortization Expense | <u>118,438</u> |
| Business-Type Activities: | |
| Airport | 34,117 |
| OC Waste & Recycling | 21,831 |
| Total Business-Type Activities Depreciation/Amortization Expense | <u>55,948</u> |
| Total Depreciation/Amortization Expense | <u>\$ 174,386</u> |

5. CHANGES IN CAPITAL ASSETS (Continued)

Capital Asset Impairments:

The OC Waste & Recycling business-type activity reported an impairment gain on the Statement of Activities and the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position related to the Frank R. Bowerman Landfill which had approximately 39.2% damage to its liner due to a local wild fire. The damage was estimated to be at \$3,670 net of accumulated depreciation and to date, the insurance recovery is \$3,828. This resulted in the OC Waste & Recycling business-type activity reporting a gain of \$158.

6. SERVICE CONCESSION ARRANGEMENTS

GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*" (GASB Statement No. 60) defines the required criteria for which a public-private or public-public partnership arrangement qualifies as a SCA:

- The transferor must convey to the operator both the right and obligation to use one of its capital assets to provide services to the public
- The operator must provide significant consideration to the transferor
- The operator must be compensated from fees that it collects from third parties
- The transferor must either determine what services are provided to whom, and at what rate or price
- The transferor must retain a significant residual interest in the service utility of the facility

The County determined that the Dana Point Harbor arrangements met the criteria set forth in GASB Statement No. 60 (where the County is the transferor), and therefore included this SCA in the County's financial statements.

The Dana Point Harbor is held in trust by the County in accordance with the State Tidelands Grant. Pursuant to the State Tidelands Grant, the County must administer the use of the tidelands and submerged lands in a manner consistent with the tidelands trust and all applicable laws. This includes promoting the use of the harbor for navigation, fishing, public access, water-oriented recreations and the provision of coastal-dependent uses adjacent to the water in leasing or releasing of publicly owned land. Commercial uses, incidental to the above uses, are also allowed.

In addition, the Dana Point Harbor is located entirely within the Coastal Zone and is subject to regulation under the Coastal Act. The Coastal Act was enacted to protect and enhance the coastal environment and to guide and regulate local planning within the Coastal Zone to assure conformity with the statewide goals and policies. For example, the Coastal Act provides that lower cost visitor and recreational facilities shall be protected, encouraged, and where feasible, provided.

On October 29, 2018, the County entered into 66-year term lease agreements with Dana Point Harbor Partners, LLC (DPHP), and Dana Point Harbor Partners Drystack, LLC (DPHPD) to conduct due diligence regarding master lease and development of the Dana Point Harbor. The County must ensure that DPHP and DPHPD, as the Lessees, adhere to the tidelands trust and all applicable laws. The agreements include the reconstruction of the commercial core, the east and west marinas, two new hotels, and the rebuilding of docks. DPHP and DPHPD will fund and build the improvements, and then operate those portions of the harbor on a 66-year lease. DPHP and DPHPD are required to assume full responsibility for operation and maintenance of their lease premises, and make minimum rent payments to the County, in accordance with their respective agreements. Additionally, the agreements provide for the County to receive a percentage of the gross receipts generated from sales, subleases, or any activity permitted under the DPHP and DPHPD arrangements. After the leases end, the assets and improvements will be returned to the County. The current net book value of the Dana Point Harbor assets associated with these agreements is \$407 and it is reported in the County's government-wide financial statements.

6. SERVICE CONCESSION ARRANGEMENTS (Continued)

Under the terms of the agreement with DPHPD, the County is required to reimburse the Lessee for applicable redevelopment costs. The present value of this obligation, \$18,572, is reported as part of the accounts payable liability in the government-wide financial statements.

In April 2020, DPHP, and DPHPD entered into tolling agreements with the County due to the County State of Emergency, declared March 3, 2020, in connection with the COVID-19 pandemic. With the exception of the lease terms and due dates for the monthly minimum and percentage rents, dates and deadlines under existing Ground Leases are tolled. When the State of Emergency is lifted, project schedules will be revised to incorporate the new dates and deadlines.

As of June 30, 2021, the present value of the minimum rent payments under the contracts is estimated to be \$87,571 using a 2.5% discount rate. This amount is reported as a receivable in the government-wide financial statements. The total monthly minimum rent payments received in FY 2020-21 was \$1,511. In addition, \$69,000 is reported as deferred inflows of resources. As of June 30, 2021, the lease terms for Dana Point Harbor cover the remaining period of 63 years.

7. 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 \$46,820 as of June 30, 2021. Of this amount, \$3,682 is not expected to be collected within the next fiscal year. This primarily consists of \$2,992 for animal care delinquent invoices. Also, \$375 is for the Airport's rent deferment for tenants through the Minimum Annual Guarantee (MAG) Deferral Plan, and \$256 is for expected recoveries from the Airport's multi-year fixed-base operator lessee for pollution remediation costs.

Deposits Receivable

Deposits Receivable had a balance of \$899 as of June 30, 2021. Of this amount, \$855 is not expected to be collected within the next fiscal year. This primarily consists of a \$400 deposit required by the vendor per agreement with HCA, \$199 in deposits with the U.S. Army Corps of Engineers for regulatory permitting process on various maintenance projects and \$142 in operating funds deposited for payment of costs related to the Greenspot Property Management.

Leases Receivable

Leases Receivable had a balance of \$87,571 as of June 30, 2021. Of this amount, \$86,141 is not expected to be received within the next fiscal year. This represents the receivable for a 66-year term lease agreement for the renovation and operation of the Dana Point Harbor, as described in Note 6, Service Concession Arrangements.

Due from Other Governmental Agencies

Due from Other Governmental Agencies had a balance of \$552,231 as of June 30, 2021. Of this amount, \$19,960 is not expected to be received within the next fiscal year, which primarily consists of \$17,380, net of an allowance of \$6,405, owed by the State to the County for various mandated cost reimbursements for programs and services the State requires the County to provide. Also, \$1,439 is for expected reimbursement of the Santa Ana River Subvention claims that will be submitted to the State Department of Water Resources, and \$1,056 is for the expected reimbursement of Medi-Cal administrative activities.

7. RECEIVABLES (Continued)

Notes Receivable

Notes Receivable had a balance of \$61,127 as of June 30, 2021. Of this amount, \$29,021 is not expected to be received within the next fiscal year. This primarily consists of \$26,049 for loans made to developers to build affordable, low to moderate income, and senior housing. In addition, \$2,442 is for housing loans for MHSA programs and \$530 is for loans provided to first time home buyers.

8. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables may result from services rendered by one fund to another fund, or from interfund loans. "Due from" and "due to" balances are generally used to reflect short-term interfund receivables and payables whereas "advance from" and "advance to" balances are long-term.

The composition of interfund balances as of June 30, 2021 is as follows:

Due from/to other funds:

| Payable Funds | Receivable Funds | | | | | | | Total |
|----------------------------|------------------|------------------------|-------------------------|--------------------------|---------|----------------------|------------------------|------------|
| | General Fund | Flood Control District | Other Public Protection | Other Governmental Funds | Airport | OC Waste & Recycling | Internal Service Funds | |
| General Fund | \$ -- | \$ 1,287 | \$ 32,866 | \$ 197,222 | \$ 178 | \$ 274 | \$ 2,951 | \$ 234,778 |
| Flood Control District | 7,224 | -- | -- | 566 | -- | 196 | 12 | 7,998 |
| Other Public Protection | 5,731 | -- | -- | 430 | -- | -- | 7 | 6,168 |
| Mental Health Services Act | 44,744 | -- | -- | -- | -- | -- | -- | 44,744 |
| Other Governmental Funds | 38,219 | 894 | 1 | 2,530 | -- | 638 | 493 | 42,775 |
| Airport | 1,871 | -- | 2 | 70 | -- | -- | 411 | 2,354 |
| OC Waste & Recycling | 8,770 | -- | -- | 8 | -- | -- | 45 | 8,823 |
| Internal Service Funds | 3,579 | 11 | -- | 3 | -- | -- | 51 | 3,644 |
| Total | \$ 110,138 | \$ 2,192 | \$ 32,869 | \$ 200,829 | \$ 178 | \$ 1,108 | \$ 3,970 | \$ 351,284 |

Interfund transactions between the Primary Government and Component Unit:

| Receivable Entity | Payable Entity | Amount |
|---------------------------------|---------------------------------|--------|
| Primary Government-General Fund | Component Unit-CFCOC | \$ 142 |
| Component Unit-CFCOC | Primary Government-General Fund | 929 |

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

Advances to/from other funds:

| Receivable Entity | Payable Entity | Amount |
|----------------------|--------------------------|-----------|
| OC Waste & Recycling | Other Governmental Funds | \$ 55,000 |

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

9. COUNTY PROPERTY ON LEASE TO OTHERS

The County has non-cancellable 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 non-cancellable operating leases with air carriers and concessionaires, and the OC Waste & Recycling 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, 2021, approximates \$59,471 net of accumulated depreciation.

9. COUNTY PROPERTY ON LEASE TO OTHERS (Continued)

The County leases real property to others under operating lease agreements for recreational boating, retail, restaurants, and other commercial operations. Future minimum rentals to be received under these non-cancellable operating leases as of June 30, 2021 are as follows:

| Fiscal Year Ending June 30 | Governmental Activities | Business-Type Activities |
|------------------------------|-------------------------|--------------------------|
| 2022 | \$ 12,853 | \$ 52,784 |
| 2023 | 9,522 | 52,437 |
| 2024 | 9,326 | 52,698 |
| 2025 | 8,970 | 53,720 |
| 2026 | 8,389 | 40,785 |
| | <u>49,060</u> | <u>252,424</u> |
| 2027-2031 | 38,233 | 92,946 |
| 2032-2036 | 32,193 | 40,239 |
| 2037-2041 | 21,374 | 19,901 |
| 2042-2046 | 5,249 | 19,901 |
| 2047-2051 | 3,793 | 19,692 |
| 2052-2056 | 3,847 | 16,055 |
| 2057-2061 | 3,893 | -- |
| 2062-2066 | 3,940 | -- |
| 2067-2071 | 4,008 | -- |
| 2072-2076 | 4,067 | -- |
| 2077-2081 | 1,908 | -- |
| | <u>122,505</u> | <u>208,734</u> |
| Total future minimum rentals | <u>\$ 171,565</u> | <u>\$ 461,158</u> |

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately \$25,092 (Enterprise Funds), \$5,227 (Other Governmental Funds), \$499 (Internal Service Funds) and \$280 (Flood Control District) for the year ended June 30, 2021.

10. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 were as follows:

| Transfer Out Funds | Transfer In Funds | | | | | | Total |
|----------------------------|-------------------|------------------------|-------------------------|--------------------------|----------------------|------------------------|-------------------|
| | General Fund | Flood Control District | Other Public Protection | Other Governmental Funds | OC Waste & Recycling | Internal Service Funds | |
| General Fund | \$ -- | \$ -- | \$ 34,284 | \$ 251,843 | \$ 19 | \$ 4,497 | \$ 290,643 |
| Flood Control District | 2,931 | -- | -- | 355 | -- | 1,398 | 4,684 |
| Other Public Protection | 20,537 | -- | -- | 513 | -- | 426 | 21,476 |
| Mental Health Services Act | 189,753 | -- | -- | -- | -- | -- | 189,753 |
| Other Governmental Funds | 70,412 | -- | -- | 20,939 | 690 | 2,724 | 94,765 |
| OC Waste & Recycling | 8,215 | -- | -- | 3 | -- | -- | 8,218 |
| Internal Service Funds | 1,092 | 215 | -- | 1 | -- | 3 | 1,311 |
| Total | <u>\$ 292,940</u> | <u>\$ 215</u> | <u>\$ 34,284</u> | <u>\$ 273,654</u> | <u>\$ 709</u> | <u>\$ 9,048</u> | <u>\$ 610,850</u> |

Interfund transfers reflect a flow of assets between funds and blended component units of the primary government without an equivalent flow of assets in return. Recurring transfers were made in the current fiscal year to: (1) relay cash/resources from contributing County funds to various debt service funds for the retirement of long-term obligations, (2) transfer Measure H Tobacco Settlement revenues and Public Safety

10. INTERFUND TRANSFERS (Continued)

Sales Tax (PSST) excess revenue in compliance with the specific statutory requirements, (3) provide resources for services provided within the County's Wraparound Program, (4) contribute resources to comply with Prop 63 MHSA, (5) transfer waste importation revenue in accordance to the Waste Disposal Agreement, and (6) transfer excess unrestricted revenues to finance various County programs based on budgetary authorizations by the Board. Not all-inclusive, the summary below details some of the more significant transfers:

Recurring Transfers

From General Fund

- \$171,689 was transferred to Other Governmental Funds for various public health and public safety capital projects.
- \$25,852 was transferred to Other Governmental Funds for Countywide IT projects.
- \$24,115 was transferred to Other Governmental Funds to cover expenditures for Sheriff-Coroner construction and facility development projects.
- \$9,480 was transferred to Other Governmental Funds to finance the County's 60% share of the Wraparound Program.
- \$4,338 was transferred to Other Governmental Funds in connection with debt service payments for the CUF debt.
- \$3,988 was transferred to Other Governmental Funds for the maintenance and repair of various Probation Criminal Justice Facilities.
- \$3,118 was transferred to Internal Service Funds primarily for the purchase of Sheriff-Coroner vehicles.
- \$1,442 was transferred to Other Public Protection for the purchase, replacement, and maintenance of Sheriff-Coroner equipment.

From Flood Control District

- \$2,014 was transferred to the General Fund for the Watershed Management Program.
- \$1,398 was transferred to the Internal Service Funds for the purchase of OC Flood Vehicles.

From Other Public Protection

- \$7,416 was transferred to the General Fund to support the Sheriff-Coroner Department's operations.
- \$5,549 was transferred to the General Fund to fund various District Attorney programs, such as Prop 64 Consumer Protection Fund, Real Estate Fraud, Orange County Auto Theft Task Force, and Supplemental Law Enforcement Services Fund.
- \$4,823 was transferred to the General Fund to cover the qualifying public protection expenditures incurred by the Clerk-Recorder's Office for specific charges mandated by state law that includes modernization of the County's record keeping system, health statistics, micrographics, and security measures.
- \$2,058 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

- \$189,753 was transferred to the General Fund to cover the qualifying Prop 63 MHSA expenditures.

From Other Governmental Funds

- \$32,462 was transferred to the General Fund to fund various County programs as follows:
 - \$12,188 for the County's Wraparound Program.
 - \$11,272 for the Homeless Emergency Aid Program and Crisis Stabilization Program.
 - \$6,103 for Emergency Medical Services.
 - \$2,899 for health disaster preparedness and the Center for Disease Control pandemic flu costs.

10. INTERFUND TRANSFERS (Continued)

Recurring Transfers (Continued)

- \$28,490 of tobacco settlement monies was transferred to the General Fund to finance HCA's various health care programs and Sheriff-Coroner Department's operational costs.
- \$1,069 was transferred to the Internal Service Funds for the purchase of OC Parks vehicles.

From Enterprise Funds

- \$7,358 was transferred to the General Fund for the County's portion of OC Waste & Recycling's net importation revenue.

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

Non-Recurring Transfers

From General Fund

- \$24,906 was transferred to Public Protection for PSST excess revenue.
- \$7,295 was transferred to Other Public Protection for Clerk-Recorder restricted fee revenue.
- \$6,295 was transferred to Other Governmental Funds for the reimbursement of CAS, Building 16 debt service payments.
- \$3,414 was transferred to Other Governmental Funds for the Whole Person Care Pilot Program related to one-time housing funds.
- \$1,964 was transferred to Other Governmental Funds for loan payments related to the construction of the OC Animal Shelter.
- \$1,070 was transferred to the Internal Service Funds for the reimbursement of medical claims.

From Other Governmental Funds

- \$11,735 was transferred to Other Governmental Funds for Sheriff-Coroner capital projects.
- \$4,440 was transferred to Other Governmental Funds for the surplus construction funds of the CAS, Building 16.
- \$4,221 was transferred to the General Fund to fund capital projects including the System of Care Data Integration System, the Property Tax System, and the County's CUF project.
- \$3,308 was transferred to the General Fund for Environmental Health programs.
- \$3,072 was transferred to Other Governmental Funds for the HomeKey Program.

11. SHORT-TERM OBLIGATIONS

Taxable Pension Obligation Bonds, 2020 Series A

On January 14, 2020, the County issued Taxable Pension Obligation Bonds, 2020 Series A (the 2020 POBs) in the principal amount of \$463,895. The 2020 POBs were issued in order to take advantage of the discount offered by the OCERS Board of Retirement to prepay the County's FY 2020-21 pension contribution. The 2020 POBs were issued as standard bonds, with four fixed-rate tranches, and a final maturity date of April 30, 2021. The obligation of the County to pay principal and interest on the 2020 POBs is imposed by law and is absolute and unconditional. Pledged security for the bonds are any lawfully available funds of the County. If an event of default has occurred and is continuing, the trustee may proceed to protect or enforce its rights by a suit in equity or action at law. The County repaid in full the outstanding balance of the bonds on April 30, 2021.

Taxable Pension Obligation Bonds, 2021 Series A

On January 14, 2021, the County issued Taxable Pension Obligation Bonds, 2021 Series A (the 2021 POBs) in the principal amount of \$484,800. The 2021 POBs were issued in order to take advantage of the discount offered by the OCERS Board of Retirement to prepay the County's FY 2021-22 pension contribution. The 2021 POBs were issued as standard bonds, with four fixed-rate tranches, and a final maturity date of April 29, 2022.

11. SHORT-TERM OBLIGATIONS (Continued)

Taxable Pension Obligation Bonds, 2021 Series A (Continued)

The obligation of the County to pay principal and interest on the 2021 POBs is imposed by law and is absolute and unconditional. Pledged security for the bonds are any lawfully available funds of the County. If an event of default has occurred and is continuing, the trustee may proceed to protect or enforce its rights by a suit in equity or action at law. As of June 30, 2021, the outstanding principal amount of the 2021 POBs reported in the General Fund was \$484,800. Refer to Note 4, Deposits and Investments and Note 19, Retirement Plans for additional information.

| <u>Description</u> | <u>Balance</u> <u>July 1, 2020</u> | <u>Issuances & Discount/ Premium</u> <u>Amortization</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2021</u> | <u>Amounts</u> <u>Due within</u> <u>One Year</u> |
|---|---------------------------------------|---|---------------------|--|--|
| <u>County of Orange</u> | | | | | |
| <u>Taxable Pension Obligation</u> | | | | | |
| <u>Bonds, 2020 Series A</u> | | | | | |
| Date Issued: January 14, 2020 | | | | | |
| Interest Rate: 1.770% to 1.820% | | | | | |
| Original Amount: \$463,895 | | | | | |
| Maturing in installments through April 30, 2021 | \$ 463,895 | \$ -- | \$ (463,895) | \$ -- | \$ -- |
| <u>County of Orange</u> | | | | | |
| <u>Taxable Pension Obligation</u> | | | | | |
| <u>Bonds, 2021 Series A</u> | | | | | |
| Date Issued: January 14, 2021 | | | | | |
| Interest Rate: 0.374% to 0.418% | | | | | |
| Original Amount: \$484,800 | | | | | |
| Maturing in installments through April 29, 2022 | -- | 484,800 | -- | 484,800 | 484,800 |
| Total | \$ 463,895 | \$ 484,800 | \$ (463,895) | \$ 484,800 | \$ 484,800 |

12. 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, 2021, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$8,290,515. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIII A, Section 1 requires the approval of 2/3 of the voters voting on the proposition.

Revenue Bonds Payable

Central Utility Facility Lease Revenue Bonds, Series 2016

On June 2, 2016, the South Orange County Public Financing Authority (SOCPFA) issued its \$56,565 Lease Revenue Bonds, Series 2016 at a premium of \$11,724 with an interest rate range of 3.00% to 5.00%. The Lease Revenue Bonds, payable through April 2036, were issued to finance the acquisition, construction and installation of certain capital improvements to be owned by the County and to pay costs relating to the issuance of the bonds. As of June 30, 2021, the outstanding principal amount, including the premium of the Series 2016 Bonds, and interest were \$57,420 and \$20,735 respectively.

12. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable (Continued)

Central Utility Facility Lease Revenue Bonds, Series 2016 (Continued)

The bonds are special obligations of the SOCPFA payable from and secured by the base rental payments to be made by the County pursuant to and as required under the lease agreement and the amounts held in all funds and accounts (other than the rebate fund) under the indenture. The Central Utility Facility is pledged as collateral for the debt. In the event of default, the SOCPFA or the trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Lease.

Lease Revenue Bonds, Series 2017A

On June 22, 2017, the CMFA issued its \$152,400 Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program-Phase I) at a premium of \$22,940, with an interest rate range from 4.00%-5.00%. As the debt was issued by CMFA, this does not constitute debt for the County. Pursuant to a loan agreement, CMFA loaned the bond proceeds totaling \$175,340 to the Capital Facilities Development Corporation (Corporation), a component unit of the County, to construct the County Administration South (CAS) located at 601 N. Ross Street. As of June 30, 2021, the outstanding principal amount, including the premium of the Series 2017 Bonds, and interest were \$172,129 and \$109,874, respectively.

The County's payment obligation commenced on November 12, 2019 when the building's Certificate of Substantial Completion was delivered to the trustee. County departments occupying CAS will be responsible for making base rental payments. The County's base rental payments, under the Facility Lease, began in FY 2020-21 and will be used to repay the loan to the CMFA. Loan repayments are scheduled to conclude when the bonds mature, in June 2047. In the event of default, the trustee may exercise any remedies available under the Indenture, the Loan Agreement and the Facility Lease.

Lease Revenue Bonds, Series 2018A

On December 13, 2018, CMFA issued its \$185,705 Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program-Phase II) at a premium of \$26,599, with an interest rate coupon of 5%. As the debt was issued by CMFA, this does not constitute debt for the County. Pursuant to a loan agreement, CMFA loaned the bond proceeds totaling \$212,304 to the Corporation, a component unit of the County, to construct County Administration North (CAN) located at 645 N. Ross Street.

The County's payment obligation will commence once the building's Certificate of Substantial Completion is delivered to the trustee. County departments occupying CAN will be responsible for making base rental payments. The County's base rental payments, under the Facility Lease, are scheduled to begin in FY 2022-23 and will be used to repay the loan to the CMFA. Loan repayments are scheduled to end when the bonds mature, in June 2048. In the event of default, the trustee may exercise any remedies available under the Indenture, the Loan Agreement and the Facility Lease.

Taxable Refunding Pension Obligation Bonds, Series 1997A

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

On May 11, 2000, a cash tender offer of certain outstanding Pension Obligation Bonds was completed. The County purchased and canceled \$288,290 (maturity value) of Pension Obligation Bonds for a cost of \$179,016. On June 22, 2000, the debt service on the outstanding Pension Obligation Bonds was provided for through the deposit with the trustee of \$175,492 principal amount of "AAA" rated debt securities issued by Fannie Mae, along with \$9,151 in debt service funds already being held by the trustee. In accordance with irrevocable

12. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable (Continued)

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

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, 2021, the outstanding principal amount, interest accretion, and unaccreted interest of the Series 1997A Pension Obligation Bonds were \$516, \$2,890, and \$136 respectively.

Airport Revenue Refunding Bonds, Series 2019A and 2019B

On July 9, 2009, the Airport issued the Airport Revenue Bonds, Series 2009A and 2009B (2009A and 2009B Bonds) in the aggregate principal amount of \$233,115, with an original issue net premium of \$288. The 2009A and 2009B Bonds were issued to finance a portion of the Airport Improvement Program (AIP), fund the debt service requirement for the bonds, fund capitalized interest on a portion of the bonds and pay costs relating to the issuance of the bonds. The AIP consist of numerous direct improvements to the Airport facilities such as construction of Terminal C, Parking Structure C and two commuter/regional holdrooms at the north and south ends of the extended Terminal.

On May 14, 2019, the Airport issued the Airport Revenue Refunding Bonds, Series 2019A and 2019B (2019A and 2019B Bonds) in the principal amount of \$85,030, with a premium of \$13,404. The 2019A and 2019B Bonds were issued to refund and defease the 2009A and 2009B Bonds, fund a debt service reserve subaccount for the bonds, and pay certain expenses in connection with the issuance of the bonds. As of June 30, 2021, the outstanding principal amount, including premium, of the 2019A and 2019B Bonds were \$34,861 and \$45,049, respectively.

The 2019 Bonds are secured by a pledge of (1) operating revenues, net of specified operating expenses, (2) interest earnings, (3) other miscellaneous revenue and (4) available PFC revenue. In the event of default, the trustee may exercise any remedies available under the bond indentures and under state and federal law.

Fiscal Year 2020-21 Debt Obligation Activity

During FY 2020-21, the following events concerning County debt obligations occurred:

Direct Placement Obligations

Teeter Plan Notes

On July 16, 2018, the County issued its three-year taxable Teeter Plan Notes, Series B with Wells Fargo Bank, National Association as a direct placement under the Amended and Restated Note Purchase and Reimbursement Agreement. The Teeter Plan Notes were authorized for a total amount of \$100,000 and certain delinquent taxes (excluding penalties and interest) were pledged revenues for the Teeter Plan Notes. The Teeter Plan Notes were issued for \$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. In the event of default, the Purchaser may exercise any and all remedies available under the Trust Agreement or pursuant to law. There is an acceleration clause that allows the Purchaser to declare the principal and accrued interest to be due and payable immediately, in the event of default.

On December 23, 2019, the County used all of the accumulated base taxes to redeem \$26,337 of the Teeter Plan Obligation Notes for a new outstanding balance of \$43,439.

12. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year 2020-21 Debt Obligation Activity (Continued)

Direct Placement Obligations (Continued)

Teeter Plan Notes (Continued)

Due to the anticipated economic impact of the COVID-19 pandemic, on April 21, 2020, the Board approved an increase in the authorized amount from \$100,000 to \$150,000. On June 24, 2020, the County used accumulated base taxes to redeem \$8,778 of the Teeter Plan Obligation Notes. As of June 30, 2020, the outstanding principal amount of the Teeter Plan Obligation Notes was \$34,661 and the authorized, unused available commitment under the First Amendment to Amended and Restated Note Purchase and Reimbursement Agreement was \$115,339. At the time of the increase in authorized amount, the prior notes in the amount of \$43,439 were paid off, and new notes in the amount of \$43,439 were issued.

On July 14, 2020, additional Teeter Plan Notes were issued in the amount of \$50,725 to finance the delinquent property tax receivables associated with the Teeter Plan for a new outstanding balance of \$85,386.

On December 30, 2020 and June 28, 2021, the County used all of the accumulated base taxes to redeem \$32,756 and \$15,224, respectively, of the Teeter Plan Obligation Notes. As of June 30, 2021, the outstanding principal amount of the Teeter Plan Obligation Notes was \$37,406.

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2020-21

The table below summarizes the revenue bonds and direct placement obligations outstanding and related activity for the year ended June 30, 2021.

| <u>Description</u> | <u>Balance July 1, 2020</u> | <u>Loans/Debt Issuances and Discount/ Premium Amortization</u> | <u>Accreted Interest</u> | <u>Retirements</u> | <u>Balance June 30, 2021</u> | <u>Amounts Due within One Year</u> |
|--|---------------------------------|--|------------------------------|--------------------|----------------------------------|--|
| <u>Governmental Activities:</u> | | | | | | |
| <u>Revenue Bonds and POBs:</u> | | | | | | |
| <u>South Orange County Public Financing Authority</u> | | | | | | |
| <u>Central Utility Facility Lease Revenue Bonds,</u> | | | | | | |
| <u>Series 2016</u> | | | | | | |
| Date Issued: June 2, 2016 | | | | | | |
| Interest Rate: 3.00% to 5.00% | | | | | | |
| Original Amount: \$56,565 | | | | | | |
| FY 2020-21 Principal and Interest: \$4,487 | | | | | | |
| FY 2020-21 Total Pledged Revenues: \$4,338 | | | | | | |
| Maturing in installments through April 1, 2036 | \$ 59,837 | \$ (363) | \$ -- | \$ (2,054) | \$ 57,420 | \$ 2,600 |
| <u>California Municipal Finance Authority</u> | | | | | | |
| <u>Lease Revenue Bonds, Series 2017A</u> | | | | | | |
| <u>(Orange County Civic Center Infrastructure</u> | | | | | | |
| <u>Improvement Program-Phase I)</u> | | | | | | |
| Date Issued: June 22, 2017 | | | | | | |
| Interest Rate: 4.00% to 5.00% | | | | | | |
| Original Amount: \$152,400 | | | | | | |
| FY 2020-21 Principal and Interest: \$9,981 | | | | | | |
| Maturing in installments through June 1, 2047 | 175,340 | (406) | -- | (2,805) | 172,129 | 3,459 |
| <u>California Municipal Finance Authority</u> | | | | | | |
| <u>Lease Revenue Bonds, Series 2018A</u> | | | | | | |
| <u>(Orange County Civic Center Infrastructure</u> | | | | | | |
| <u>Improvement Program-Phase II)</u> | | | | | | |
| Date Issued: December 13, 2018 | | | | | | |
| Interest Rate: 5.00% | | | | | | |
| Original Amount: \$185,705 | | | | | | |
| FY 2020-21 Interest: \$9,285 | | | | | | |
| Maturing in installments through June 1, 2048 | 212,304 | -- | -- | -- | 212,304 | -- |
| <u>County of Orange</u> | | | | | | |
| <u>Taxable Refunding Pension</u> | | | | | | |
| <u>Obligation Bonds, Series 1997 A</u> | | | | | | |
| Date Issued: January 1, 1997 - Current Interest | | | | | | |
| Rate Bonds (CIB) | | | | | | |
| Date Issued: January 14, 1997 - Capital Appreciation | | | | | | |
| Bonds (CAB) | | | | | | |
| To Refund the Taxable POBs Series 1994 A | | | | | | |
| Interest Rate: CIB - 5.71% to 7.36% | | | | | | |
| Interest Rate: CAB - 7.33% to 7.96% | | | | | | |
| Original Amount: CIB - \$71,605 | | | | | | |
| Original Amount: CAB - \$65,318 | | | | | | |
| FY 2020-21 Principal and Interest: \$15,500 | | | | | | |
| Maturing in installments through September 1, | | | | | | |
| 2010 (CIB) and September 1, 2021 (CAB) | 2,967 | -- | -- | (2,451) | 516 | 516 |
| Interest Accretion on CAB | 15,090 | -- | 849 | (13,049) | 2,890 | 2,890 |
| Subtotal-Revenue Bonds and POBs | 465,538 | (769) | 849 | (20,359) | 445,259 | 9,465 |

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2020-21 (Continued)

| <u>Description</u> | <u>Balance July 1, 2020</u> | <u>Loans/Debt Issuances and Discount/ Premium Amortization</u> | <u>Accreted Interest</u> | <u>Retirements</u> | <u>Balance June 30, 2021</u> | <u>Amounts Due within One Year</u> |
|---|---------------------------------|--|------------------------------|--------------------|----------------------------------|--|
| <u>Direct Placement Obligations:</u> | | | | | | |
| <u>County of Orange</u> | | | | | | |
| <u>Teeter Plan Notes</u> | | | | | | |
| Date of Issuance: April 27, 2020 | | | | | | |
| Interest Rate: LIBOR Index rate + 50 basis points | | | | | | |
| Original Amount: \$43,439 | | | | | | |
| FY 2020-21 Principal and Interest: \$49,169 | | | | | | |
| FY 2020-21 Total Pledged Revenues: \$10,477 | | | | | | |
| Maturing on July 30, 2021 | | | | | | |
| | \$ 34,661 | \$ 50,725 | \$ -- | \$ (47,980) | \$ 37,406 | \$ 37,406 |
| Subtotal-Direct Placement Obligations | <u>34,661</u> | <u>50,725</u> | <u>--</u> | <u>(47,980)</u> | <u>37,406</u> | <u>37,406</u> |
| Subtotal-Governmental Activities | <u>500,199</u> | <u>49,956</u> | <u>849</u> | <u>(68,339)</u> | <u>482,665</u> | <u>46,871</u> |
| <u>Business-Type Activities:</u> | | | | | | |
| <u>Airport Revenue Refunding Bonds-</u> | | | | | | |
| <u>Series 2019A and 2019B</u> | | | | | | |
| Date Issued: May 14, 2019 | | | | | | |
| Interest Rate: 5.00% | | | | | | |
| Original Amount: \$85,030 | | | | | | |
| FY 2020-21 Principal and Interest: \$15,127 | | | | | | |
| FY 2020-21 Total Pledged Revenues: \$40,548 | | | | | | |
| Maturing in installments through July 1, 2030 | | | | | | |
| | 93,462 | -- | -- | (13,552) | 79,910 | 13,720 |
| Subtotal-Business-Type Activities | <u>93,462</u> | <u>--</u> | <u>--</u> | <u>(13,552)</u> | <u>79,910</u> | <u>13,720</u> |
| Total | <u>\$ 593,661</u> | <u>\$ 49,956</u> | <u>\$ 849</u> | <u>\$ (81,891)</u> | <u>\$ 562,575</u> | <u>\$ 60,591</u> |

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Service Requirements to Maturity

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

| Fiscal Year(s) Ending June 30 | Governmental Activities | | | | Business-Type Activities | | Total |
|--------------------------------|-------------------------|-------------------|------------------------------|--------------|--------------------------|------------------|-------------------|
| | Revenue Bonds and POBs | | Direct Placement Obligations | | Revenue Bonds | | |
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2022 | \$ 5,623 | \$ 21,676 | \$ 37,406 | \$ 55 | \$ 11,815 | \$ 3,295 | \$ 79,870 |
| 2023 | 8,990 | 18,394 | -- | -- | 6,750 | 2,832 | 36,966 |
| 2024 | 9,440 | 17,946 | -- | -- | 7,095 | 2,486 | 36,967 |
| 2025 | 9,915 | 17,474 | -- | -- | 8,845 | 2,087 | 38,321 |
| 2026 | 10,410 | 16,977 | -- | -- | 11,135 | 1,588 | 40,110 |
| 2027-2031 | 60,400 | 76,540 | -- | -- | 26,185 | 2,486 | 165,611 |
| 2032-2036 | 77,070 | 59,854 | -- | -- | -- | -- | 136,924 |
| 2037-2041 | 73,570 | 40,919 | -- | -- | -- | -- | 114,489 |
| 2042-2046 | 93,369 | 21,116 | -- | -- | -- | -- | 114,485 |
| 2047-2048 | 33,615 | 2,200 | -- | -- | -- | -- | 35,815 |
| Total | 382,402 | 293,096 | 37,406 | 55 | 71,825 | 14,774 | 799,558 |
| Add: Premium/(Discount) | 59,967 | -- | -- | -- | 8,085 | -- | 68,052 |
| Add: Interest Accretion on CAB | 2,890 | -- | -- | -- | -- | -- | 2,890 |
| Total | \$ 445,259 | \$ 293,096 | \$ 37,406 | \$ 55 | \$ 79,910 | \$ 14,774 | \$ 870,500 |

Changes in Long-Term Liabilities

Long-term liability activities, for the year ended June 30, 2021, were as follows:

| | Balance July 1, 2020 | Additions | Reductions | Balance June 30, 2021 | Due within One Year |
|---|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| Governmental Activities: | | | | | |
| Revenue Bonds | \$ 386,745 | \$ -- | \$ (4,859) | \$ 381,886 | \$ 5,107 |
| Pension Obligation Bonds | 2,967 | -- | (2,451) | 516 | 516 |
| Teeter Plan Notes (Direct Placement) | 34,661 | 50,725 | (47,980) | 37,406 | 37,406 |
| Add: Premium/(Discount) on Bonds Payable | 60,736 | -- | (769) | 59,967 | 952 |
| Total, Net | 485,109 | 50,725 | (56,059) | 479,775 | 43,981 |
| Interest Accretion on CAB | 15,090 | 849 | (13,049) | 2,890 | 2,890 |
| Other Long-Term Liabilities: | | | | | |
| Compensated Employee Absences Payable | 179,804 | 147,236 | (141,502) | 185,538 | 113,588 |
| Capital Lease Obligations Payable * | 31,702 | 12,349 | (11,058) | 32,993 | 7,155 |
| Insurance Claims Payable | 223,675 | 139,144 | (125,337) | 237,482 | 60,633 |
| Estimated Liability-Litigation and Claims | -- | 2,124 | -- | 2,124 | -- |
| Intangible Assets Obligations Payable | 1,895 | 49 | (1,230) | 714 | 607 |
| Total Other Long-Term Liabilities | 437,076 | 300,902 | (279,127) | 458,851 | 181,983 |
| Total Long-Term Liabilities ** | | | | | |
| For Governmental Activities | \$ 937,275 | \$ 352,476 | \$ (348,235) | \$ 941,516 | \$ 228,854 |

* Includes amount of \$9,388 from an Internal Service Fund. For additional information, refer to Note 14, Leases.

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

12. LONG-TERM OBLIGATIONS (Continued)

Changes in Long-Term Liabilities (Continued)

| | Balance July 1, 2020 | Additions | Reductions | Balance June 30, 2021 | Due within One Year |
|---|-------------------------|------------------|--------------------|--------------------------|------------------------|
| Business-Type Activities: | | | | | |
| Bonds Payable: | | | | | |
| Revenue Bonds | \$ 83,080 | \$ -- | \$ (11,255) | \$ 71,825 | \$ 11,815 |
| Add: Premium (Discount) on Bonds Payable | 10,382 | -- | (2,297) | 8,085 | 1,905 |
| Total Bonds Payable, Net | <u>93,462</u> | <u>--</u> | <u>(13,552)</u> | <u>79,910</u> | <u>13,720</u> |
| Other Long-Term Liabilities: | | | | | |
| Compensated Employee Absences Payable | 4,246 | 3,873 | (4,091) | 4,028 | 2,512 |
| Capital Lease Obligations Payable | -- | 1,161 | (167) | 994 | 331 |
| Landfill Site Closure/Postclosure Liabilities * | 184,381 | 6,373 | (3,920) | 186,834 | 3,920 |
| Pollution Remediation Obligation ** | 16,185 | -- | (1,523) | 14,662 | 610 |
| Intangible Assets Obligations Payable | 74 | -- | (74) | -- | -- |
| Total Other Long-Term Liabilities | <u>204,886</u> | <u>11,407</u> | <u>(9,775)</u> | <u>206,518</u> | <u>7,373</u> |
| Total Long-Term Liabilities *** | | | | | |
| For Business-Type Activities | <u>\$ 298,348</u> | <u>\$ 11,407</u> | <u>\$ (23,327)</u> | <u>\$ 286,428</u> | <u>\$ 21,093</u> |

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

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

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

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

Compensated Employee Absences

The estimated compensated employee absences payable recorded at June 30, 2021 is \$189,566. 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.

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.

12. LONG-TERM OBLIGATIONS (Continued)

Special Assessment District Bonds (Continued)

The County is acting as an agent of the assessment and community facilities districts in collecting the assessments and special taxes, forwarding the collections to other paying agents or directly to bondholders, and initiating any necessary foreclosure proceedings. Because of the County's limited obligation in connection with special assessment district and community facilities district debt, related transactions are reflected in Custodial Departmental Funds. Major capital outlay expenditures relating to these bonds are accounted for in the "Service Areas, Lighting Maintenance and Assessment Districts" Special Revenue Fund. Special assessment district and community facilities district bonds outstanding as of June 30, 2021, amounted to \$488,751.

13. 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, 2021, there were 13 series of bonds outstanding with an aggregate principal amount payable of \$73,370.

Orange County Development Agency (OCDA) Successor Agency Bond Debt

On December 29, 2011, the California Supreme Court issued an opinion in California Redevelopment Association (CRA) v. Matosantos, upholding the constitutionality of ABX1 26, eliminating RDA statewide effective February 1, 2012. Under ABX1 26, a successor agency was created for each dissolved RDA, including OCDA, and charged with winding down the dissolved RDA's operations and performing enforceable obligations (as defined in the law). The OCDA Successor Agency assumed the dissolved RDA's enforceable obligations, which include bond debt obligations. The Neighborhood Development and Preservation Project and Santa Ana Heights Project Refunding Bonds debt service obligations for FY 2020-21 appeared on the OCDA Successor Agency Recognized Obligation Payment Schedule and were approved by the Successor Agency Oversight Board, the State Department of Finance, and were paid to bondholders according to the debt service schedule.

Effective with OCDA's dissolution on February 1, 2012, the assets and liabilities (including bond debt) were transferred to and reported in a Private-Purpose Trust Fund of the County. This transfer and reporting structure reflects the custodial role accepted by the successor agency. As of June 30, 2021, the outstanding principal amount, including the premium of the OCDA Successor Agency bonds and remaining interests were \$9,331 and \$548, 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.

14. 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, 2021:

| <u>Fiscal Year Ending June 30</u> | <u>Equipment</u> | <u>Real Property</u> | <u>Total</u> |
|-----------------------------------|------------------|----------------------|-------------------|
| 2022 | \$ 4,968 | \$ 37,840 | \$ 42,808 |
| 2023 | 191 | 36,680 | 36,871 |
| 2024 | 63 | 36,924 | 36,987 |
| 2025 | 29 | 34,920 | 34,949 |
| 2026 | 14 | 33,034 | 33,048 |
| 2027-2031 | 1 | 162,779 | 162,780 |
| 2032-2036 | -- | 82,431 | 82,431 |
| 2037-2041 | -- | 10,935 | 10,935 |
| 2042-2046 | -- | 31 | 31 |
| 2047 | -- | 7 | 7 |
| Total | <u>\$ 5,266</u> | <u>\$ 435,581</u> | <u>\$ 440,847</u> |

Total expenditures for equipment rentals and building and improvements incurred for FY 2020-21 was \$90,449.

Capital Leases

This year, the County entered into lease agreements as lessee for financing the acquisition of various networking equipment valued at \$12,349 in the Internal Service Funds and \$2,717 in the Airport. The equipment has up to a 7-year estimated useful life. This year, \$678 was included in depreciation expense for Internal Service Funds and \$22 for the Airport. These lease agreements qualify as capital leases for accounting purposes.

The following is a schedule of property the County has leased under capital leases by major classes, which includes \$15,536 of equipment for Internal Service Funds, at June 30, 2021:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|--------------------------------|------------------------------------|-------------------------------------|
| Land | \$ 14,831 | -- |
| Equipment | 15,584 | 2,717 |
| Less: Accumulated Depreciation | (1,228) | (22) |
| Structures & Improvements | 65,121 | -- |
| Less: Accumulated Depreciation | (45,897) | -- |
| Total | <u>\$ 48,411</u> | <u>\$ 2,695</u> |

14. LEASES (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of the net minimum lease payments as of June 30, 2021:

| <u>Fiscal Year Ending June 30</u> | Governmental Activities | Business-type Activities |
|---|------------------------------------|-------------------------------------|
| 2022 | \$ 8,666 | 331 |
| 2023 | 9,546 | 331 |
| 2024 | 9,623 | 332 |
| 2025 | 6,881 | -- |
| 2026 | 1,209 | -- |
| 2027-2029 | 490 | -- |
| Total Minimum Lease Payments | 36,415 | 994 |
| Less: Amount Representing Interest | (3,422) | -- |
| Present Value of Net Minimum Lease Payments | <u>\$ 32,993</u> | <u>\$ 994</u> |

15. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require OC Waste & Recycling to place final covers on its landfill sites when the landfills stop accepting waste, and to perform certain postclosure maintenance and monitoring functions at the site for a minimum of 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date each respective landfill stops accepting waste, OC Waste & Recycling 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.

OC Waste & Recycling owns or operates the following waste disposal sites:

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

The total landfill closure and postclosure care liability at June 30, 2021 was \$186,834. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (38.61% for FRB, 87.23% for Olinda Alpha and 22.83% for Prima Deshecha), less actual costs paid related to both closure and postclosure of the Santiago and Coyote Canyon landfills. OC Waste & Recycling will recognize the remaining estimated cost of closure and postclosure care of \$180,896 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020 dollars (using the 2020 inflation factor of 1.012). OC Waste & Recycling has enough landfill capacity to operate the system for a minimum of 25 years. However, OC Waste & Recycling estimates that it intends to operate the landfills well beyond this period as a result of approved and planned expansions.

In compliance with Title 27-Environmental Protection of California Code of Regulations, OC Waste & Recycling makes cash contributions as required to its escrow funds to provide financial assurance for estimated future landfill closure costs based on the GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", formula which is adjusted annually by the Cal Recycle-provided CPI factor. Also, in compliance with regulations, OC Waste & Recycling has executed pledge-of-revenue agreements to provide financial assurance for estimated future landfill postclosure maintenance costs. The agreements state that OC Waste & Recycling pledges revenue from future gate fees deposited to pay for estimated postclosure maintenance or shall obtain alternative coverage within sixty (60) days if OC Waste &

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

Recycling ceases at any time to retain control of its ability to allocate pledged revenue to pay postclosure maintenance costs. OC Waste & Recycling has proactively pre-funded this cost based on the State mandated formula that computes landfill capacity as a percentage of the total landfill capacity times the total estimated cost for postclosure maintenance. The estimated costs for future closure and postclosure maintenance are annually adjusted based on State provided inflation factors. The State mandated formula under which contributions to both closure and postclosure funds are calculated would provide for the accumulation of sufficient cash to cover all estimated costs when each landfill site reaches maximum capacity. If additional costs for closure or postclosure maintenance are determined due to changes in technology or higher regulatory requirements, these costs may need to be covered by increasing the amount charged to landfill customers.

As of June 30, 2021, a total of \$97,755 has been set aside for estimated closure and postclosure costs and is included in the accompanying Statement of Net Position as Restricted Pooled Cash and Investments-Closure and Postclosure Care Costs.

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

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Encumbrances

The County has established a procedure for encumbering appropriations for purchase orders, contracts, and other commitments authorizing delivery of merchandise or rendering of services. An encumbrance system reduces the possibility of commitments being made in excess of budgeted appropriations due to the lag time between issuance of purchase orders, contracts, and other obligations, and the actual provision of services or goods and subsequent receipt of invoices and billings from the vendors and contractors. Depending on the source(s) of funding, encumbrances are reported as part of restricted or assigned fund balance on the governmental funds balance sheet. In accordance with GASB Statement No. 54, the County's total significant encumbrances for governmental funds in the aggregate are reported at June 30, 2021, as follows:

| | | |
|---|----|----------------|
| General Fund | \$ | 54,388 |
| Flood Control District | | 106,898 |
| Other Public Protection | | 1,839 |
| Other Governmental Funds | | 107,342 |
| Total Encumbrances for Governmental Funds | \$ | <u>270,467</u> |

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Construction Commitments

At June 30, 2021, the County's total commitments for major contracts entered into for equipment, intangible assets, land and structures and improvements were as follows, listed by fund within governmental or business-type activities:

| <u>Project Title</u> | <u>Significant Commitments</u> |
|--|------------------------------------|
| Governmental Activities: | |
| General Fund | |
| Property Tax System Re-platforming Project | \$ 1,053 |
| | <u>1,053</u> |
| Flood Control District | |
| East Garden Grove-Wintersburg Channel U/S Warner | 45,511 |
| Huntington Beach and Talbert Channels | 30,941 |
| Fullerton Creek Channel, D/S Western Ave to U/S Beach Blvd Improvement Project | 2,754 |
| Santa Ana River Interceptor Line Construction | 2,421 |
| Santa Ana River Parkway Extension | 1,124 |
| | <u>82,751</u> |
| Other Governmental Funds | |
| Civic Center Facilities Master Plan, Building 14 | 92,208 |
| OC Zoo-Large Mammal Exhibit | 7,359 |
| Katella Range Facility Upgrade | 3,786 |
| James A. Musick Facility Expansion Phase I | 2,913 |
| Intake Release Center facility modifications-Mental Health Upgrade | 2,485 |
| Yorba Regional Park Replace Restroom 2, 3, 4, 6 | 2,371 |
| James A. Musick Facility Expansion Phase II | 2,317 |
| Jail Security Electronic Control Systems Upgrade | 2,152 |
| Mile Square Park-Replace Various Picnic Shelters | 2,035 |
| Central Jail Complex/Theo Lacy Facility CCTV Infrastructure | 1,584 |
| Brea Boulevard Corridor Improvement Project | 1,558 |
| Laguna Canyon Road Segment 4, Phase 2 to 4 | 1,532 |
| Juvenile Hall Replace Air Handling Units Phase II | 1,419 |
| North Youth Reporting Center Relocation and Improvements | 1,402 |
| El Cajon Segment H | 1,367 |
| Loma Ridge Emergency Generator Replacement | 1,306 |
| CCTV Central Jail Complex Power Upgrade Project | 1,292 |
| Westminster Library-Tenant Enhancements | 1,135 |
| Oso Parkway at Antonio Parkway, Intersection Improvements | 1,004 |
| | <u>131,225</u> |
| Internal Service Funds | |
| Purchase of Various Vehicles | 9,472 |
| Redundant Bus and ATS Installation and Upgrade | 2,801 |
| | <u>12,273</u> |
| Business-Type Activities: | |
| Airport | |
| Rental Car Reconfiguration | 6,801 |
| Terminal Building Curtain Wall Modifications | 2,648 |
| | <u>9,449</u> |
| Total Commitments | <u>\$ 236,751</u> |

16. 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 OCFCD, San Bernardino County Flood Control District, and Riverside County Flood Control and Water Conservation District. A component of the initial project has been re-designated as the Prado Dam Project (Project), which is being implemented and funded by the Federal Government and the OCFCD through a separate Project Cooperation Agreement (PCA). The purpose of the SARMP is to prevent devastating damage caused by large-scale flooding of the Santa Ana River flood plain. When the SARMP was initiated in 1989, the U.S. Army Corps of Engineers (COE) considered this flood plain to constitute the worst flood threat west of the Mississippi River as to potential impacts to population and property. The Project involves a combination of flood channel improvements and constructing new channels in Orange, San Bernardino, and Riverside counties, construction of the Seven Oaks Dam in San Bernardino County, construction of improvements and protection at the Santiago retention basin and along the creek, raising the existing Prado Dam and increasing its flood flow outlet gates and reservoir capacity, along with several environmental mitigation-related studies, habitat restoration and protection activities, recreation amenities, and preservation of historical sites and records.

The COE's estimated combined cost of all project components is \$2,830,419. OCFCD's combined cost share is estimated to be \$944,539 for the entire Santa Ana River Project. As of June 30, 2021, the OCFCD has expended about \$700,176 on the entire Santa Ana River Project.

The construction of Seven Oaks Dam and most channel improvements in Riverside, San Bernardino, and Orange counties have been completed. The relocation and protection of State Route (SR) 71 adjacent to Prado Dam (a joint OCFCD and Caltrans project) and construction to raise the Prado Dam embankments and install new outlet gates is complete. Landscaping along the Santa Ana River in Orange County was completed in May 2010. Design for the construction of interior dikes in the Prado Dam reservoir, and for improvements to the spillway are also ongoing. The COE completed construction of National Housing Tract Dike and Sewage Treatment Plant in 2008. Landscaping for these dikes began in September 2009 and were completed in June 2011. Several environmental mitigation studies and restoration/preservation projects are underway in all three counties. All property right acquisitions for the Seven Oaks Dam and along the lower Santa Ana River in Orange County up to Weir Canyon Road are completed. The Green River Golf Course was acquired in September 2006. This property is required for construction of protection along SR-91 and nearby mobile homes, open space/recreation mitigation, and to accommodate increased flooding when the Prado Dam outlet gates are constructed and operational. The first phase of SR-91 protection (Reach 9 Phase 2B Project) was completed in September 2014. The second phase (Reach 9 Phase 3) started construction in January 2014 and was completed in March 2015. As continuation to the ongoing Reach 9 Project, the COE determined that bank improvements needed to continue east on the south side of the Santa Ana River along SR-91. As such, the Reach 9 Phase 4 Project was developed and the project was awarded on April 13, 2016 at an estimated cost of \$15,300. Completion of the Reach 9 Phase 4 Project occurred in February 2020. The COE is also constructing bank improvements on the north side of the Santa Ana River adjacent to La Palma Avenue from Weir Canyon Road to the railroad (Reach 9 Phase 5A and Phase 5B). Phase 5A was awarded on September 28, 2015 at a cost of \$22,500 and was completed in January 2019. The construction contract for Phase 5B was awarded in September 2016 with an estimated cost of \$25,500, but it was ultimately terminated in FY 2019-20. A new contract was awarded in September 2020 with completion expected in May 2022. The OCFCD awarded the construction contract on August 9, 2011 for the four miles of Santa Ana River Interceptor Line (SARI) relocation project, which was completed by August 2014. Phase I of the Auxiliary Embankment (an extension of Prado Dam) was completed in September 2012 and Phase II was completed in July 2019. A contract for the construction of the Yorba-Slaughter Adobe Dike was awarded in December of 2012 at a cost of \$6,000 and was completed in July 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 completed in April 2016. The OCFCD continues to acquire property rights for the Prado Dam Project, subject to the availability of funding. OCFCD has also commenced the relocation of utilities that will be impacted by the expanded inundation area due to the raising of the Prado Spillway crest.

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Construction Commitments (Continued)

The Santa Ana River Mainstem Project has been authorized by the State Legislature for reimbursement of up to 70% of the Local Sponsors' expenses through the State Flood Control Subvention Fund, which is administered by the Department of Water Resources (DWR). As of June 30, 2021, OCFCD has submitted \$443,210 in claims, and received \$431,399 in reimbursements. An additional \$2,717 in claims is in the process of being prepared for submittal to the DWR. Of the total amount outstanding, \$5,654 was reported as deferred inflows of resources at the fund level and recognized as revenue in the government-wide financial statements. Once a claim is reviewed and approved by DWR, 90% of the eligible expenditures can be paid, subject to available funding, with the remaining 10% paid after an audit by the State Controller's Office.

The Prado Dam Project, a separate element of the Santa Ana River Mainstem Project, has been authorized for reimbursement of up to 100% of the Non-Federal Sponsors' expenses through the Bipartisan Budget Act (BBA) of 2018, which is administered by the Department of the Army. As of June 30, 2021, OCFCD has submitted \$6,330 in claims, and received no reimbursement. An additional \$29,672 in claims is in the process of being prepared for submittal to the Department of the Army. Of the total amount outstanding, \$35,842 was reported as deferred inflows of resources at the fund level and recognized as revenue in the government-wide financial statements. Once a claim is reviewed and approved by Department of the Army, 100% of the eligible expenditures can be paid, subject to available funding. The BBA funded projects include River Road Dike, Alcoa Dike Phase 2, Norco Bluffs Slope Stabilization and Prado Spillway. The construction contract for the Prado Dike and Alcoa Dike Phase 2 have been advertised for bidding. The Norco Bluffs contract has been awarded and construction will begin in September 2021. The Spillway design is ongoing and will be advertised for construction in October 2022.

17. SELF-INSURANCE

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

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

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 \$55,000 in liability coverage. There were no losses that impacted the County's excess insurance coverage for the last three fiscal years.

Independent actuarial studies are prepared annually for the Workers' Compensation and Property and Casualty Risk ISFs. The reported unpaid claims liabilities are based on the results of those annual actuarial studies and include case reserves, development of known claims, incurred but not reported claims, allocated loss adjustment expenses and unallocated loss adjustment expenses. Unpaid claims liabilities are calculated considering inflation, claims cost trends, including frequency and payout of settlements and judgments, interest earnings, and changes in legal and economic factors. Unpaid claims liabilities have been discounted at a rate of 2.50% in the Workers' Compensation ISF and 1.50% in the Property and Casualty Risk ISF to reflect anticipated future investment earnings.

All County departments and other governmental agencies authorized by the Board to participate in the Workers' Compensation ISF are charged for their pro-rata share of costs based upon employee classification rates,

17. SELF-INSURANCE (Continued)

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

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

The County's Wellwise Choice, Wellwise Retiree, Sharewell Choice, and Sharewell Retiree PPO plans have no lifetime coverage maximum limitations. The dental insurance coverage is up to \$1,500 (absolute dollars) annually for each covered employee or dependent. The short-term disability insurance coverage is up to 12 months or when the employee returns to work, whichever occurs first. In FY 2020-21 the CARES Act, ARPA and Federal-State Extended Duration benefits program (FED-ED), and Continued Assistance Act (CAA) provided up to an extra 73 weeks of additional benefit. Unemployment benefits covered by State and Federal law were up to 99 weeks per individual or when the employee returns to work or no longer meets the requirements for the benefit. The maximum weekly benefit was \$1,050 (absolute dollars) per week. The County was not subject to \$300 (absolute dollars) of Federal weekly 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:

| | Workers' Compensation | Property & Casualty Risk | Unemployment Insurance | Health & Other Self-Insured Employee Benefits | Total |
|--|--------------------------|--------------------------------|---------------------------|--|-------------------|
| Unpaid Claims, Beginning of FY 2019-20 | \$ 149,508 | \$ 54,741 | \$ 937 | \$ 14,886 | \$ 220,072 |
| Claims and Changes in Estimates | 42,246 | 19,998 | 376 | 68,644 | 131,264 |
| Claim Payments | (35,453) | (19,227) | (753) | (72,228) | (127,661) |
| Unpaid Claims, End of FY 2019-20 | 156,301 | 55,512 | 560 | 11,302 | 223,675 |
| Claims and Changes in Estimates | 36,238 | 27,426 | 2,181 | 73,299 | 139,144 |
| Claim Payments | (33,003) | (15,649) | (2,072) | (74,613) | (125,337) |
| Unpaid Claims, End of FY 2020-21 | <u>\$ 159,536</u> | <u>\$ 67,289</u> | <u>\$ 669</u> | <u>\$ 9,988</u> | <u>\$ 237,482</u> |

18. POLLUTION REMEDIATION

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

John Wayne Airport (Airport)

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

18. POLLUTION REMEDIATION (Continued)

John Wayne Airport (Airport) (Continued)

At the Old Fuel Farm, site investigation activities were completed, and on-going remedial activities include removal of residual free hydrocarbon product and monitored natural attenuation of groundwater. Annual groundwater sampling and reporting is currently conducted at the Old Fuel Farm, and the reports are prepared and submitted to the RWQCB.

In 1993, hydrocarbon-impacted soils were documented following removal of two 1,000-gallon underground storage tanks (USTs) at Former Fire Station #33. Following over-excavation and off-site disposal of hydrocarbon-impacted soils, the Orange County Health Care Agency issued a Completion of Corrective Action Letter to the Airport in 1994 related to the UST removal activities. During geotechnical assessment activities conducted at Former Fire Station #33 in 1999, soils appearing to be impacted with hydrocarbons were encountered and the soil boring logs were submitted to the RWQCB. In 2002, the RWQCB requested that the Airport assess the presence and distribution of chemical impacts to soil and groundwater. Site investigation activities were conducted between 2002 and 2006, and on-going remedial activities include monitored natural attenuation of groundwater. Currently, semi-annual groundwater sampling and reporting is conducted at Former Fire Station #33, and the reports prepared are submitted to the RWQCB.

In 2009, a new estimated pollution remediation liability was calculated based on a more active method of remediation for each of the Old Fuel Farm and Former Fire Station #33 sites. Active remediation has been delayed pending further guidance from the RWQCB, which could possibly affect the estimated pollution remediation liability, as well as cause changes to the remedial technologies used to remediate the sites. As of June 30, 2021, the Airport has a liability of \$994 based on management's assessment and the results of the consultant's evaluation of potential remediation costs. The liability is not expected to decrease until active remediation begins or a closure plan is accepted by the RWQCB.

In 1995, the Airport entered into a Memorandum of Understanding (MOU) with one of its fixed-base operators (FBO) lessees to address the remediation of the Old Fuel Farm. The FBO was identified as the operator of the site and the other responsible party. The lessee agreed to be obligated to pay 50% of the remediation costs associated with the Old Fuel Farm site. Reported in the Proprietary Funds Statement of Net Position as part of accounts receivable, the total expected recovery for the Old Fuel Farm site is \$256 as of June 30, 2021.

The estimated pollution remediation obligation as of June 30, 2021, is:

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

OC Waste & Recycling

Six closed sites were identified and the remediation costs and time periods were calculated for each of these sites based upon the type of remediation needed and historical trend data for closed landfill sites. The combined pollution remediation obligation as of June 30, 2021, after deducting actual pollution remediation expenses incurred during fiscal year 2021 is \$13,668.

Cannery Former Refuse Disposal Station A park owned by the City of Huntington Beach (Huntington Beach), California and an elementary school playground are located on a site that was formerly used as a refuse disposal station operated by the County from 1957 to 1969. Levels of methane gas that exceed regulatory limits were detected on the property.

18. POLLUTION REMEDIATION (Continued)

OC Waste & Recycling (Continued)

Cannery Former Refuse Disposal Station (Continued)

The Local Enforcement Agency (LEA) issued a Notice and Order to Huntington Beach, requiring Huntington Beach to remedy the landfill gas exceedances and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, Huntington Beach and the Huntington Beach City School District (Huntington Beach School District) issued the Notices of Intent to Sue under the Resource and Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation, and Liability Act to the County in 2004. Under an agreement with the County, Huntington Beach, and Huntington Beach School District claims were tolled until June 2006.

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

Based on engineering estimates and existing contracts for the operation and maintenance of other disposal sites of a similar size, the age of the site, the length of time waste has been buried and other factors, the County anticipates that the landfill gas collection system will operate fully for 15 years from beginning of the obligation date. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$27.

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

Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 25 years from beginning of the obligation date, then will most likely either no longer be required or will be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the first full year of operation when the carbon canisters needed more regular replacement. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and due to anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation is \$273. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$816.

San Joaquin Former Refuse Disposal Station The site, owned by the University of California at Irvine (UC Irvine), was leased and operated by the County as a refuse disposal facility from 1954 to 1961. In 1996, a portion of the site was sold to the U.S. Food and Drug Administration. Levels of methane gas that exceed regulatory limits were detected on the property. As both parties expressed an interest in avoiding costly litigation, the County entered into negotiations to cooperatively address site concerns, resulting in a Cooperative Agreement with UC Irvine that was approved by the Board in May 2008. Pursuant to the Cooperative Agreement, the County constructed a landfill gas collection and control system, including a carbon treatment element.

18. POLLUTION REMEDIATION (Continued)

OC Waste & Recycling (Continued)

San Joaquin Former Refuse Disposal Station (Continued)

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 \$114. The remaining obligation for landfill gas remediation at the San Joaquin site over the anticipated operational period is \$238.

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

The obligation by the County for environmental infrastructure and controls at the site as agreed upon in the Settlement Agreement is \$7,500. The entire sum is anticipated to be released within five years from the approval of the project grading permits, but is dependent upon actions by the owner and regulatory approvals for the project. The County will continue to incur additional costs for work related to the County's current obligation to monitor the groundwater underlying the site. This responsibility will be transferred to the site owner upon completion of one of the settlement agreement milestones, but due to the uncertainty of specific timing, the County is unable to fully estimate the remaining ground water obligations as of June 30, 2021.

The remaining balance for landfill gas remediation at the Forster site is \$7,500 as of June 30, 2021. Distribution of these funds will occur over time, based on specific milestones in the development of the site.

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

The County and Orange entered into negotiations to resolve the issues brought forth by Orange. The negotiations resulted in a settlement agreement and release of claims executed on November 5, 2015. This settlement agreement and release of claims provides a remedy for the differential settlement or subsidence, to replace the irrigation system, and for costs associated with site maintenance with monies paid for by the

18. POLLUTION REMEDIATION (Continued)

OC Waste & Recycling (Continued)

Yorba Refuse Disposal Station (Continued)

County. In addition, effective on the date of the agreement, the County assumed responsibility and ownership of the landfill gas control system at the site. In exchange, indemnification has been provided by Orange to the County. Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 30 years from beginning of the obligation date, then will most likely either no longer be required or will be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the first full year of operation when the system needed upgrades and relocation of critical equipment. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and due to anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next fiscal year of operation will be \$219. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$5,087 as of June 30, 2021.

The estimated pollution remediation obligation as of June 30, 2021 is:

| | | |
|---|----|---------------|
| Cannery Former Refuse Disposal Station | \$ | 27 |
| Lane Road Former Refuse Disposal Station | | 816 |
| San Joaquin Former Refuse Disposal Station | | 238 |
| Forster Former Refuse Disposal Station | | 7,500 |
| Yorba Refuse Disposal Station | | 5,087 |
| OC Waste & Recycling Pollution Remediation Obligation | \$ | <u>13,668</u> |

19. RETIREMENT PLANS

The County participates in a number of pension plans. The OCERS plan and Extra-Help Defined Benefit plan are cost-sharing multiple-employer defined benefit pension plans. The County of Orange 401(a) and County of Orange 1.62% at 65 Retirement 401(a) plans are defined contribution plans. A summary of pension amounts for the County's defined benefit plans at June 30, 2021 is presented below:

| | OCERS | Extra-Help Defined Benefit Plan | Total |
|---|--------------|---------------------------------------|--------------|
| Deferred Outflows of Resources Related to Pension | \$ 1,032,810 | \$ -- | \$ 1,032,810 |
| Net Pension Liability/(Asset) | 3,547,851 | (149) | 3,547,702 |
| Deferred Inflows of Resources Related to Pension | 1,068,568 | 399 | 1,068,967 |
| Pension Expense/(Credit) | 220,230 | (125) | 220,105 |

Orange County Employees Retirement System (OCERS)

Plan Description: Substantially all County employees participate in OCERS, a cost-sharing multiple-employer public employee retirement system established by the voters of Orange County in 1945 pursuant to the County Employees Retirement Law of 1937, CGC Section 31451 et. seq. (the Retirement Law). OCERS is an independent defined benefit retirement plan in which employees of the County, Orange County Superior Court, and employees of certain cities and special districts within the County participate. OCERS is governed by the Board of Retirement (the OCERS Board). Certain attributes of independence of OCERS are guaranteed under the California Constitution. The OCERS Board consists of nine regular members and one alternate. Four OCERS Board members are appointed by the Board, three members plus one alternate are elected from active County employees, one member is elected from retirees, and the County Treasurer-Tax Collector is elected by registered voters in the County, serves as an Ex-Officio member.

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Plan Description (Continued)

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

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

OCERS operates as a cost-sharing multi-employer defined benefit pension plan for the County, Orange County Superior Court of California, City of San Juan Capistrano, and ten special districts: Orange County Cemetery District, Orange County Children and Families Commission, Orange County Department of Education, Orange County Employees Retirement System, Orange County Fire Authority, Orange County In-Home Supportive Services Public Authority, Orange County Local Agency Formation Commission (LAFCO), Orange County Public Law Library, Orange County Sanitation District, Orange County Transportation Authority, Transportation Corridor Agencies and the University of California, Irvine Medical Center and Campus. The Orange County Department of Education and the University of California, Irvine Medical Center and Campus are closed to new member participation. Capistrano Beach, Cypress Recreation & Parks District, Orange County Mosquito and Vector Control and City of Rancho Santa Margarita are no longer active plan sponsors, but retired members and their beneficiaries, as well as deferred members, remain in the System. OCERS is legally and fiscally independent of the County. However, it is presented as a fiduciary component unit of the County based on the GASB 84 guidelines.

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

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

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

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Benefits Provided (Continued)

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 186 retirees (of which 183 are County retirees) who retired on or before April 1, 1980, and their survivors receive the STAR COLA. The STAR COLA benefits are excluded from the actuarial valuation and are funded annually through current employer contributions. Benefits are considered immaterial to the plan.

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

Employer contributions are based on what is needed to properly fund the system. The law, however, does allow employers and employees to negotiate some variation in who pays the contributions. OCERS' responsibility is to make certain the total required contribution is paid, regardless of how the employers and employees share the cost. For FY 2020-21, employer's contributions for funding purpose, as a percentage of covered payrolls, were 37.36% for General members, 65.24% for Safety-Law Enforcement members and 55.37% for Safety-Probation members, as determined by the December 31, 2018, actuarial valuation. The County's total contribution to OCERS for the year ended June 30, 2021 was \$513,799.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: At June 30, 2021, the County reported a liability of \$3,547,851 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined using actuarial valuation results. At December 31, 2020, the County's proportion was 84.21%, which was an increase of 2.94% from its proportion measured as of December 31, 2019.

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

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

For the year ended June 30, 2021, the County recognized pension expense of \$220,230. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | \$ -- | \$ 845,032 |
| Differences Between Expected and Actual Experience in the Total Pension Liability | 106,689 | 117,094 |
| Changes of Assumptions or Other Inputs | 350,696 | 102,629 |
| Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions | 22,256 | 3,813 |
| County Contributions Subsequent to the Measurement Date | 280,883 | -- |
| County Prepaid Pension Contribution | 272,286 | -- |
| Total | <u>\$ 1,032,810</u> | <u>\$ 1,068,568</u> |

\$280,883 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, 2022.

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 \$272,286 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, 2021, \$148,764 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, 2021, the County utilized \$20,000 of funds available in the County Investment Account to pay a portion of the prepayment described below.

On January 14, 2021, the County issued its short-term Taxable Pension Obligation Bonds, 2021 Series A in the amount of \$484,800. Of the \$484,800 bond proceeds, \$484,718 was combined with \$39,854 in contributions from certain County departments and the \$20,000 from funds available in the County Investment Account to prepay the estimated FY 2021-22 actuarially required contribution related to both the amortization of the UAAL and the normal annual contribution to OCERS. In return, the County received a 5.80% discount or \$30,489 on the required employer contribution amount. The discount, combined with the interest and issuance costs, resulted in a net savings of \$28,721 to the County. Refer to Note 4, Deposits and Investments, and Note 11, Short-term Obligations, for additional information.

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

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

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: | | |
| 2022 | \$ | (187,747) |
| 2023 | | 8,250 |
| 2024 | | (336,417) |
| 2025 | | (112,569) |
| 2026 | | 39,556 |
| Total | <u>\$</u> | <u>(588,927)</u> |

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

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

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

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Discount Rate (Continued)

| <u>Asset class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Large Cap Equity | 23.10% | 5.43% |
| Small Cap Equity | 1.90% | 6.21% |
| International Developed Equity | 13.00% | 6.67% |
| Emerging Markets Equity | 9.00% | 8.58% |
| Core Bonds | 9.00% | 1.10% |
| High Yield Bonds | 1.50% | 2.91% |
| TIPS | 2.00% | 0.65% |
| Emerging Market Debt | 2.00% | 3.25% |
| Corporate Credit | 1.00% | 0.53% |
| Long Duration Fixed Income | 2.50% | 1.44% |
| Real Estate | 3.01% | 4.42% |
| Private Equity | 13.00% | 9.41% |
| Value Added Real Estate | 3.01% | 7.42% |
| Opportunistic Real Estate | 0.98% | 10.18% |
| Energy | 2.00% | 9.68% |
| Infrastructure (Core Private) | 1.50% | 5.08% |
| Infrastructure (Non-Core Private) | 1.50% | 8.92% |
| CTA - Trend Following | 2.50% | 2.38% |
| Global Macro | 2.50% | 2.13% |
| Private Credit | 2.50% | 5.47% |
| Alternative Risk Premia | 2.50% | 2.50% |
| Total | 100.00% | |

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

| | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|---|------------------------------------|--|------------------------------------|
| County's proportionate share of the net pension liability | \$ 5,968,368 | \$ 3,547,851 | \$ 1,574,757 |

Pension Plan Fiduciary Net Position: OCERS issues an audited stand-alone annual financial report for each year ending December 31. Detailed information about the pension plan's fiduciary net position is available and can be obtained online at www.ocers.org, in writing to the Orange County Employees Retirement System, P.O. Box 1229, Santa Ana, CA 92702, or by calling (714) 558-6200.

County Administered Plans

Extra-Help Defined Benefit Plan

Plan Description: The plan is a cost-sharing multiple-employer defined benefit retirement plan for employees working less than half-time or as extra-help for the County and six (6) other cost-sharing agencies. Eligible

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Plan Description (Continued)

employees of this plan are not covered by OCERS or Social Security. Initially, the normal retirement benefits for a participant who retired on or after the normal retirement date was a monthly amount equal to one-twelfth of 2% of the participant's career earnings during the final 30 years of service credited under the Plan. There are no automatic cost-of-living adjustment (COLA) increases and no ad hoc COLAs have ever been granted. The current benefit for a participant who terminates or retires after November 20, 2008 is a lump sum payment, which is the greater of the actuarial equivalent of the participant's frozen accrued monthly benefit or the participant's contribution plus interest earnings. The normal retirement date is the first day of the month coinciding with or immediately preceding a participant's 65th birthday.

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

The plan was adopted in January 1992 and was closed to new participants as of February 28, 2002. This plan subsequently froze benefit accruals and stopped collecting employee contributions effective November 21, 2008. As of that date, the normal retirement benefit was changed to a single lump sum distribution equal to the greater of the participant's account balance or the present value of their normal retirement benefit. As of June 30, 2021, the plan consists of 15 active plan participants, 164 terminated plan participants entitled to but not yet receiving benefits, and 36 retirees receiving benefits.

The plan financial statements are prepared using the accrual basis of accounting. County contributions are recognized in the period in which contributions are due, pursuant to the plan documentation and as may be required by statutory requirements. The benefits paid to participants and refunds of prior contributions are recognized when due and payable, in accordance with the terms of the plan.

The County charges a benefits administration fee to County agencies, which funds the cost of administering all of the County benefit programs, including the Extra-Help Defined Benefit Retirement Plan. The Empower Retirement Investment management fee is an annual asset-based fee of 8.5 basis points (each basis point is one hundredth of a percent).

Contributions: The County has the authority to determine plan contributions. GASB Statement No. 67 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, 2019, rolled forward to June 30, 2021 using actual benefit payments for FY 2020-21. In both the 2019 valuation and the 2021 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 \$7,810. For the year ended June 30, 2021, the County and six (6) cost-sharing agencies contributed \$114. The County's proportionate share of the contribution was \$112.

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

Investment policy: The County has sole authority for establishing and amending the plan's investment policy and allocation of the invested assets. The plan's policy in regard to the allocation of invested assets may be established and amended by the plan's Trustee. The plan may invest in bonds, mortgages, notes, common or

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Investment Policy (Continued)

preferred stock, mutual funds, or other securities, policies of life insurance, annuity contracts, or property (real, bank deposits, or retain in cash or other property). The allocation policy with the target asset class and allocation is set forth in the investment policy.

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

Discount Rate: For the year ended June 30, 2021, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expense, was 16.38%. 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.

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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions: The components of the collective net pension liability of the County and the six (6) cost-sharing agencies at June 30, 2021 were as follows:

| | |
|---|-----------------|
| Total Pension Liability | \$ 4,966 |
| Plan's Fiduciary Net Position | (5,118) |
| Plan's Net Pension Liability | <u>\$ (152)</u> |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 103.06% |

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and rolled forward to the measurement date of June 30, 2021. The County's proportionate share of the June 30, 2021 net pension liability/(asset) is (\$149). 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, 2021, the County recognized pension expense/(credit) of (\$125). At June 30, 2021, the County reported deferred inflows of resources of \$399, which represents the aggregated net difference between projected and actual earnings on plan investments.

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Net Difference Between Projected and Actual | | |
| Earnings on Pension Plan Investments | \$ -- | \$ 399 |
| Total | \$ -- | \$ 399 |

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

| Year ending June 30: | |
|----------------------|----------|
| 2022 | \$ (102) |
| 2023 | (109) |
| 2024 | (87) |
| 2025 | (101) |
| Total | \$ (399) |

Actuarial Assumptions: The total pension liability based on the July 1, 2019 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-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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the collective plan and the County's proportionate share, calculated using the discount rate of 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% Decrease (4.25%) | Current Discount Rate (5.25%) | 1% Increase (6.25%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Collective plan | \$ 71 | \$ (152) | \$ (338) |
| County's proportionate share | \$ 70 | \$ (149) | \$ (332) |

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

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Extra-Help Defined Contribution Plan (Continued)

Plan Description (Continued)

the OCERS Employer's Concurrence-Waiver of Membership form or any other documents that may be required by OCERS, and (iv) who sign the OCERS Employees' Waiver of Membership form and provide any other documents required by OCERS to waive membership. Eligible employees of this plan are not covered by OCERS or Social Security. This plan is a tax-deferred retirement plan, established in accordance with IRC Sections 457 and 3121 and is intended to comply with the Omnibus Budget Reconciliation Act of 1990 and meet the requirements to be a Social Security replacement plan. The Board has the authority to amend the plan. As of June 30, 2021, there were 6,655 participants with a balance in the plan, with 1,853 participants actively contributing to the plan as of the end of June payroll.

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

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

Funding Policy: Participants in the plan are required to contribute 7.5% of compensation each pay period. The contributions are invested in the County's Stable Value Fund offered through Empower Retirement, which is designed to protect principal and maximize earnings. Empower Retirement serves on behalf of the County as the third party administrator of the plan. The County established a trust to hold the plan assets, and Empower Retirement administers the plan at the will and approval of the County. In the current fiscal year, there was no additional contribution made by the County and total employee contributions were \$1,333. As of June 30, 2021, total plan assets were \$9,794.

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

County of Orange 401(a) Defined Contribution Plan

Plan Description: Effective January 1, 1999, as amended and restated on March 24, 2015, the Board established the County 401(a) Plan for the benefit of eligible employees, elected officials, which includes members of the Board, certain executive managers, certain administrative managers once classified as confidential and grandfathered into the plan, attorneys represented by the Orange County Attorney's Association, and certain other employee classifications as defined in the plan document. The Board also has the authority to amend the plan. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to new administrative managers and all grandfathered administrative managers effective June 23, 2016 and December 28, 2012, respectively. The plan is intended for retirement and funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2021, the plan had 614 participants with a balance in the plan, with 316 participants actively contributing to the plan as of the end of June payroll.

Funding Policy: This plan is a defined contribution plan funded entirely by employer contributions. County contributions to the plan vary according to employee classification and range from 4% to 8% of bi-weekly

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

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

Funding Policy (Continued)

compensation. Total contributions for the fiscal year ended June 30, 2021, were \$1,191 by the County and zero by the employees.

As previously described, Empower Retirement serves on behalf of the County as the third party administrator of the plan. The plan is reported as a fiduciary activity as the County has control of the assets. Contribution to the plan defaults to the County's Stable Value Fund upon initial enrollment, which is offered through Empower Retirement and designed to generate a stable yield while preserving the investor's principal. Once enrolled, plan participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2021, total plan assets were \$22,802.

Administrative Cost: There is an annual administrative fee of 0.16% charged to participants (at a monthly rate of 0.013%) which is capped for account balances at \$125. There is an additional \$9 (absolute dollars) flat fee per year, which is a monthly fee \$0.75 (absolute dollars) charged to each participant. Each month participant fees are based on the average daily balance of their account(s) over a 30-day period and are reflected on participants' quarterly statements. No employer-level fees are charged for the plan.

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

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

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

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

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

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

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

Plan Description (Continued)

June 30, 2021, the plan had 4,096 participants with a balance in the plan, with 3,481 participants actively contributing to the plan as of the end of June payroll.

Funding Policy: This plan is a defined contribution plan funded entirely by employer contributions. As of July 1, 2020, the County provides up to a 2% match per pay period of the employee's voluntary contribution to the IRC Section 457 element of the 1.62% Defined Contribution Plan. Employer contributions are deposited into the 401(a) Plan. Total contributions for the fiscal year ended June 30, 2021, were \$4,081 by the County and zero by the employees.

As previously described, Empower Retirement serves on behalf of the County as the third party administrator of the plan. The plan is reported as a fiduciary activity as the County has control of the assets. Contribution to the plan defaults to the age-appropriate target-date fund upon initial enrollment. Once enrolled, plan participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2021, total plan assets were \$18,876.

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

19. RETIREMENT PLANS (Continued)

County Administered Plans (Continued)

Condensed Financial Statements

In lieu of separately issued financial statements for the County administered retirement funds, condensed financial statements are presented below as of and for the fiscal year ended June 30, 2021:

Statement of Fiduciary Net Position

| | <u>Total</u> | <u>Extra-Help Defined Benefit Plan</u> | <u>Extra-Help Defined Contribution Plan</u> | <u>401(a) Defined Contribution Plan</u> | <u>1.62% at 65 Retirement, 401(a) Defined Contribution Plan</u> |
|--------------------------------------|------------------|--|---|---|---|
| <u>Assets</u> | | | | | |
| Pooled Cash/Investments | \$ 233 | \$ 232 | \$ 1 | \$ -- | \$ -- |
| Restricted Cash and Investments | | | | | |
| Restricted Investments with Trustee | 56,126 | 4,886 | 9,756 | 22,760 | 18,724 |
| Due from Other Governmental Agencies | 231 | -- | 37 | 42 | 152 |
| Total Assets | <u>56,590</u> | <u>5,118</u> | <u>9,794</u> | <u>22,802</u> | <u>18,876</u> |
| <u>Net Position</u> | | | | | |
| Restricted for Pension | 56,590 | 5,118 | 9,794 | 22,802 | 18,876 |
| Total Net Position | <u>\$ 56,590</u> | <u>\$ 5,118</u> | <u>\$ 9,794</u> | <u>\$ 22,802</u> | <u>\$ 18,876</u> |

Statement of Changes in Fiduciary Net Position

| | <u>Total</u> | <u>Extra-Help Defined Benefit Plan</u> | <u>Extra-Help Defined Contribution Plan</u> | <u>401(a) Defined Contribution Plan</u> | <u>1.62% at 65 Retirement, 401(a) Defined Contribution Plan</u> |
|-----------------------------------|------------------|--|---|---|---|
| Additions: | | | | | |
| Contributions to Pension Trust: | | | | | |
| Employer | \$ 5,386 | \$ 114 | \$ -- | \$ 1,191 | \$ 4,081 |
| Employee | 1,333 | -- | 1,333 | -- | -- |
| Interest and Investment Income | 8,990 | 766 | 168 | 3,984 | 4,072 |
| Less: Investment Expense | (67) | (6) | (8) | (22) | (31) |
| Total Additions | <u>15,642</u> | <u>874</u> | <u>1,493</u> | <u>5,153</u> | <u>8,122</u> |
| Deductions: | | | | | |
| Benefits Paid to Participants | 2,177 | 1,040 | 510 | 589 | 38 |
| Total Deductions | <u>2,177</u> | <u>1,040</u> | <u>510</u> | <u>589</u> | <u>38</u> |
| Change in Net Position | 13,465 | (166) | 983 | 4,564 | 8,084 |
| Net Position at Beginning of Year | 43,125 | 5,284 | 8,811 | 18,238 | 10,792 |
| Net Position at End of Year | <u>\$ 56,590</u> | <u>\$ 5,118</u> | <u>\$ 9,794</u> | <u>\$ 22,802</u> | <u>\$ 18,876</u> |

20. POSTEMPLOYMENT HEALTH CARE BENEFITS

County of Orange Retiree Medical Plan

Plan Description: The County of Orange Third Amended Retiree Medical Plan (the Retiree Medical Plan) is a cost-sharing multiple-employer defined benefit OPEB plan, intended to assist career employees in maintaining health insurance coverage following retirement from County and participating employers' service. The Retiree Medical Plan was established by the Board. The Board is also the authority for amending the Retiree Medical Plan. The Retiree Medical Plan is not required by the County Employees Retirement Law of 1937 ("CERL")—the statute governing County employee retirement benefits. Eligible retired County employees receive a monthly grant (the Grant), which helps offset the cost of monthly County-offered health plans and/or Medicare A and/or B premiums. The Retiree Medical Plan specifically states that it does not create any vested right to the benefits. The Plan is reported in the County's financial statements since it administers the Plan. The Plan is reported as of December 31, 2020.

Plan Membership: As of June 30, 2021, seven employers, the County, Orange County Public Law Library, Superior Courts of Orange County, Orange County Local Agency Formation Commission, Orange County Employees Retirement System, Children and Families Commission of Orange County, and Orange County Cemetery District have elected to participate in the plan. As of April 30, 2021, the membership consisted of the following:

| | |
|--|---------------|
| Inactive plan members currently receiving benefit payments | 9,565 |
| Inactive plan members entitled to but not yet receiving benefit payments | 53 |
| Active plan members | 14,333 |
| | <u>23,951</u> |

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

The monthly Grant amount is determined by a formula that multiplies a base number by the number of years of qualifying County employment up to a maximum of 25 years. The base number for calendar year 2020 was \$24.14 (absolute dollars) per year of County service, and the maximum base monthly Grant was \$603.50 (absolute dollars). The base number for calendar year 2021 is \$24.62 (absolute dollars) per year of County service, and the maximum monthly Grant is \$615.50 (absolute dollars). The amount of the Grant is netted against the monthly health plan premium and/or reimburses Medicare premiums paid by the retiree for retiree and dependent coverage with the retiree obligated to pay the remaining balance. In no case shall the Grant exceed the actual cost to a retiree for the Qualified Health Plan and Medicare premiums.

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

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

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

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Benefits Provided (Continued)

not eligible for the Grant. The qualifying hours of service for calculation of the lump sum payment is frozen and the effective date varies by labor agreement. The frozen lump sum payment is equal to 1% of the employee's final average hourly pay (as defined in the Retiree Medical Plan) multiplied by the employee's qualifying hours of service (as defined) since the Retiree Medical Plan's effective date.

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

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

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

Effective January 1, 2008, health insurance premium rates were separately pooled for the active and retired employees, except for employees represented by the AOCDS. Effective July 1, 2008, retiree health insurance premium rates for retired AOCDS and ACLEM employees enrolled in the AOCDS health plans must be 10% higher than active employees. Because retirees as a group have higher medical costs than active employees, the pooling of active and pre-Medicare retiree premiums in the AOCDS health plans results in "blended rates". Blending the premiums rates provides the pre-Medicare retirees the benefit of lower rates, while increasing the rates for active employees. The blended rates benefit for pre-Medicare retirees reflects the difference between the true cost of retiree benefits and the blended premium charged. GASB requires the cost of this blended rates benefit be included in the total OPEB liability.

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

Effective July 3, 2020 the Retiree Medical Grant was frozen for all employees of the AOCDS Public Safety General and Public Safety Supervisory Unit. Employees shall not accumulate toward the eligibility for Retiree Medical Grant. Only employees with ten or more credited service years as of the effective date are eligible for a Grant. Cost of living and age adjustments ceased in the calculation of the Grant. A Defined Contribution Plan HRA was established to replace the Grant or Lump Sum for all active employees.

All AOCDS Public Safety employees who retired on or after January 4, 2019 were enrolled in AOCDS retiree health plans. Employees who retired before this date remained in County retiree health plans.

Effective July 15, 2020 through October 8, 2020, the County implemented the Voluntary Incentive Program (VIP). Retirees who were eligible for the Grant and retired during the effective period could choose one of the following options rather than activating their Grant.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Benefits Provided (Continued)

Option 1: Opt out of the Retiree Medical Plan at retirement with the option to opt back in at any open enrollment or within 30 days of a qualifying life event subject to the terms and conditions of the applicable insurance plans at the time the retiree opts back into health coverage. The retiree will be ineligible to receive their Grant during the period the retiree has opted out of the Retiree Medical Plan but their Grant will be effective the first day of the month following the date the retiree elects to opt back into the Retiree Medical Plan. When the Grant is received, the Grant will be calculated based on retiree medical years of service and age at original date of retirement, including any other adjustments required by Retiree Medical Plan provisions. While not participating in the Retiree Medical Plan and the Grant is suspended, retiree must maintain minimum essential coverage under California state law, Federal law and Medicare (if applicable), and provide proof of coverage upon County request, to be eligible to enroll in the County Retiree Medical Plan and receive the Grant. This option does not apply to retirees participating in AOCDS health plans.

Option 2: Permanently waive the right to participate in the Retiree Medical Plan and the right to receive the Grant, including a Medicare Part B reimbursement once Medicare eligible. A retiree who chose this option received a contribution to an HRA in lieu of participation in the Retiree Medical Plan.

On July 13, 2021 the Board approved a one-time voluntary opt out of the Retiree Medical Plan at retirement with the same terms and conditions as option 1 of VIP. The voluntary opt out will be effective January 1, 2022.

Contributions: 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 ACLEM. In FY 2019-20, to ensure adequate funding of the Grant, the ADC included normal cost and amortization of liabilities for the Grant, Lump Sum and blended rates. In addition to contributing the ADC for the blended rates of retired employees enrolled in the AOCDS health plans, the County funded the blended rates benefit on a pay-as-you-go basis. Beginning in 2021, the employer contribution will only include the Grant and Lump Sum benefit. The blended rates benefit will be funded on a pay-as-you-go basis.

In order to more adequately fund benefits under the Retiree Medical Plan, on June 19, 2007, the Board adopted the County of Orange Retiree Medical Trust (Trust) effective July 2, 2007. The Trust is an IRC Section 115 trust for which the County Chief Financial Officer is the Trustee. In addition, OCERS has established an IRC Section 401(h) account to invest monies and acts as Trustee for the 401(h) account which is used to pay the Grant. The combined Trust and 401(h) represent the fiduciary net position of the Plan and are reported in the County's Comprehensive Annual Financial Report.

During the current fiscal year, the County set aside contributions of 0.2% of payroll for AFSCME, 0.3% for OCAA, 1.6% for AOCDS, 3.1% for law enforcement management, 2.9% for the Probation Department safety personnel and 3.4% of payroll for all other labor groups, which is the estimated employer contribution for those groups calculated by an actuary. Additionally, ACLEM employees covered under the "3%@50" safety retirement formula contributed 1.6% of base pay.

For the Plan year ended December 31, 2020, the total Plan contributions were \$45,989. The County's contribution was \$42,047 (91.43%), Superior Court was \$3,509 (7.63%), OCERS was \$293 (0.64%), CFCOC was \$37 (0.08%), Law Library was \$37 (0.08%), Cemetery District was \$51 (0.11%), and LAFCO was \$15 (0.03%). The County's contribution for the fiscal year ended June 30, 2021 was \$39,393.

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.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The components of the collective net OPEB liability of the participating employers as of June 30, 2021 were as follows:

| | | |
|--|-----------|----------------|
| Collective OPEB Liability | \$ | 748,708 |
| Collective Plan's Fiduciary Net Position | | (414,656) |
| Collective Net OPEB Liability | <u>\$</u> | <u>334,052</u> |
| | | |
| Plan Fiduciary Net Position as a percentage of the Total OPEB Liability | | 55.38% |

The Collective OPEB Liability of \$748,708 includes \$663,005 for the Grant and Lump Sum benefits and \$85,704 for the blended rates benefit. GASB requires the blended rates benefit be included in the Net OPEB liability, but the County's funding policy of only contributing towards the Grant and Lump Sum benefits means the County intends to use the Trust assets only to pay for Grant and Lump Sum benefits. If the funded percent were calculated reflecting the County's funding policy rather than GASB requirements, it would be larger than that shown above. Excluding the OPEB liability for the blended rates benefit, which are funded on a pay-as-you-go basis, from the Collective OPEB Liability, the Plan Fiduciary Net Position as a percentage of the total OPEB liability for the Grant and Lump Sum benefit is 62.54%.

At June 30, 2021, the County reported a liability of \$305,411 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The County's proportion of the collective net OPEB liability was based on the 2020 share of employer contributions to the OPEB plan relative to the projected contributions of all participating employers. At December 31, 2020, the County's proportion was 91.43%, which was a decrease of 0.88% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the County recognized OPEB expense of \$28,318. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net Difference Between Projected and Actual Investment | | |
| Earnings on OPEB Plan Investments | \$ -- | \$ 16,376 |
| Differences Between Expected and Actual Experience | -- | 7,352 |
| Changes in Assumptions | -- | 12,122 |
| Changes in Proportion and Differences Between Employer | | |
| Contributions and Proportionate Share of Contributions | 4,103 | 2,999 |
| Employer Contributions after Measurement Date | <u>20,274</u> | <u>--</u> |
| Total | <u>\$ 24,377</u> | <u>\$ 38,849</u> |

Deferred outflow of resources of \$20,274 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. Other deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

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

in the County's OPEB expense as follows:

| | | |
|----------------------|----|-----------------|
| Year ending June 30: | | |
| 2022 | \$ | (7,792) |
| 2023 | | (4,681) |
| 2024 | | (9,615) |
| 2025 | | (5,619) |
| 2026 | | (2,833) |
| Thereafter | | (4,206) |
| Total | \$ | <u>(34,746)</u> |

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

Actuarial Methods and Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2019 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 50% to 95%, determined by employee group and Grant service at retirement, based on the April 2019 participation study

Medical trend used for pre-Medicare members was 7.25% for 2021, decreasing to 4.00% for 2076 and later; for Medicare eligible members, 6.3% was used for 2021, 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.

Discount Rate: The discount rate used to measure the total OPEB liability was 7.00%, the long-term expected rate of return on plan assets, net of investment expenses. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current negotiated contribution rate and that the employer contributions will be made at rates equal to the actuarially determined contribution rates for the Grant and lump sum benefits (with blended rates benefit paid on a pay-as-you-go basis). Based on actuarial assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Discount Rate (Continued)

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

| <u>Asset class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Arithmetic Real Rate of Return</u> |
|---------------------------------------|------------------------------|--|
| Large Cap Equity | 23.10% | 5.43% |
| Small Cap Equity | 1.90% | 6.21% |
| International Developed Equity | 13.00% | 6.67% |
| Emerging Markets Equity | 9.00% | 8.58% |
| Core Bonds | 9.00% | 1.10% |
| High Yield Bonds | 1.50% | 2.91% |
| TIPS | 2.00% | 0.65% |
| Emerging Market Debt | 2.00% | 3.25% |
| Coporate Credit | 1.00% | 0.53% |
| Long Duration Fixed Income | 2.50% | 1.44% |
| Real Estate | 3.01% | 4.42% |
| Private Equity | 13.00% | 9.41% |
| Value Added Real Estate | 3.01% | 7.42% |
| Opportunistic Real Estate | 0.98% | 10.18% |
| Energy | 2.00% | 9.68% |
| Infrastructure (Core Private) | 1.50% | 5.08% |
| Infrastructure (Non-Core Private) | 1.50% | 8.92% |
| CTA-Trend Following | 2.50% | 2.38% |
| Global Macro | 2.50% | 2.13% |
| Private Credit | 2.50% | 5.47% |
| Alternative Risk Premia | 2.50% | 2.50% |
| Total | 100.00% | |
| Assumed Long Term Rate of Inflation | | 2.50% |
| Expected Long Term Net Rate of Return | | 7.00% |

Rate of Return: For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 11.22%. 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.

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

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Collective plan | \$ 421,208 | \$ 334,052 | \$ 260,868 |
| County's proportionate share | \$ 385,102 | \$ 305,411 | \$ 238,506 |

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Net OPEB liability of the collective plan and the County's proportionate share, as well as what they would be calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25%/5.3% decreasing to 3.0%) or 1-percentage-point higher (8.25%/7.3% decreasing to 5.0%) than the current healthcare cost trend rates:

| | 1% Decrease (6.25%/5.30% decreasing to 3.00%) | Current Healthcare Cost Trend Rates (7.25%/6.30% decreasing to 4.00%) | 1% Increase (8.25%/7.30% decreasing to 5.00%) |
|------------------------------|---|--|---|
| Collective plan | \$ 322,890 | \$ 334,052 | \$ 345,602 |
| County's proportionate share | \$ 295,212 | \$ 305,411 | \$ 315,977 |

OPEB Plan Fiduciary Net Position: As previously described, the 401(h) assets are held with OCERS. The underlying investments are presented in the Combining Statement of Fiduciary Net Position. OCERS issues a Comprehensive Annual Financial Report for each year ending on December 31, which includes the 401(h) assets. The Comprehensive Annual Financial Report can be obtained online at www.ocers.org by request, or in writing, to the Orange County Employees Retirement System, P.O. Box 1229, Santa Ana, CA 92702, or by calling (714) 558-6200.

County of Orange Health Reimbursement Arrangement (HRA)

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

The HRA is intended to comply with the requirements of IRC Sections 105 and 106 and meets the requirements of a health reimbursement arrangement as defined under IRS Notice 2002-45. The contributions made to reimbursement accounts, any investment gains and qualified medical expenses reimbursed under this plan are intended to be eligible for exclusion from the gross income of eligible employees, participants, and retired participants (including the spouses and dependents of each) under IRC Section 105(b). The HRA may be amended by the Board or the plan administrator to comply with federal, state, or local laws, statutes, regulations, or guidance from regulatory agencies.

On June 24, 2008, the Board approved the County of Orange Health Reimbursement Arrangement (HRA) Plan Document. The HRA Plan is not required by the Retirement Law; it is intended to fund the reimbursement accounts of eligible employees on a pre-tax basis and reimburse the eligible unreimbursed and substantiated qualified medical expenses of retired participants.

On March 10, 2009, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for employees represented by ACLEM effective June 19, 2009. The HRA replaces the Retiree Medical Plan for new employees and supplements the current ACLEM employees' frozen service hour accruals for the Grant.

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

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Plan Description (Continued)

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

On January 4, 2019, the Board approved the restructuring of the Retiree Medical Plan and establishment of a Defined Contribution Plan HRA for employees of Public Safety General Unit and Public Safety Supervisory Unit effective the first day of the first full pay period in July 2020. The HRA replaces the Retiree Medical Plan for all active employees of Public Safety units.

On July 14, 2020, the Board approved and enacted the VIP, which offered the incentives to eligible employees who volunteered to separate by resignation or retirement between July 15, 2020 through October 8, 2020. Employees who were eligible for a Service Retirement Allowance received the employer contribution to the HRA at retirement. A one-time County contribution, in the amount equal to the pre-tax amount approved by the Board, or contribution equal to the Board approved percentage of base annual salary (whichever is greater), was contributed to the County's HRA. In addition, employees eligible for a Grant in the Retiree Medical Insurance Program were offered an HRA contribution in lieu of a Grant. The value contributed to the HRA was \$655 (absolute dollars) multiplied by an employee's total years of County service.

Administration of the HRA by the third party administrator began in August 2009. The Plan Document was amended and restated on January 1, 2011 to reflect changes to the definition of dependent due to healthcare reform.

As of June 30, 2021, the plan had 3,590 active and 1,486 inactive participants.

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

For employees represented by AOCDS, the County contributes 5.0% of base salary each pay period. For employees represented by ACLEM, the County contributes 4.0% of base salary each pay period. For employees represented by OCAA, the County contributes 1.0% of base salary each pay period and employees are also required to contribute 1.0% of base salary each pay period. For employees represented by AOCDS Public Safety, the County contributes 3.0% of base salary each pay period.

Contributions to the HRA Plan default to the age-appropriate target-date fund upon initial enrollment. Once enrolled, HRA participants may self-direct the investment of plan contributions into any of a number of eligible investment options offered under the HRA. As of June 30, 2021, the value of the HRA assets was \$214,867.

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

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Condensed Financial Statements

In lieu of separately issued financial statements for the County administered postemployment health care benefit trust funds, condensed financial statements are presented below as of and for the year ended June 30, 2021:

| <u>Statement of Fiduciary Net Position</u> | Total | Orange County | Retiree Medical | Health |
|---|-------------------|---|----------------------------------|---------------------------------------|
| | | Employees Retirement System-401(h)* | Plan 115 Trust * | Reimbursement Arrangement Plan |
| Assets | | | | |
| Pooled Cash/Investments | \$ 429,074 | \$ 426,206 | \$ 2,816 | \$ 52 |
| Restricted Cash and Investments | | | | |
| Restricted Investments with Trustee | 214,304 | -- | -- | 214,304 |
| Investment Receivable | 2,462 | 2,462 | -- | -- |
| Interest/Dividend Receivable | 27 | -- | 27 | -- |
| Due from Other Governmental Agencies | 511 | -- | -- | 511 |
| Total Assets | <u>646,378</u> | <u>428,668</u> | <u>2,843</u> | <u>214,867</u> |
| Liabilities | | | | |
| Accounts Payable | 2,538 | 2,538 | -- | -- |
| Salaries and Employee Benefits Payable | 9,169 | 5,123 | 4,046 | -- |
| Investment Obligations | 5,148 | 5,148 | -- | -- |
| Total Liabilities | <u>16,855</u> | <u>12,809</u> | <u>4,046</u> | <u>--</u> |
| Net Position | | | | |
| Restricted for OPEB Benefits | 629,523 | 415,859 | (1,203) | 214,867 |
| Total Net Position | <u>\$ 629,523</u> | <u>\$ 415,859</u> | <u>\$ (1,203)</u> | <u>\$ 214,867</u> |
| | | | | |
| <u>Statement of Changes in Fiduciary Net Position</u> | Total | Orange County Employees Retirement System-401(h)* | Retiree Medical Plan 115 Trust * | Health Reimbursement Arrangement Plan |
| Additions: | | | | |
| Employer Contributions | \$ 70,228 | \$ 41,351 | \$ 4,638 | \$ 24,239 |
| Employee Contributions | 930 | 208 | -- | 722 |
| Interest and Investment Income | 90,836 | 43,050 | 127 | 47,659 |
| Less: Investment Expense | (2,673) | (2,325) | (5) | (343) |
| Total Additions | <u>159,321</u> | <u>82,284</u> | <u>4,760</u> | <u>72,277</u> |
| Deductions: | | | | |
| Benefits Paid to Participants | 48,665 | 36,784 | 6,127 | 5,754 |
| Administrative Expense | 22 | 22 | -- | -- |
| Total Deductions | <u>48,687</u> | <u>36,806</u> | <u>6,127</u> | <u>5,754</u> |
| Change in Net Position | 110,634 | 45,478 | (1,367) | 66,523 |
| Net Position-Beginning of Year | 518,889 | -- | 370,545 | 148,344 |
| Adjustment Due to Change in Accounting Principle | -- | 370,381 | (370,381) | -- |
| Net Position-Beginning of Year, as Restated | 518,889 | 370,381 | 164 | 148,344 |
| Net Position-End of Year | <u>\$ 629,523</u> | <u>\$ 415,859</u> | <u>\$ (1,203)</u> | <u>\$ 214,867</u> |

*The Plan assets are a combination of the assets held by OCERS-401(h) and the County's Retiree Medical Plan 115 Trust. These are presented as of 12/31/20 in accordance with the plan year.

21. CONTINGENCIES

Estimated Liability for Litigation and Claims

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

Deferral of Rent

In April and July 2020, the Airport took measures to respond to the COVID-19 crisis and offered a deferment of rents or MAG to tenants, including airlines, rental cars, and concessions from March 1, 2020 through September 30, 2020, expecting payments in full by June 30, 2021. As of June 30, 2021, the Airport reported a receivable balance of \$3,745 for rent deferrals.

Federal Assistance

On May 21, 2021, the County received \$308,420, which is the first tranche of the County's \$616,842 allocation from the Coronavirus State and Local Fiscal Recovery Fund under ARPA. These funds are required to be used for allowable costs within the period between March 3, 2021 and December 31, 2024. As of June 30, 2021, the County has spent \$11,029 with the remaining \$297,391 reported as part of the unearned revenues. On May 21, 2020, the Airport received an allocation of \$44,910 of CARES Act grant funds to be claimed for allowable costs incurred from January 20, 2020 through May 24, 2024. As of June 30, 2021, the Airport claimed and received reimbursements in the amounts of \$4,782 and \$10,077 for the years ended June 30, 2020 and 2021, respectively. The grant balance as of June 30, 2021 is \$30,051.

22. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2021:

Teeter Plan Notes: On July 14, 2021, the County issued \$79,978 in taxable Teeter Plan Obligation Notes, Series B to refund outstanding Teeter Plan Obligation Notes and to finance the purchase of delinquent property tax receivables associated with the Teeter Plan. The Teeter Notes were issued pursuant to a Second Amended and Restated Note Purchase and Reimbursement Agreement, dated between the County and Wells Fargo Bank, National Association. Teeter Notes may be issued from time to time by the County provided that the total principal amount of Teeter Notes outstanding at any one time shall not exceed \$150,000. The Teeter Notes mature on July 18, 2022 and bear interest at the rate of 0.43% per annum. As of July 14, 2021, the authorized unused available commitment was \$70,022. For additional information regarding the Teeter Notes, refer to Note 12, Long-Term Obligations.

American Rescue Plan Act (ARPA): On July 27, 2021, the Board approved an allocation of \$20,000 for the site development of an Orange County Veterans Cemetery in Anaheim Hills. On September 28, 2021, the Board approved the use of the remaining \$188,464 in ARPA funding received from the distribution of the first tranche previously identified as revenue replacement for the following uses:

- Establish a new Orange County Emergency Medical Services Operations Facility (\$75,000) which will co-locate the Public Health Laboratory, Emergency Medical Services, Health Disaster Management, and their supporting administrative staff, as well as increase capacity for storage of emergency medical supplies and equipment.
- Establish the second of three planned Be Well Campus facilities, referred to as Be Well South (\$40,000), at identified property in Irvine at the former El Toro Marine Base. Similar to the Be Well North site in Orange, the Be Well South will include co-located behavioral health services and be easily accessible to the community.

22. SUBSEQUENT EVENTS (Continued)

American Rescue Plan Act (ARPA) (Continued)

- Fund identified and strategic budgetary needs for the County as identified through the mid-year budget reports, annual budget process, or other Board-directed uses (\$73,464).

COVID-19 Extension of Full FEMA Funding: On August 17, 2021, FEMA approved a three-month extension for full federal funding for FEMA eligible costs incurred to December 31, 2021. Subsequently, on November 9, 2021, FEMA further extended the reimbursement date for eligible costs to April 1, 2022. The County continues to claim for eligible costs primarily related to vaccination efforts and is analyzing the potential impact of continued claiming up to April 1, 2022.

2021 Redistricting: Every 10 years, the Board of Supervisors is responsible for redrawing its district boundaries due to population shifts reflected in the most recent census. This cycle's process was condensed due to delays in the release of the 2020 census data due to the COVID-19 pandemic. The County conducted numerous public workshops and public hearings to gather public feedback on communities of interest and proposed maps. On December 7, 2021, the Board approved the redistricting ordinance with the new district boundaries which are effective January 6, 2021.



Probation Department Distributing Meals



**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⁾

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| County's proportion of the net pension liability | 84.21% | 81.27% | 79.39% | 80.46% | 77.91% | 76.83% | 76.68% |
| County's proportionate share of the net pension liability | \$ 3,547,851 | \$ 4,124,932 | \$ 4,919,675 | \$ 3,984,401 | \$ 4,044,638 | \$ 4,391,967 | \$ 3,897,223 |
| Covered payroll ⁽²⁾ | 1,404,516 | 1,313,952 | 1,272,895 | 1,247,616 | 1,200,243 | 1,118,395 | 1,198,458 |
| County's proportionate share of the net pension liability as a percentage of its covered payroll ⁽²⁾ | <u>252.60%</u> | <u>313.93%</u> | <u>386.49%</u> | <u>319.36%</u> | <u>336.98%</u> | <u>392.70%</u> | <u>325.19%</u> |
| Plan fiduciary net position as a percentage of the total pension liability ⁽⁴⁾ | 81.69% | 76.67% | 70.03% | 74.93% | 71.16% | 67.10% | 69.42% |

Schedule of County Contributions ⁽³⁾

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 481,791 | \$ 440,042 | \$ 419,159 | \$ 401,323 | \$ 386,138 | \$ 358,103 | \$ 340,626 |
| Contributions in relation to the actuarially determined contribution | 513,799 | 475,676 | 440,634 | 433,098 | 405,494 | 411,426 | 397,044 |
| Contribution deficiency (excess) | <u>\$ (32,009)</u> | <u>\$ (35,634)</u> | <u>\$ (21,475)</u> | <u>\$ (31,775)</u> | <u>\$ (19,356)</u> | <u>\$ (53,323)</u> | <u>\$ (56,418)</u> |
| Covered payroll ^{(2) (5)} | \$ 1,323,013 | \$ 1,359,234 | \$ 1,293,424 | \$ 1,260,255 | \$ 1,223,930 | \$ 1,159,319 | \$ 1,158,427 |
| Contributions as a percentage of covered payroll | 38.84% | 35.00% | 34.07% | 34.37% | 33.13% | 35.49% | 34.27% |

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

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

Orange County Extra-Help Defined Benefit Plan

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| County's proportion of the net pension liability | 98.12% | 98.12% | 98.12% | 98.12% | 98.12% | 98.12% | 98.12% |
| County's proportionate share of the net pension liability (asset) | \$ (149) | \$ 440 | \$ 1,382 | \$ 1,962 | \$ 1,995 | \$ 2,845 | \$ 3,163 |
| Covered payroll ⁽¹⁾ | \$ 3,169 | \$ 3,613 | \$ 3,906 | \$ 4,298 | \$ 4,725 | \$ 1,747 | \$ 1,829 |
| County's proportionate share of the net pension liability as a percentage of its covered payroll ⁽¹⁾ | (4.71%) | 12.18% | 35.38% | 45.65% | 42.22% | 162.85% | 172.94% |
| Plan fiduciary net position as a percentage of the total pension liability | 103.06% | 92.18% | 81.06% | 76.76% | 76.24% | 65.89% | 61.35% |

Schedule of Collective Plan Contributions

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

Schedule of County Contributions

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution | \$ 112 | \$ 112 | \$ 544 | \$ 545 | \$ 769 | \$ 769 | \$ 413 | \$ 421 |
| Contributions in relation to the actuarially determined contribution | 112 | 112 | 554 | 535 | 769 | 769 | 413 | 421 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ (10) | \$ 10 | \$ -- | \$ -- | \$ -- | \$ -- |
| Covered payroll ⁽¹⁾ | \$ 3,169 | \$ 3,613 | \$ 3,906 | \$ 4,298 | \$ 4,725 | \$ 1,747 | \$ 1,829 | \$ 1,876 |
| Contributions as a percentage of covered payroll | 3.53% | 3.10% | 14.19% | 12.45% | 16.28% | 44.02% | 22.58% | 22.44% |

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

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

Orange County Extra-Help Defined Benefit Plan (Continued)

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-----------------|-----------------|-----------------|-----------------|
| Total Pension Liability | | | | |
| Service cost | \$ -- | \$ -- | \$ -- | \$ -- |
| Interest | 274 | 362 | 411 | 448 |
| Changes of benefit terms | -- | -- | -- | -- |
| Difference between expected and actual experience | -- | (879) | -- | (127) |
| Changes of assumptions | -- | (90) | -- | 480 |
| Benefit payments, including refunds of member contributions | <u>(1,040)</u> | <u>(1,101)</u> | <u>(1,572)</u> | <u>(762)</u> |
| Net change in total pension liability | (766) | (1,708) | (1,161) | 39 |
| Total Pension Liability-beginning | 5,732 | 7,440 | 8,601 | 8,562 |
| Total Pension Liability-ending (a) | <u>\$ 4,966</u> | <u>\$ 5,732</u> | <u>\$ 7,440</u> | <u>\$ 8,601</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions-employer | \$ 114 | \$ 114 | \$ 565 | \$ 545 |
| Contributions-member | -- | -- | -- | -- |
| Net investment income | 760 | 239 | 436 | 295 |
| Investment Expense | -- | -- | (7) | (7) |
| Benefit payments, including refunds of member contributions | (1,040) | (1,101) | (1,572) | (762) |
| Administrative expense ⁽¹⁾ | -- | -- | -- | -- |
| Other | -- | 1 | 7 | 3 |
| Net change in Plan Fiduciary Net Position | (166) | (747) | (571) | 74 |
| Plan Fiduciary Net Position-beginning | 5,284 | 6,031 | 6,602 | 6,528 |
| Plan Fiduciary Net Position-ending (b) | <u>\$ 5,118</u> | <u>\$ 5,284</u> | <u>\$ 6,031</u> | <u>\$ 6,602</u> |
| Plan Net Pension Liability-ending (a)-(b) | <u>\$ (152)</u> | <u>\$ 448</u> | <u>\$ 1,409</u> | <u>\$ 1,999</u> |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 103.06% | 92.18% | 81.06% | 76.76% |
| Covered payroll ⁽²⁾ | \$ 3,169 | \$ 3,613 | \$ 3,906 | \$ 4,298 |
| Plan Net Pension Liability as a percentage of covered ⁽²⁾ payroll | (4.80%) | 12.40% | 36.07% | 46.51% |

(1) Administrative expense does not round up to \$1 in thousands.

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

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

| 2017 | 2016 | 2015 | 2014 | |
|--------------|-----------------|-----------------|-----------------|---|
| | | | | Total Pension Liability |
| -- | \$ -- | \$ -- | \$ -- | Service cost |
| 436 | 435 | 271 | 282 | Interest |
| -- | -- | -- | -- | Changes of benefit terms |
| -- | 73 | -- | -- | Difference between expected and actual experience |
| -- | 73 | -- | -- | Changes of assumptions |
| (372) | (424) | (522) | (695) | Benefit payments, including refunds of member contributions |
| 64 | 157 | (251) | (413) | Net change in total pension liability |
| 8,498 | 8,341 | 8,592 | 9,005 | Total Pension Liability-beginning |
| <u>8,562</u> | <u>\$ 8,498</u> | <u>\$ 8,341</u> | <u>\$ 8,592</u> | Total Pension Liability-ending (a) |
| | | | | Plan Fiduciary Net Position |
| 784 | \$ 784 | \$ 421 | \$ 421 | Contributions-employer |
| -- | -- | -- | -- | Contributions-member |
| 527 | 123 | 17 | 15 | Net investment income |
| (5) | (4) | -- | -- | Investment Expense |
| (372) | (428) | (522) | (695) | Benefit payments, including refunds of member contributions |
| -- | -- | -- | -- | Administrative expense ⁽¹⁾ |
| (5) | 7 | -- | -- | Other |
| 929 | 482 | (84) | (259) | Net change in Plan Fiduciary Net Position |
| 5,599 | 5,117 | 5,201 | 5,460 | Plan Fiduciary Net Position-beginning |
| <u>6,528</u> | <u>\$ 5,599</u> | <u>\$ 5,117</u> | <u>\$ 5,201</u> | Plan Fiduciary Net Position-ending (b) |
| <u>2,034</u> | <u>\$ 2,899</u> | <u>\$ 3,224</u> | <u>\$ 3,391</u> | Plan Net Pension Liability-ending (a)-(b) |
| 76.24% | 65.89% | 61.35% | 60.53% | Plan Fiduciary Net Position as a percentage of the Total Pension Liability |
| 4,725 | \$ 1,747 | \$ 1,829 | \$ 1,876 | Covered payroll ⁽²⁾ |
| 43.05% | 165.94% | 176.27% | 180.76% | Plan Net Pension Liability as a percentage of covered ⁽²⁾ payroll |

Orange County Extra-Help Defined Benefit Plan (Continued)

Schedule of Investment Returns

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

Notes to Schedule

Methods and assumptions used to determine actuarially determined contribution:

| | |
|------------------------|---|
| Valuation date | July 1, 2019 |
| Actuarial cost method | Projected Unit Credit (all plan benefits frozen) |
| Amortization method | Level dollar |
| Amortization period | 5 years rolling (open) |
| Asset valuation method | Market Value of assets |
| Discount rate | 5.25% |
| General Inflation | 2.75% |
| Mortality | RPH-2014, projected generationally with mortality improvement Scale MP-2016 |
| All Other | Same as used in determining total pension liability |

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

Orange County Retiree Medical Plan

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

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

Schedule of Investment Returns

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

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

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

Orange County Retiree Medical Plan (Continued)

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

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

Schedule of Collective Plan Contributions

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

Schedule of County Contributions

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

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

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

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

Orange County Retiree Medical Plan (Continued)

Notes to Schedule

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

| | |
|------------------------|---|
| Valuation date | June 30, 2019 |
| Actuarial cost method | Entry age normal, level percent of pay |
| Amortization method | Level percent of pay |
| Amortization period | 15-year average fixed period for 2020/21 |
| Asset valuation method | Investment gains/losses spread over 5-year |
| Discount rate | 7.00% |
| General inflation | 2.75% |
| Grant increases | AFSCME: lesser of 5% and medical trend Non-AFSCME: lesser of 3% and medical trend |
| Medical Trend | Non-medicare-7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 Medicare-6.3% for 2021, decreasing to an ultimate rate of 4% in 2076 |
| Mortality | OCERS 2014-2016 Experience Study projected |
| Mortality improvement | Mortality projected fully generational with Society of Actuaries Scale MP-2016 |





Juvenile Court



NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

These Funds are used to account for the proceeds of specific revenue sources (other than the Permanent Fund or for major capital projects) that have either legal or operational requirements to restrict expenditures for specified purposes.

Parking Facilities

This Fund is used to account for revenues and expenditures related to parking facilities. This includes costs to lease parking spaces for County staff, costs and revenue from the Manchester lot, interest revenue, and the County's operating and maintenance costs.

Service Areas, Lighting, Maintenance and Assessment Districts

This group of Funds is used to account for the construction of public facilities from the proceeds of various Mello-Roos districts (also known as Community Facilities Districts) bond issues, special assessment district bond issues, and interfund transfers from County Service Area operating funds. Upon completion of construction, the public facilities are transferred to the Special Assessment and Community Facilities Districts. It is also used to account for local park and recreation facilities, highway lighting, and street sweeping services within unincorporated areas of the County. Revenues consist primarily of property taxes and State grants.

Other Environmental Management

This group of Funds is used to account for Local Redevelopment Authority activities, fees from violations of fish and game laws, usage of various State tidelands held in trust by the County, registration of off-highway vehicles, and motor vehicle fees levied by the South Coast Air Quality Management District.

Tobacco Settlement

This Fund accounts for Tobacco Settlement monies allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 States (including California), the District of Columbia and four U.S. Territories. On November 7, 2000, Orange County voters passed Measure H. This measure requires the County to utilize its share of the national tobacco litigation settlement revenues in the following percentages:

- 80% for specified health care services
- 20% for public safety

Community and Welfare Services

This group of Funds is used to account for the Orange County Workforce Innovation and Opportunity Act, Welfare-to-Work, Shelter Care Facilities, In Home Supportive Services, Housing and Community Development, Substance Abuse Treatment, and Other Community and Welfare Social Programs. Revenues consist primarily of Federal grants passed through the State, as well as State grants.

OC Parks

This Fund accounts for the development and maintenance of County tidelands and related aquatic recreational facilities, as well as the acquisition, operation and maintenance of County beaches, inland, regional park facilities and community park sites in the unincorporated areas. Revenues consist primarily of property taxes, State aid, lease and concession revenues, and park and recreation fees.

OC Dana Point Harbor

This Fund accounts for monies received primarily through rent and concession revenues which are dedicated to providing public coastal access, environmental stewardship, and a diverse regional recreational facility so users and visitors may experience the Dana Point Harbor resource in a safe and enjoyable way. The Board approved a lease agreement with Dana Point Harbor Partners to renovate and operate the Dana Point Harbor. For additional information regarding Dana Point Harbor, refer to Note 6, Service Concession Arrangements.

Housing Asset

The Orange County Development Agency (OCDA) was dissolved effective February 1, 2012 in accordance with Health and Safety Code 34172. The Orange County Housing Authority assumed the housing functions previously performed by OCDA. The Housing Asset Fund was established and the housing assets from the OCDA Low and Moderate Income Housing Fund were transferred into the Fund.

OC Public Libraries

This Fund accounts for library services for the unincorporated areas as well as some of the incorporated areas within the County. Property taxes provide most of the Fund's revenue. Licenses, permits, Federal and State aid, and charges for services make up the remaining revenue.

Health Care Programs

This group of Funds is used to account for Board-approved Realignment Reserves for Health Care, Medi-Cal Mental Health Managed Care programs, Medi-Cal Administrative Activities and Targeted Case Management, Bioterrorism Preparedness grant funds, Emergency Medical Services allocations, and other purpose-restricted revenues related to health care programs. Revenues consist primarily of State grants and allocations, and Federal grants passed through the State.

Roads

This Fund accounts for proceeds restricted for the maintenance and construction of roadways, and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of State highway users' taxes, and SB1 related transportation taxes and fees, Federal funds, and charges for engineering services provided.

Orange County Housing Authority

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

Other Governmental Resources

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS

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

Teeter Plan Notes

This Fund accounts for the financing of the County's purchase of delinquent taxes receivable pursuant to the Teeter Plan. The Teeter Plan is an alternate secured property tax distribution plan, whereby, the County distributes 100% of the local secured levy to the taxing agencies participating in the Teeter Plan and in exchange receives the right to keep the delinquent taxes, penalties and interest.

Pension Obligation Bonds

This Fund is used to account for the debt service expenditures for the Orange County Taxable Pension Obligation Bonds. The Taxable Refunding Pension Obligation Bonds, Series 1997A are economically defeased and the outstanding debt service is paid through debt securities issued by Fannie Mae, along with Debt Service Funds already being held by the Trustee.

Capital Facilities Development Corporation

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

South Orange County Public Financing Authority

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

CAPITAL PROJECTS FUNDS

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

Criminal Justice Facilities

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

Countywide Capital Projects Non-General Fund

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

Capital Facilities Development Corporation Construction

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

PERMANENT FUND

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

Regional Park Endowment

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

**COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS**

| | Total Nonmajor Governmental Funds | Special Revenue | | |
|--|---|-----------------------|--|--------------------------------------|
| | | Parking Facilities | Service Areas, Lighting, Maintenance, & Assessment Districts | Other Environmental Management |
| <u>ASSETS</u> | | | | |
| Pooled Cash/Investments | \$ 960,713 | \$ 4,212 | \$ 5,878 | \$ 12,727 |
| Imprest Cash Funds | 45 | -- | -- | -- |
| Restricted Cash and Investments with Trustee | 138,286 | -- | 9,403 | -- |
| Deposits In-Lieu of Cash | 2,362 | -- | -- | 1,992 |
| Receivables | | | | |
| Accounts | 3,384 | 124 | -- | 1 |
| Taxes | 29,655 | -- | 14 | -- |
| Interest/Dividends | 972 | 8 | 7 | 15 |
| Deposits | 51 | -- | -- | -- |
| Allowance for Uncollectible Receivables | (322) | (3) | -- | -- |
| Due from Other Funds | 200,829 | 480 | -- | 21 |
| Due from Other Governmental Agencies | 48,711 | 548 | -- | 46 |
| Prepaid Costs | 20,640 | 79 | -- | -- |
| Notes Receivable, Net | 61,127 | -- | -- | -- |
| Total Assets | <u>\$ 1,466,453</u> | <u>\$ 5,448</u> | <u>\$ 15,302</u> | <u>\$ 14,802</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 40,591 | \$ 313 | \$ -- | \$ -- |
| Retainage Payable | 2,159 | 6 | -- | 109 |
| Salaries and Employee Benefits Payable | 3,267 | 14 | -- | -- |
| Interest Payable | 55 | -- | -- | -- |
| Deposits from Others | 54,875 | -- | 467 | 7 |
| Due to Other Funds | 42,775 | 267 | 179 | 2,611 |
| Due to Other Governmental Agencies | 56,247 | 643 | 75 | -- |
| Unearned Revenue | 51,434 | -- | -- | 1,997 |
| Advances from Other Funds | 55,000 | -- | -- | -- |
| Total Liabilities | <u>306,403</u> | <u>1,243</u> | <u>721</u> | <u>4,724</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable Revenue-Intergovernmental Revenues | 9,934 | -- | -- | -- |
| Unavailable Revenue-Property Taxes | 801 | -- | -- | -- |
| Total Deferred Inflows of Resources | <u>10,735</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | 20,840 | 79 | -- | -- |
| Restricted | 751,247 | 2,863 | 14,581 | 2,108 |
| Assigned | 377,228 | 1,263 | -- | 7,970 |
| Total Fund Balances | <u>1,149,315</u> | <u>4,205</u> | <u>14,581</u> | <u>10,078</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,466,453</u> | <u>\$ 5,448</u> | <u>\$ 15,302</u> | <u>\$ 14,802</u> |

| Special Revenue | | | | |
|-----------------------|------------------------------------|-------------------|----------------------------|--|
| Tobacco Settlement | Community & Welfare Services | OC Parks | OC Dana Point Harbor | |
| | | | | <u>ASSETS</u> |
| \$ 25,458 | \$ 121,411 | \$ 130,034 | \$ 67,172 | Pooled Cash/Investments |
| -- | 45 | -- | -- | Imprest Cash Funds |
| -- | -- | -- | -- | Restricted Cash and Investments with Trustee |
| -- | -- | 352 | 18 | Deposits In-Lieu of Cash |
| -- | 1,181 | 1,336 | 174 | Receivables |
| -- | -- | 964 | -- | Accounts |
| -- | 131 | 153 | 78 | Taxes |
| -- | -- | 7 | -- | Interest/Dividends |
| -- | -- | -- | -- | Deposits |
| -- | 4,439 | 2,136 | -- | Allowance for Uncollectible Receivables |
| -- | 3,589 | 459 | -- | Due from Other Funds |
| -- | 380 | 7,258 | -- | Due from Other Governmental Agencies |
| -- | 34,342 | -- | -- | Prepaid Costs |
| <u>\$ 25,458</u> | <u>\$ 165,518</u> | <u>\$ 142,699</u> | <u>\$ 67,442</u> | Notes Receivable, Net |
| | | | | Total Assets |
| | | | | <u>LIABILITIES</u> |
| \$ -- | \$ 3,309 | \$ 6,355 | \$ -- | Accounts Payable |
| -- | -- | 373 | 1 | Retainage Payable |
| -- | 46 | 1,201 | -- | Salaries and Employee Benefits Payable |
| -- | -- | -- | -- | Interest Payable |
| -- | 4 | 3,069 | 381 | Deposits from Others |
| 2,916 | 8,460 | 2,779 | 1,134 | Due to Other Funds |
| -- | 29,354 | 133 | -- | Due to Other Governmental Agencies |
| -- | 4,070 | 629 | -- | Unearned Revenue |
| -- | -- | -- | -- | Advances from Other Funds |
| <u>2,916</u> | <u>45,243</u> | <u>14,539</u> | <u>1,516</u> | Total Liabilities |
| | | | | <u>DEFERRED INFLOWS OF RESOURCES</u> |
| -- | 899 | 6 | -- | Unavailable Revenue-Intergovernmental Revenues |
| -- | -- | 505 | -- | Unavailable Revenue-Property Taxes |
| <u>--</u> | <u>899</u> | <u>511</u> | <u>--</u> | Total Deferred Inflows of Resources |
| | | | | <u>FUND BALANCES</u> |
| -- | 380 | 7,258 | -- | Nonspendable |
| 22,542 | 84,653 | 107,718 | 65,926 | Restricted |
| -- | 34,343 | 12,673 | -- | Assigned |
| <u>22,542</u> | <u>119,376</u> | <u>127,649</u> | <u>65,926</u> | Total Fund Balances |
| | | | | Total Liabilities, Deferred Inflows of Resources, and Fund Balances |
| <u>\$ 25,458</u> | <u>\$ 165,518</u> | <u>\$ 142,699</u> | <u>\$ 67,442</u> | |

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

| | Special Revenue | | | |
|--|------------------|------------------------|-------------------------|-------------------|
| | Housing Asset | OC Public Libraries | Health Care Programs | Roads |
| <u>ASSETS</u> | | | | |
| Pooled Cash/Investments | \$ 4,710 | \$ 83,194 | \$ 99,700 | \$ 220,946 |
| Imprest Cash Funds | -- | -- | -- | -- |
| Restricted Cash and Investments with Trustee | -- | -- | -- | -- |
| Deposits In-Lieu of Cash | -- | -- | -- | -- |
| Receivables | | | | |
| Accounts | -- | 85 | -- | 140 |
| Taxes | -- | 601 | -- | -- |
| Interest/Dividends | 8 | 99 | 59 | 256 |
| Deposits | -- | -- | -- | 44 |
| Allowance for Uncollectible Receivables | -- | -- | -- | (98) |
| Due from Other Funds | -- | 176 | -- | 1,244 |
| Due from Other Governmental Agencies | -- | -- | 4,753 | 12,241 |
| Prepaid Costs | -- | 6,568 | -- | 4,212 |
| Notes Receivable, Net | 25,510 | -- | -- | -- |
| Total Assets | <u>\$ 30,228</u> | <u>\$ 90,723</u> | <u>\$ 104,512</u> | <u>\$ 238,985</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 7 | \$ 1,790 | \$ -- | \$ 5,899 |
| Retainage Payable | -- | 207 | -- | 317 |
| Salaries and Employee Benefits Payable | -- | 1,005 | -- | 678 |
| Interest Payable | -- | -- | -- | -- |
| Deposits from Others | 13 | 412 | -- | 50,522 |
| Due to Other Funds | 95 | 949 | 12,350 | 2,951 |
| Due to Other Governmental Agencies | -- | -- | 25,981 | 60 |
| Unearned Revenue | -- | 26 | 18,519 | 22,869 |
| Advances from Other Funds | -- | -- | -- | -- |
| Total Liabilities | <u>115</u> | <u>4,389</u> | <u>56,850</u> | <u>83,296</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable Revenue-Intergovernmental Revenues | -- | -- | 113 | 4,086 |
| Unavailable Revenue-Property Taxes | -- | 296 | -- | -- |
| Total Deferred Inflows of Resources | <u>--</u> | <u>296</u> | <u>113</u> | <u>4,086</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | -- | 6,568 | -- | 4,212 |
| Restricted | 30,113 | 79,470 | 33,961 | 147,391 |
| Assigned | -- | -- | 13,588 | -- |
| Total Fund Balances | <u>30,113</u> | <u>86,038</u> | <u>47,549</u> | <u>151,603</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 30,228</u> | <u>\$ 90,723</u> | <u>\$ 104,512</u> | <u>\$ 238,985</u> |

Supplemental Information
(Dollar Amounts in Thousands)

| Special Revenue | | Debt Service | | |
|---------------------------------------|------------------------------------|----------------------|-----------------------------|--|
| Orange County Housing Authority | Other Governmental Resources | Teeter Plan Notes | Pension Obligation Bonds | |
| | | | | <u>ASSETS</u> |
| \$ 8,803 | \$ 2,069 | \$ 68,881 | \$ 3 | Pooled Cash/Investments |
| -- | -- | -- | -- | Imprest Cash Funds |
| 12,851 | -- | 55 | 3,326 | Restricted Cash and Investments with Trustee |
| -- | -- | -- | -- | Deposits In-Lieu of Cash |
| 343 | -- | -- | -- | Receivables |
| -- | -- | 28,076 | -- | Accounts |
| 10 | 2 | 91 | -- | Taxes |
| -- | -- | -- | -- | Interest/Dividends |
| (221) | -- | -- | -- | Deposits |
| -- | -- | -- | -- | Allowance for Uncollectible Receivables |
| 1,288 | -- | 9,588 | -- | Due from Other Funds |
| 2,143 | -- | -- | -- | Due from Other Governmental Agencies |
| 1,275 | -- | -- | -- | Prepaid Costs |
| <u>\$ 26,492</u> | <u>\$ 2,071</u> | <u>\$ 106,691</u> | <u>\$ 3,329</u> | Notes Receivable, Net |
| | | | | Total Assets |
| | | | | <u>LIABILITIES</u> |
| \$ 617 | \$ -- | \$ 29 | \$ -- | Accounts Payable |
| -- | -- | -- | -- | Retainage Payable |
| 323 | -- | -- | -- | Salaries and Employee Benefits Payable |
| -- | -- | 55 | -- | Interest Payable |
| -- | -- | -- | -- | Deposits from Others |
| 2,382 | -- | 1 | -- | Due to Other Funds |
| 1 | -- | -- | -- | Due to Other Governmental Agencies |
| 3,324 | -- | -- | -- | Unearned Revenue |
| -- | -- | -- | -- | Advances from Other Funds |
| <u>6,647</u> | <u>--</u> | <u>85</u> | <u>--</u> | Total Liabilities |
| | | | | <u>DEFERRED INFLOWS OF RESOURCES</u> |
| -- | -- | -- | -- | Unavailable Revenue-Intergovernmental Revenues |
| -- | -- | -- | -- | Unavailable Revenue-Property Taxes |
| <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | Total Deferred Inflows of Resources |
| | | | | <u>FUND BALANCES</u> |
| 2,143 | -- | -- | -- | Nonspendable |
| 17,702 | 2,071 | 28,076 | 3,329 | Restricted |
| -- | -- | 78,530 | -- | Assigned |
| <u>19,845</u> | <u>2,071</u> | <u>106,606</u> | <u>3,329</u> | Total Fund Balances |
| | | | | Total Liabilities, Deferred Inflows of Resources, and Fund Balances |
| <u>\$ 26,492</u> | <u>\$ 2,071</u> | <u>\$ 106,691</u> | <u>\$ 3,329</u> | |

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

| | Debt Service | | Capital Projects |
|--|--|---|--------------------------------|
| | Capital Facilities Development Corporation | South OC Public Financing Authority | Criminal Justice Facilities |
| <u>ASSETS</u> | | | |
| Pooled Cash/Investments | \$ -- | \$ -- | \$ 39,663 |
| Imprest Cash Funds | -- | -- | -- |
| Restricted Cash and Investments with Trustee | 16,299 | -- | -- |
| Deposits In-Lieu of Cash | -- | -- | -- |
| Receivables | | | |
| Accounts | -- | -- | -- |
| Taxes | -- | -- | -- |
| Interest/Dividends | -- | -- | 54 |
| Deposits | -- | -- | -- |
| Allowance for Uncollectible Receivables | -- | -- | -- |
| Due from Other Funds | -- | -- | 22,316 |
| Due from Other Governmental Agencies | -- | -- | 16,199 |
| Prepaid Costs | -- | -- | -- |
| Notes Receivable, Net | -- | -- | -- |
| Total Assets | \$ 16,299 | \$ -- | \$ 78,232 |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ -- | \$ -- | \$ 13,594 |
| Retainage Payable | -- | -- | 1,031 |
| Salaries and Employee Benefits Payable | -- | -- | -- |
| Interest Payable | -- | -- | -- |
| Deposits from Others | -- | -- | -- |
| Due to Other Funds | -- | -- | 7 |
| Due to Other Governmental Agencies | -- | -- | -- |
| Unearned Revenue | -- | -- | -- |
| Advances from Other Funds | -- | -- | 55,000 |
| Total Liabilities | -- | -- | 69,632 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Unavailable Revenue-Intergovernmental Revenues | -- | -- | 4,830 |
| Unavailable Revenue-Property Taxes | -- | -- | -- |
| Total Deferred Inflows of Resources | -- | -- | 4,830 |
| <u>FUND BALANCES</u> | | | |
| Nonspendable | -- | -- | -- |
| Restricted | 16,299 | -- | 3,770 |
| Assigned | -- | -- | -- |
| Total Fund Balances | 16,299 | -- | 3,770 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 16,299 | \$ -- | \$ 78,232 |

Supplemental Information
(Dollar Amounts in Thousands)

| Capital Projects | | Permanent | | |
|--|--|-----------|----------------------------|--|
| Countywide Capital Projects Non-General Fund | Capital Facilities Development Corporation Construction | | Regional Park Endowment | |
| | | | | <u>ASSETS</u> |
| \$ 65,485 | \$ -- | | \$ 367 | Pooled Cash/Investments |
| -- | -- | | -- | Imprest Cash Funds |
| -- | 96,352 | | -- | Restricted Cash and Investments with Trustee |
| -- | -- | | -- | Deposits In-Lieu of Cash |
| -- | -- | | -- | Receivables |
| -- | -- | | -- | Accounts |
| -- | -- | | -- | Taxes |
| -- | -- | | 1 | Interest/Dividends |
| -- | -- | | -- | Deposits |
| -- | -- | | -- | Allowance for Uncollectible Receivables |
| 170,017 | -- | | -- | Due from Other Funds |
| -- | -- | | -- | Due from Other Governmental Agencies |
| -- | -- | | -- | Prepaid Costs |
| -- | -- | | -- | Notes Receivable, Net |
| \$ 235,502 | \$ 96,352 | | \$ 368 | Total Assets |
| | | | | <u>LIABILITIES</u> |
| \$ 832 | \$ 7,846 | | \$ -- | Accounts Payable |
| 115 | -- | | -- | Retainage Payable |
| -- | -- | | -- | Salaries and Employee Benefits Payable |
| -- | -- | | -- | Interest Payable |
| -- | -- | | -- | Deposits from Others |
| 5,694 | -- | | -- | Due to Other Funds |
| -- | -- | | -- | Due to Other Governmental Agencies |
| -- | -- | | -- | Unearned Revenue |
| -- | -- | | -- | Advances from Other Funds |
| 6,641 | 7,846 | | -- | Total Liabilities |
| | | | | <u>DEFERRED INFLOWS OF RESOURCES</u> |
| -- | -- | | -- | Unavailable Revenue-Intergovernmental Revenues |
| -- | -- | | -- | Unavailable Revenue-Property Taxes |
| -- | -- | | -- | Total Deferred Inflows of Resources |
| | | | | <u>FUND BALANCES</u> |
| -- | -- | | 200 | Nonspendable |
| -- | 88,506 | | 168 | Restricted |
| 228,861 | -- | | -- | Assigned |
| 228,861 | 88,506 | | 368 | Total Fund Balances |
| | | | | Total Liabilities, Deferred Inflows of Resources, and Fund Balances |
| \$ 235,502 | \$ 96,352 | | \$ 368 | |

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

| | Total Nonmajor Governmental Funds | Special Revenue | | |
|---|--|-----------------------|---|--------------------------------------|
| | | Parking Facilities | Service Area, Lighting, Maintenance, & Assessment Districts | Other Environmental Management |
| Revenues | | | | |
| Taxes | \$ 168,164 | \$ -- | \$ 741 | \$ -- |
| Licenses, Permits, and Franchises | 1,039 | -- | -- | -- |
| Fines, Forfeitures, and Penalties | 17,681 | -- | -- | -- |
| Use of Money and Property | 32,156 | 8,841 | 23 | 881 |
| Intergovernmental | 473,044 | 603 | 21,286 | 3,610 |
| Charges for Services | 38,160 | 190 | 127 | 1,173 |
| Other | 39,439 | 8 | 539 | 1 |
| Total Revenues | 769,683 | 9,642 | 22,716 | 5,665 |
| Expenditures | | | | |
| Current | | | | |
| General Government | 29,997 | -- | 28,199 | 1,647 |
| Public Protection | 51 | -- | -- | 40 |
| Public Ways and Facilities | 90,400 | 13,390 | 651 | 4,698 |
| Health and Sanitation | 706 | -- | -- | -- |
| Public Assistance | 253,946 | -- | -- | -- |
| Education | 53,372 | -- | -- | -- |
| Recreation and Cultural Services | 125,363 | -- | -- | -- |
| Capital Outlay | 234,385 | 957 | 226 | 2,222 |
| Debt Service | | | | |
| Principal Retirement | 55,300 | -- | -- | -- |
| Interest | 33,132 | -- | -- | -- |
| Total Expenditures | 876,652 | 14,347 | 29,076 | 8,607 |
| Excess (Deficit) of Revenues Over Expenditures | (106,969) | (4,705) | (6,360) | (2,942) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 273,654 | -- | 100 | 355 |
| Transfers Out | (94,765) | (73) | -- | (940) |
| Debt Issued | 50,725 | -- | -- | -- |
| Total Other Financing Sources (Uses) | 229,614 | (73) | 100 | (585) |
| Net Change in Fund Balances | 122,645 | (4,778) | (6,260) | (3,527) |
| Fund Balances-Beginning of Year | 1,026,670 | 8,983 | 20,841 | 13,605 |
| Fund Balances-End of Year | <u>\$ 1,149,315</u> | <u>\$ 4,205</u> | <u>\$ 14,581</u> | <u>\$ 10,078</u> |

| Special Revenue | | | |
|-----------------------|------------------------------------|-------------------|----------------------------|
| Tobacco Settlement | Community & Welfare Services | OC Parks | OC Dana Point Harbor |
| \$ -- | \$ -- | \$ 103,479 | \$ -- |
| -- | 877 | 154 | -- |
| -- | -- | 93 | 1 |
| 168 | 731 | 12,752 | 2,467 |
| -- | 48,421 | 2,021 | -- |
| -- | 2,898 | 14,304 | 57 |
| 33,419 | 3,338 | 1,107 | 6 |
| <u>33,587</u> | <u>56,265</u> | <u>133,910</u> | <u>2,531</u> |
| 11 | -- | -- | -- |
| -- | 11 | -- | -- |
| -- | -- | -- | -- |
| -- | -- | -- | -- |
| -- | 40,754 | -- | -- |
| -- | -- | -- | -- |
| -- | -- | 118,512 | 6,851 |
| -- | -- | 10,673 | -- |
| -- | -- | -- | -- |
| -- | -- | -- | -- |
| <u>11</u> | <u>40,765</u> | <u>129,185</u> | <u>6,851</u> |
| 33,576 | 15,500 | 4,725 | (4,320) |
| 11 | 16,474 | -- | -- |
| (28,654) | (16,189) | (1,075) | (1) |
| -- | -- | -- | -- |
| <u>(28,643)</u> | <u>285</u> | <u>(1,075)</u> | <u>(1)</u> |
| 4,933 | 15,785 | 3,650 | (4,321) |
| 17,609 | 103,591 | 123,999 | 70,247 |
| <u>\$ 22,542</u> | <u>\$ 119,376</u> | <u>\$ 127,649</u> | <u>\$ 65,926</u> |

| |
|--------------------------------------|
| Revenues |
| Taxes |
| Licenses, Permits, and Franchises |
| Fines, Forfeitures, and Penalties |
| Use of Money and Property |
| Intergovernmental |
| Charges for Services |
| Other |
| Total Revenues |
| Expenditures |
| Current |
| General Government |
| Public Protection |
| Public Ways and Facilities |
| Health and Sanitation |
| Public Assistance |
| Education |
| Recreation and Cultural Services |
| Capital Outlay |
| Debt Service |
| Principal Retirement |
| Interest |
| Total Expenditures |
| Excess (Deficit) of Revenues |
| Over Expenditures |
| Other Financing Sources (Uses) |
| Transfers In |
| Transfers Out |
| Debt Issued |
| Total Other Financing Sources (Uses) |
| Net Change in Fund Balances |
| Fund Balances-Beginning of Year |
| Fund Balances-End of Year |

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

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

| | Special Revenue | | | |
|---|------------------|------------------------|-------------------------|-------------------|
| | Housing Asset | OC Public Libraries | Health Care Programs | Roads |
| Revenues | | | | |
| Taxes | \$ -- | \$ 63,944 | \$ -- | \$ -- |
| Licenses, Permits, and Franchises | -- | -- | -- | 8 |
| Fines, Forfeitures, and Penalties | -- | 14 | 6,511 | 2 |
| Use of Money and Property | 259 | 214 | 344 | 415 |
| Intergovernmental | -- | 444 | 13,237 | 106,673 |
| Charges for Services | -- | 417 | 917 | 17,942 |
| Other | -- | 274 | -- | 722 |
| Total Revenues | 259 | 65,307 | 21,009 | 125,762 |
| Expenditures | | | | |
| Current | | | | |
| General Government | -- | -- | -- | -- |
| Public Protection | -- | -- | -- | -- |
| Public Ways and Facilities | -- | -- | -- | 71,661 |
| Health and Sanitation | -- | -- | 706 | -- |
| Public Assistance | 796 | -- | -- | -- |
| Education | -- | 53,372 | -- | -- |
| Recreation and Cultural Services | -- | -- | -- | -- |
| Capital Outlay | -- | 6,916 | -- | 15,527 |
| Debt Service | | | | |
| Principal Retirement | -- | 10 | -- | -- |
| Interest | -- | -- | -- | -- |
| Total Expenditures | 796 | 60,298 | 706 | 87,188 |
| Excess (Deficit) of Revenues Over Expenditures | (537) | 5,009 | 20,303 | 38,574 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | -- | 180 | 3,178 | -- |
| Transfers Out | -- | (241) | (23,995) | (1,681) |
| Debt Issued | -- | -- | -- | -- |
| Total Other Financing Sources (Uses) | -- | (61) | (20,817) | (1,681) |
| Net Change in Fund Balances | (537) | 4,948 | (514) | 36,893 |
| Fund Balances-Beginning of Year | 30,650 | 81,090 | 48,063 | 114,710 |
| Fund Balances-End of Year | \$ 30,113 | \$ 86,038 | \$ 47,549 | \$ 151,603 |

Supplemental Information
(Dollar Amounts in Thousands)

| Special Revenue | | Debt Service | | |
|---------------------------------------|------------------------------------|----------------------|--------------------------------|--------------------------------------|
| Orange County Housing Authority | Other Governmental Resources | Teeter Plan Notes | Pension Obligation Bonds | |
| \$ -- | \$ -- | \$ -- | \$ -- | Revenues |
| -- | -- | -- | -- | Taxes |
| -- | -- | 10,269 | -- | Licenses, Permits, and Franchises |
| 101 | 10 | 345 | 82 | Fines, Forfeitures, and Penalties |
| 216,944 | -- | -- | -- | Use of Money and Property |
| 3 | 132 | -- | -- | Intergovernmental |
| 25 | -- | -- | -- | Charges for Services |
| <u>217,073</u> | <u>142</u> | <u>10,614</u> | <u>82</u> | Other |
| | | | | Total Revenues |
| | | | | Expenditures |
| | | | | Current |
| -- | 1 | 137 | 2 | General Government |
| -- | -- | -- | -- | Public Protection |
| -- | -- | -- | -- | Public Ways and Facilities |
| -- | -- | -- | -- | Health and Sanitation |
| 212,396 | -- | -- | -- | Public Assistance |
| -- | -- | -- | -- | Education |
| -- | -- | -- | -- | Recreation and Cultural Services |
| -- | -- | -- | -- | Capital Outlay |
| -- | -- | 47,980 | 2,451 | Debt Service |
| -- | -- | 1,189 | 13,049 | Principal Retirement |
| <u>212,396</u> | <u>1</u> | <u>49,306</u> | <u>15,502</u> | Interest |
| 4,677 | 141 | (38,692) | (15,420) | Total Expenditures |
| | | | | Excess (Deficit) of Revenues |
| | | | | Over Expenditures |
| -- | 1 | -- | -- | Other Financing Sources (Uses) |
| (45) | (9) | -- | -- | Transfers In |
| -- | -- | 50,725 | -- | Transfers Out |
| <u>(45)</u> | <u>(8)</u> | <u>50,725</u> | <u>--</u> | Debt Issued |
| | | | | Total Other Financing Sources (Uses) |
| 4,632 | 133 | 12,033 | (15,420) | Net Change in Fund Balances |
| 15,213 | 1,938 | 94,573 | 18,749 | Fund Balances-Beginning of Year |
| <u>\$ 19,845</u> | <u>\$ 2,071</u> | <u>\$ 106,606</u> | <u>\$ 3,329</u> | Fund Balances-End of Year |

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

| | Debt Service | | Capital Projects |
|---|--|---|--------------------------------|
| | Capital Facilities Development Corporation | South OC Public Financing Authority | Criminal Justice Facilities |
| Revenues | | | |
| Taxes | \$ -- | \$ -- | \$ -- |
| Licenses, Permits, and Franchises | -- | -- | -- |
| Fines, Forfeitures, and Penalties | -- | -- | 791 |
| Use of Money and Property | 67 | -- | 209 |
| Intergovernmental | -- | -- | 55,582 |
| Charges for Services | -- | -- | -- |
| Other | -- | -- | -- |
| Total Revenues | 67 | -- | 56,582 |
| Expenditures | | | |
| Current | | | |
| General Government | -- | -- | -- |
| Public Protection | -- | -- | -- |
| Public Ways and Facilities | -- | -- | -- |
| Health and Sanitation | -- | -- | -- |
| Public Assistance | -- | -- | -- |
| Education | -- | -- | -- |
| Recreation and Cultural Services | -- | -- | -- |
| Capital Outlay | -- | -- | 99,239 |
| Debt Service | | | |
| Principal Retirement | 2,805 | 2,054 | -- |
| Interest | 16,461 | 2,433 | -- |
| Total Expenditures | 19,266 | 4,487 | 99,239 |
| Excess (Deficit) of Revenues Over Expenditures | (19,199) | (4,487) | (42,657) |
| Other Financing Sources (Uses) | | | |
| Transfers In | 10,735 | 4,338 | 39,838 |
| Transfers Out | -- | -- | (247) |
| Debt Issued | -- | -- | -- |
| Total Other Financing Sources (Uses) | 10,735 | 4,338 | 39,591 |
| Net Change in Fund Balances | (8,464) | (149) | (3,066) |
| Fund Balances-Beginning of Year | 24,763 | 149 | 6,836 |
| Fund Balances-End of Year | \$ 16,299 | \$ -- | \$ 3,770 |

| Capital Projects | | Permanent | | |
|---|--|----------------------------|--|---|
| Countywide Capital Projects Non- General Fund | Capital Facilities Development Corporation Construction | Regional Park Endowment | | |
| \$ -- | \$ -- | \$ -- | | Revenues |
| -- | -- | -- | | Taxes |
| -- | -- | -- | | Licenses, Permits, and Franchises |
| 464 | 3,782 | 1 | | Fines, Forfeitures, and Penalties |
| 4,223 | -- | -- | | Use of Money and Property |
| -- | -- | -- | | Intergovernmental |
| -- | -- | -- | | Charges for Services |
| -- | -- | -- | | Other |
| <u>4,687</u> | <u>3,782</u> | <u>1</u> | | Total Revenues |
| | | | | Expenditures |
| | | | | Current |
| -- | -- | -- | | General Government |
| -- | -- | -- | | Public Protection |
| -- | -- | -- | | Public Ways and Facilities |
| -- | -- | -- | | Health and Sanitation |
| -- | -- | -- | | Public Assistance |
| -- | -- | -- | | Education |
| -- | -- | -- | | Recreation and Cultural Services |
| 32,530 | 66,095 | -- | | Capital Outlay |
| | | | | Debt Service |
| -- | -- | -- | | Principal Retirement |
| -- | -- | -- | | Interest |
| <u>32,530</u> | <u>66,095</u> | <u>--</u> | | Total Expenditures |
| (27,843) | (62,313) | 1 | | Excess (Deficit) of Revenues Over Expenditures |
| | | | | Other Financing Sources (Uses) |
| 198,444 | -- | -- | | Transfers In |
| (17,175) | (4,440) | -- | | Transfers Out |
| -- | -- | -- | | Debt Issued |
| <u>181,269</u> | <u>(4,440)</u> | <u>--</u> | | Total Other Financing Sources (Uses) |
| 153,426 | (66,753) | 1 | | Net Change in Fund Balances |
| 75,435 | 155,259 | 367 | | Fund Balances-Beginning of Year |
| <u>\$ 228,861</u> | <u>\$ 88,506</u> | <u>\$ 368</u> | | Fund Balances-End of Year |

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

**BUDGETARY COMPARISON SCHEDULES
 NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE**

| | * Original Budget | * Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|--|-------------------|-----------------|------------------------------|------------------------------------|
| <u>Parking Facilities</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Use of Money and Property | \$ 5,649 | \$ 5,649 | \$ 4,930 | \$ (719) |
| Intergovernmental | -- | -- | 3 | 3 |
| Charges for Services | -- | -- | 190 | 190 |
| Other | -- | -- | 1 | 1 |
| Total Revenues and Other Financing Sources | <u>5,649</u> | <u>5,649</u> | <u>5,124</u> | <u>(525)</u> |
| Expenditures and Other Financing Uses | | | | |
| Public Ways and Facilities: | | | | |
| Parking Facilities | 6,788 | 6,867 | 5,454 | 1,413 |
| Total Expenditures and Other Financing Uses | <u>6,788</u> | <u>6,867</u> | <u>5,454</u> | <u>1,413</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (1,139) | (1,218) | (330) | <u>\$ 888</u> |
| Fund Balances-Beginning of Year | 1,597 | 1,597 | 1,597 | |
| Fund Balances-End of Year | <u>\$ 458</u> | <u>\$ 379</u> | <u>\$ 1,267</u> | |
| <u>Service Area, Lighting, Maintenance, and Assessment Districts</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Taxes | \$ 728 | \$ 728 | \$ 742 | \$ 14 |
| Use of Money and Property | 988 | 988 | 54 | (934) |
| Intergovernmental | 3 | 3 | 3 | -- |
| Charges for Services | 29 | 29 | 127 | 98 |
| Other | 850 | 850 | 539 | (311) |
| Transfers In | 100 | 22,700 | 21,382 | (1,318) |
| Total Revenues and Other Financing Sources | <u>2,698</u> | <u>25,298</u> | <u>22,847</u> | <u>(2,451)</u> |
| Expenditures and Other Financing Uses | | | | |
| General Government: | | | | |
| Special Assessment-Top of the World Improvement | 45 | 43 | 22 | 21 |
| CFD 2016-1 RMV (Village of Esencia) Construction | 76 | 6 | 5 | 1 |
| CFD 2017-1 RMV (Village of Esencia) Construction | 19,505 | 17,085 | 6,888 | 10,197 |
| CFD 2017-1 RMV (Village of Esencia) IA No. 2 Construction | -- | 22,600 | 21,284 | 1,316 |
| Public Ways and Facilities: | | | | |
| North Tustin Landscaping and Lighting Assessment District | 4,143 | 4,143 | 756 | 3,387 |
| County Service Area No. 13-La Mirada | 21 | 21 | 7 | 14 |
| County Service Area No. 22-East Yorba Linda | 155 | 155 | 114 | 41 |
| Total Expenditures and Other Financing Uses | <u>23,945</u> | <u>44,053</u> | <u>29,076</u> | <u>14,977</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (21,247) | (18,755) | (6,229) | <u>\$ 12,526</u> |
| Fund Balances-Beginning of Year | 20,797 | 20,797 | 20,797 | |
| Fund Balances-End of Year | <u>\$ (450)</u> | <u>\$ 2,042</u> | <u>\$ 14,568</u> | |
| <u>Other Environmental Management</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Use of Money and Property | \$ 612 | \$ 962 | \$ 977 | \$ 15 |
| Intergovernmental | 3,420 | 3,420 | 5,575 | 2,155 |
| Charges for Services | 175 | 175 | 1,173 | 998 |
| Other | -- | -- | 1 | 1 |
| Transfers In | 360 | 360 | 355 | (5) |
| Total Revenues and Other Financing Sources | <u>4,567</u> | <u>4,917</u> | <u>8,081</u> | <u>3,164</u> |
| Expenditures and Other Financing Uses | | | | |
| General Government: | | | | |
| Real Estate Development Program | 1,765 | 4,155 | 2,552 | 1,603 |
| Air Quality Improvement | 339 | 339 | 165 | 174 |
| Public Protection: | | | | |
| Survey Monument Preservation | 137 | 137 | 40 | 97 |
| Public Ways and Facilities: | | | | |
| El Toro Improvement Fund | 7,072 | 7,072 | 6,790 | 282 |
| Total Expenditures and Other Financing Uses | <u>9,313</u> | <u>11,703</u> | <u>9,547</u> | <u>2,156</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (4,746) | (6,786) | (1,466) | <u>\$ 5,320</u> |
| Fund Balances-Beginning of Year | 13,481 | 13,481 | 13,481 | |
| Fund Balances-End of Year | <u>\$ 8,735</u> | <u>\$ 6,695</u> | <u>\$ 12,015</u> | |

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

Supplemental Information
(Dollar Amounts in Thousands)

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE (Continued)**

| | * Original Budget | * Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|---|-------------------|------------------|------------------------------|------------------------------------|
| <u>Tobacco Settlement</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Other | \$ 26,849 | \$ 28,163 | \$ 33,419 | \$ 5,256 |
| Total Revenues and Other Financing Sources | <u>26,849</u> | <u>28,163</u> | <u>33,419</u> | <u>5,256</u> |
| Expenditures and Other Financing Uses | | | | |
| General Government: | | | | |
| Orange County Tobacco Settlement Fund | 39,659 | 45,759 | 28,490 | 17,269 |
| Total Expenditures and Other Financing Uses | <u>39,659</u> | <u>45,759</u> | <u>28,490</u> | <u>17,269</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (12,810) | (17,596) | 4,929 | <u>\$ 22,525</u> |
| Fund Balances-Beginning of Year | 17,596 | 17,596 | 17,596 | |
| Fund Balances-End of Year | <u>\$ 4,786</u> | <u>\$ --</u> | <u>\$ 22,525</u> | |
| <u>Community and Welfare Services</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Licenses, Permits, and Franchises | \$ 745 | \$ 745 | \$ 878 | \$ 133 |
| Use of Money and Property | 1,681 | 1,379 | 1,256 | (123) |
| Intergovernmental | 37,764 | 65,250 | 47,865 | (17,385) |
| Charges for Services | 3,462 | 3,462 | 2,896 | (566) |
| Other | 233 | 3,305 | 3,338 | 33 |
| Transfers In | 6,517 | 17,201 | 16,471 | (730) |
| Total Revenues and Other Financing Sources | <u>50,402</u> | <u>91,342</u> | <u>72,704</u> | <u>(18,638)</u> |
| Expenditures and Other Financing Uses | | | | |
| Public Protection: | | | | |
| OC Animal Care Center Donations | 160 | 160 | 3 | 157 |
| OC Animal Shelter Construction Fund | 4,767 | 4,767 | 4,542 | 225 |
| Public Assistance: | | | | |
| MHSA Housing Fund | 5,524 | 5,860 | 52 | 5,808 |
| Dispute Resolution Program | 1,011 | 958 | 650 | 308 |
| Domestic Violence Program | 1,056 | 949 | 718 | 231 |
| Facilities Development and Maintenance | 3,192 | 3,192 | 361 | 2,831 |
| Workforce Innovation and Opportunity Act | 14,497 | 14,308 | 8,138 | 6,170 |
| County Executive Office-Single Family Housing | 1,015 | 1,015 | 3 | 1,012 |
| OC Housing | 19,166 | 50,829 | 32,945 | 17,884 |
| Strategic Priority Affordable Housing | 332 | 332 | 41 | 291 |
| In-Home Support Services Public Authority | 2,641 | 2,641 | 1,737 | 904 |
| SSA Donations and Fees | 1,382 | 1,382 | 1,209 | 173 |
| SSA Wraparound | 29,611 | 38,823 | 8,550 | 30,273 |
| CalHome Program Reuse Fund | 1,145 | 1,161 | 1 | 1,160 |
| Santa Ana Regional Center Lease Conveyance | 2,121 | 2,121 | 2,115 | 6 |
| Total Expenditures and Other Financing Uses | <u>87,620</u> | <u>128,498</u> | <u>61,065</u> | <u>67,433</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (37,218) | (37,156) | 11,639 | <u>\$ 48,795</u> |
| Fund Balances-Beginning of Year | 107,680 | 107,680 | 107,680 | |
| Fund Balances-End of Year | <u>\$ 70,462</u> | <u>\$ 70,524</u> | <u>\$ 119,319</u> | |
| <u>OC Parks</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Taxes | \$ 98,202 | \$ 98,202 | \$ 103,374 | \$ 5,172 |
| Licenses, Permits, and Franchises | 247 | 247 | 154 | (93) |
| Fines, Forfeitures, and Penalties | 52 | 52 | 93 | 41 |
| Use of Money and Property | 12,861 | 12,861 | 13,547 | 686 |
| Intergovernmental | 7,975 | 7,975 | 2,059 | (5,916) |
| Charges for Services | 14,311 | 14,311 | 14,315 | 4 |
| Other | 980 | 980 | 1,108 | 128 |
| Transfers In | 38,448 | 38,448 | 19,783 | (18,665) |
| Total Revenues and Other Financing Sources | <u>173,076</u> | <u>173,076</u> | <u>154,433</u> | <u>(18,643)</u> |
| Expenditures and Other Financing Uses | | | | |
| Recreation and Cultural Services: | | | | |
| County Tideland-Newport Bay | 7,590 | 7,590 | 5,820 | 1,770 |
| OC Parks | 172,836 | 172,836 | 128,984 | 43,852 |
| OC Parks Capital | 51,399 | 51,399 | 12,980 | 38,419 |
| Total Expenditures and Other Financing Uses | <u>231,825</u> | <u>231,825</u> | <u>147,784</u> | <u>84,041</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (58,749) | (58,749) | 6,649 | <u>\$ 65,398</u> |
| Fund Balances-Beginning of Year | 122,778 | 122,778 | 122,778 | |
| Fund Balances-End of Year | <u>\$ 64,029</u> | <u>\$ 64,029</u> | <u>\$ 129,427</u> | |

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

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

| | * Original Budget | * Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|---|-------------------|----------------|------------------------------|------------------------------------|
| OC Dana Point Harbor | | | | |
| Revenues and Other Financing Sources | | | | |
| Fines, Forfeitures and Penalties | \$ 3 | \$ 3 | \$ 1 | \$ (2) |
| Use of Money and Property | 4,000 | 4,000 | 2,930 | (1,070) |
| Charges for Services | -- | -- | 58 | 58 |
| Other | -- | -- | 6 | 6 |
| Total Revenues and Other Financing Sources | 4,003 | 4,003 | 2,995 | (1,008) |
| Expenditures and Other Financing Uses | | | | |
| Recreation and Cultural Services: | | | | |
| OC Dana Point Harbor | 22,588 | 22,588 | 6,853 | 15,735 |
| Total Expenditures and Other Financing Uses | 22,588 | 22,588 | 6,853 | 15,735 |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (18,585) | (18,585) | (3,858) | \$ 14,727 |
| Fund Balances-Beginning of Year | 69,640 | 69,640 | 69,640 | |
| Fund Balances-End of Year | \$ 51,055 | \$ 51,055 | \$ 65,782 | |
| Housing Asset | | | | |
| Revenues and Other Financing Sources | | | | |
| Use of Money and Property | \$ 258 | \$ 258 | \$ 345 | \$ 87 |
| Other | -- | -- | (139) | (139) |
| Total Revenues and Other Financing Sources | 258 | 258 | 206 | (52) |
| Expenditures and Other Financing Uses | | | | |
| Public Assistance: | | | | |
| Orange County Development Agency Housing Asset | 11,518 | 11,518 | 658 | 10,860 |
| Total Expenditures and Other Financing Uses | 11,518 | 11,518 | 658 | 10,860 |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (11,260) | (11,260) | (452) | \$ 10,808 |
| Fund Balances-Beginning of Year | 30,555 | 30,555 | 30,555 | |
| Fund Balances-End of Year | \$ 19,295 | \$ 19,295 | \$ 30,103 | |
| OC Public Libraries | | | | |
| Revenues and Other Financing Sources | | | | |
| Taxes | \$ 59,934 | \$ 59,934 | \$ 63,849 | \$ 3,915 |
| Fines, Forfeitures, and Penalties | 12 | 12 | 14 | 2 |
| Use of Money and Property | 1,191 | 1,191 | 688 | (503) |
| Intergovernmental | 4,352 | 4,352 | 451 | (3,901) |
| Charges for Services | 818 | 818 | 417 | (401) |
| Other | 1,067 | 888 | 275 | (613) |
| Transfers In | 4,092 | 4,824 | 4,824 | -- |
| Total Revenues and Other Financing Sources | 71,466 | 72,019 | 70,518 | (1,501) |
| Expenditures and Other Financing Uses | | | | |
| Education: | | | | |
| OC Public Libraries-Capital | 5,332 | 13,145 | 6,494 | 6,651 |
| OC Public Libraries | 77,212 | 77,765 | 58,452 | 19,313 |
| Total Expenditures and Other Financing Uses | 82,544 | 90,910 | 64,946 | 25,964 |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (11,078) | (18,891) | 5,572 | \$ 24,463 |
| Fund Balances-Beginning of Year | 79,870 | 79,870 | 79,870 | |
| Fund Balances-End of Year | \$ 68,792 | \$ 60,979 | \$ 85,442 | |

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

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

| | * Original Budget | * Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|---|-------------------|-------------------|------------------------------|------------------------------------|
| Health Care Programs | | | | |
| Revenues and Other Financing Sources | | | | |
| Fines, Forfeitures, and Penalties | \$ 7,772 | \$ 7,772 | \$ 6,509 | \$ (1,263) |
| Use of Money and Property | 447 | 447 | 128 | (319) |
| Intergovernmental | 9,292 | 13,949 | 12,504 | (1,445) |
| Charges for Services | 1,125 | 1,125 | 917 | (208) |
| Other | 313 | 313 | -- | (313) |
| Transfers In | 710 | 3,830 | 3,157 | (673) |
| Total Revenues and Other Financing Sources | <u>19,659</u> | <u>27,436</u> | <u>23,215</u> | <u>(4,221)</u> |
| Expenditures and Other Financing Uses | | | | |
| Health and Sanitation: | | | | |
| Medi-Cal Administrative Activities Targeted Case Management | 1,079 | 1,079 | 761 | 318 |
| Emergency Medical Services | 7,725 | 7,725 | 6,164 | 1,561 |
| HCA Purpose Restricted Revenues | 10,719 | 10,719 | 3,308 | 7,411 |
| HCA Interest Bearing Purpose Restricted Revenues | 4,904 | 15,124 | 11,289 | 3,835 |
| HCA Realignment | 1,000 | 1,000 | -- | 1,000 |
| Bioterrorism Center for Disease Control | 3,654 | 4,412 | 2,899 | 1,513 |
| Total Expenditures and Other Financing Uses | <u>29,081</u> | <u>40,059</u> | <u>24,421</u> | <u>15,638</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (9,422) | (12,623) | (1,206) | <u>\$ 11,417</u> |
| Fund Balances-Beginning of Year | 48,420 | 48,420 | 48,420 | |
| Fund Balances-End of Year | <u>\$ 38,998</u> | <u>\$ 35,797</u> | <u>\$ 47,214</u> | |
| Roads | | | | |
| Revenues and Other Financing Sources | | | | |
| Licenses, Permits, and Franchises | \$ -- | \$ -- | \$ 4 | \$ 4 |
| Fines, Forfeitures, and Penalties | 4 | 4 | 2 | (2) |
| Use of Money and Property | 1,850 | 1,850 | 1,429 | (421) |
| Intergovernmental | 104,319 | 104,319 | 104,627 | 308 |
| Charges for Services | 19,272 | 19,272 | 18,011 | (1,261) |
| Other | 54,611 | 51,146 | 699 | (50,447) |
| Transfers In | 6,680 | 6,680 | 6,680 | -- |
| Total Revenues and Other Financing Sources | <u>186,736</u> | <u>183,271</u> | <u>131,452</u> | <u>(51,819)</u> |
| Expenditures and Other Financing Uses | | | | |
| Public Ways and Facilities: | | | | |
| OC Road | 90,278 | 90,286 | 60,054 | 30,232 |
| Foothill Circulation Phasing Plan | 248 | 248 | 83 | 165 |
| South County Roadway Improve Prog (SCRIP) | 10,300 | 10,300 | 866 | 9,434 |
| OC Road-Capital Improvement Projects | 76,308 | 76,308 | 32,950 | 43,358 |
| Total Expenditures and Other Financing Uses | <u>177,134</u> | <u>177,142</u> | <u>93,953</u> | <u>83,189</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 9,602 | 6,129 | 37,499 | <u>\$ 31,370</u> |
| Fund Balances-Beginning of Year | 119,132 | 119,132 | 119,132 | |
| Fund Balances-End of Year | <u>\$ 128,734</u> | <u>\$ 125,261</u> | <u>\$ 156,631</u> | |

County of Orange
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 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

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

| | * Original Budget | * Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|--|-------------------|-----------------|------------------------------|------------------------------------|
| Orange County Housing Authority | | | | |
| Revenues and Other Financing Sources | | | | |
| Use of Money and Property | \$ 175 | \$ 175 | \$ 156 | \$ (19) |
| Intergovernmental | 233,138 | 233,138 | 216,937 | (16,201) |
| Charges for Services | -- | -- | 3 | 3 |
| Other | 300 | 300 | 56 | (244) |
| Total Revenues and Other Financing Sources | <u>233,613</u> | <u>233,613</u> | <u>217,152</u> | <u>(16,461)</u> |
| Expenditures and Other Financing Uses | | | | |
| Public Assistance: | | | | |
| Orange County Housing Authority-Operating Reserve | 3,770 | 4,149 | 253 | 3,896 |
| Orange County Housing Authority | 237,622 | 239,933 | 212,188 | 27,745 |
| Total Expenditures and Other Financing Uses | <u>241,392</u> | <u>244,082</u> | <u>212,441</u> | <u>31,641</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (7,779) | (10,469) | 4,711 | <u>\$ 15,180</u> |
| Fund Balances-Beginning of Year | 15,226 | 15,226 | 15,226 | |
| Fund Balances-End of Year | <u>\$ 7,447</u> | <u>\$ 4,757</u> | <u>\$ 19,937</u> | |
| Other Governmental Resources | | | | |
| Revenues and Other Financing Sources | | | | |
| Use of Money and Property | \$ 20 | \$ 20 | \$ 9 | \$ (11) |
| Charges for Services | 200 | 200 | 132 | (68) |
| Total Revenues and Other Financing Sources | <u>220</u> | <u>220</u> | <u>141</u> | <u>(79)</u> |
| Expenditures and Other Financing Uses | | | | |
| General Government: | | | | |
| Remittance Processing Equipment Replacement | 301 | 301 | 1 | 300 |
| Assessor Property Characteristic | 200 | 200 | -- | 200 |
| Total Expenditures and Other Financing Uses | <u>501</u> | <u>501</u> | <u>1</u> | <u>500</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (281) | (281) | 140 | <u>\$ 421</u> |
| Fund Balances-Beginning of Year | 1,929 | 1,929 | 1,929 | |
| Fund Balances-End of Year | <u>\$ 1,648</u> | <u>\$ 1,648</u> | <u>\$ 2,069</u> | |

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

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS-DEBT SERVICE**

| | * Original Budget | * Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|--|-------------------|----------------|------------------------------|------------------------------------|
| <u>Teeter Plan Notes</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Fines, Forfeitures, and Penalties | \$ 7,400 | \$ 7,400 | \$ 9,455 | \$ 2,055 |
| Use of Money and Property | 1,200 | 1,200 | 793 | (407) |
| Bond Issuance Proceeds | 41,000 | 41,000 | 50,725 | 9,725 |
| Total Revenues and Other Financing Sources | 49,600 | 49,600 | 60,973 | 11,373 |
| Expenditures and Other Financing Uses | | | | |
| General Government: | | | | |
| Teeter Series A Debt Service | 67,752 | 67,752 | 49,307 | 18,445 |
| Total Expenditures and Other Financing Uses | 67,752 | 67,752 | 49,307 | 18,445 |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (18,152) | (18,152) | 11,666 | \$ 29,818 |
| Fund Balances-Beginning of Year | 90,166 | 90,166 | 90,166 | |
| Fund Balances-End of Year | \$ 72,014 | \$ 72,014 | \$ 101,832 | |
| <u>Pension Obligation Bonds</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Use of Money and Property | \$ 8,638 | \$ 8,638 | \$ 8,638 | \$ -- |
| Total Revenues and Other Financing Sources | 8,638 | 8,638 | 8,638 | -- |
| Expenditures and Other Financing Uses | | | | |
| General Government: | | | | |
| Pension Obligation Bonds Debt Service | 15,503 | 15,503 | 15,502 | 1 |
| Total Expenditures and Other Financing Uses | 15,503 | 15,503 | 15,502 | 1 |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (6,865) | (6,865) | (6,864) | \$ 1 |
| Fund Balances-Beginning of Year | 8,439 | 8,439 | 8,439 | |
| Fund Balances-End of Year | \$ 1,574 | \$ 1,574 | \$ 1,575 | |

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

County of Orange
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**BUDGETARY COMPARISON SCHEDULES
 NONMAJOR GOVERNMENTAL FUNDS-CAPITAL PROJECTS**

| | * Original Budget | * Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|---|-------------------|-------------------|------------------------------|------------------------------------|
| <u>Criminal Justice Facilities</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Fines, Forfeitures, and Penalties | \$ 1,000 | \$ 1,000 | \$ 791 | \$ (209) |
| Use of Money and Property | 200 | 200 | 279 | 79 |
| Intergovernmental | 110,899 | 111,490 | 60,378 | (51,112) |
| Transfers In | 67,002 | 92,125 | 79,838 | (12,287) |
| Total Revenues and Other Financing Sources | <u>179,101</u> | <u>204,815</u> | <u>141,286</u> | <u>(63,529)</u> |
| Expenditures and Other Financing Uses | | | | |
| Public Protection: | | | | |
| Criminal Justice Facilities Accumulated Capital Outlay | 27,549 | 30,250 | 12,660 | 17,590 |
| Sheriff-Coroner Construction and Facility Development | 180,714 | 212,517 | 100,078 | 112,439 |
| Total Expenditures and Other Financing Uses | <u>208,263</u> | <u>242,767</u> | <u>112,738</u> | <u>130,029</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (29,162) | (37,952) | 28,548 | <u>\$ 66,500</u> |
| Fund Balances-Beginning of Year | 33,894 | 33,894 | 33,894 | |
| Fund Balances-End of Year | <u>\$ 4,732</u> | <u>\$ (4,058)</u> | <u>\$ 62,442</u> | |
| <u>Countywide Capital Projects Non-General Fund</u> | | | | |
| Revenues and Other Financing Sources | | | | |
| Intergovernmental | 2,500 | 3,500 | 4,223 | 723 |
| Charges for Services | 475 | 475 | 529 | 54 |
| Transfers In | 43,823 | 204,792 | 197,886 | (6,906) |
| Total Revenues and Other Financing Sources | <u>46,798</u> | <u>208,767</u> | <u>202,638</u> | <u>(6,129)</u> |
| Expenditures and Other Financing Uses | | | | |
| General Government: | | | | |
| Countywide Capital Projects Non-General | 83,984 | 232,172 | 42,854 | 189,318 |
| Countywide IT Projects Non-General | 12,225 | 33,749 | 6,118 | 27,631 |
| Total Expenditures and Other Financing Uses | <u>96,209</u> | <u>265,921</u> | <u>48,972</u> | <u>216,949</u> |
| Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (49,411) | (57,154) | 153,666 | <u>\$ 210,820</u> |
| Fund Balances-Beginning of Year | 75,429 | 75,429 | 75,429 | |
| Fund Balances-End of Year | <u>\$ 26,018</u> | <u>\$ 18,275</u> | <u>\$ 229,095</u> | |

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

**BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS-PERMANENT FUND**

| | * Original Budget | * Final Budget | Actual on Budgetary Basis | Variance Positive (Negative) |
|--|-------------------|----------------|------------------------------|------------------------------------|
| Regional Park Endowment | | | | |
| Revenues and Other Financing Sources | | | | |
| Use of Money and Property | \$ 7 | \$ 7 | \$ 3 | \$ (4) |
| Total Revenues and Other Financing Sources | 7 | 7 | 3 | (4) |
| Expenditures and Other Financing Uses | | | | |
| Recreation and Cultural Services: | | | | |
| Limestone Regional Park Mitigation Maintenance Endowment | 7 | 7 | -- | 7 |
| Total Expenditures and Other Financing Uses | 7 | 7 | -- | 7 |
| Excess (Deficit) of Revenues and Other Financing Sources | | | | |
| Over Expenditures and Other Financing Uses | -- | -- | 3 | \$ 3 |
| Fund Balances-Beginning of Year | 207 | 207 | 207 | |
| Fund Balances-End of Year | \$ 207 | \$ 207 | \$ 210 | |

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



INTERNAL SERVICE FUNDS

These Funds are used to account for the financing of goods or services provided by one County department or agency to other County departments or agencies, on a cost-reimbursement basis.

Health and Other Self-Insured Employee Benefits

These Funds are used to account for the County's self-funded health insurance programs, group salary continuance plan, group dental insurance programs, wellness program, and flexible spending accounts.

Insured Health Plans

This Fund is used to account for the fully insured health plans for the County employees and retirees.

Life Insurance

This Fund is used to account for the County's life insurance and accidental death and dismemberment insurance for employees.

Workers' Compensation

This Fund is used to account for the County's self-insured workers' compensation program.

Unemployment Insurance

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

Property and Casualty Risk

This Fund is used to account for the County's self-insured property and casualty risk program.

Transportation

This Fund is used to account for motor pool repair and maintenance, and for other transportation services, which are provided to departments and agencies on a cost-reimbursement basis.

Reprographics

This Fund is used to account for printing and graphic services, which are provided to departments and agencies on a cost-reimbursement basis.

Information and Technology

This Fund is used to account for applications development and support, voice and data services, and desktop support to departments and agencies on a cost-reimbursement basis.

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 | \$ 325,099 | \$ 26,863 | \$ 6,661 | \$ 85 | \$ 139,908 |
| Cash/Cash Equivalents | 5,804 | 404 | -- | -- | 5,400 |
| Imprest Cash Funds | 8 | -- | -- | -- | -- |
| Receivables | | | | | |
| Accounts | 104 | 5 | 20 | -- | -- |
| Interest/Dividends | 352 | 36 | -- | -- | 153 |
| Allowance for Uncollectible Receivables | (107) | -- | -- | -- | -- |
| Due from Other Funds | 3,970 | -- | -- | -- | 963 |
| Due from Other Governmental Agencies | 367 | 119 | -- | -- | -- |
| Inventory of Materials and Supplies | 235 | -- | -- | -- | -- |
| Prepaid Costs | 2,881 | -- | -- | -- | 357 |
| Total Current Assets | <u>338,713</u> | <u>27,427</u> | <u>6,681</u> | <u>85</u> | <u>146,781</u> |
| Noncurrent Assets | | | | | |
| Capital Assets | | | | | |
| Construction in Progress | 1,948 | -- | -- | -- | -- |
| Intangible Assets-Amortizable | 118 | -- | -- | -- | 118 |
| Accumulated Amortization | (86) | -- | -- | -- | (86) |
| Structures and Improvements | 18,623 | -- | -- | -- | -- |
| Accumulated Depreciation | (8,455) | -- | -- | -- | -- |
| Equipment | 171,531 | 59 | -- | -- | -- |
| Accumulated Depreciation | (112,907) | (16) | -- | -- | -- |
| Total Capital Assets | <u>70,772</u> | <u>43</u> | <u>--</u> | <u>--</u> | <u>32</u> |
| Total Assets | <u>409,485</u> | <u>27,470</u> | <u>6,681</u> | <u>85</u> | <u>146,813</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Outflows of Resources Related to Pension | 11,264 | -- | -- | -- | 2,364 |
| Deferred Outflows of Resources Related to OPEB | 310 | -- | -- | -- | 113 |
| Total Deferred Outflows of Resources | <u>11,574</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>2,477</u> |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 8,951 | 222 | -- | -- | 1,309 |
| Retainage Payable | 21 | 6 | -- | -- | -- |
| Salaries and Employee Benefits Payable | 875 | -- | -- | -- | 94 |
| Due to Other Funds | 3,644 | 5 | -- | -- | 40 |
| Due to Other Governmental Agencies | 1 | -- | -- | -- | -- |
| Insurance Claims Payable | 60,633 | 9,988 | -- | -- | 31,735 |
| Compensated Employee Absences Payable | 1,409 | -- | -- | -- | 146 |
| Capital Lease Obligations Payable | 1,647 | -- | -- | -- | -- |
| Total Current Liabilities | <u>77,181</u> | <u>10,221</u> | <u>--</u> | <u>--</u> | <u>33,324</u> |
| Noncurrent Liabilities | | | | | |
| Insurance Claims Payable | 176,849 | -- | -- | -- | 127,801 |
| Compensated Employee Absences Payable | 1,165 | -- | -- | -- | 85 |
| Capital Lease Obligations Payable | 7,741 | -- | -- | -- | -- |
| Net Pension Liability | 32,116 | -- | -- | -- | 4,925 |
| Net OPEB Liability | 3,755 | -- | -- | -- | 1,353 |
| Total Noncurrent Liabilities | <u>221,626</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>134,164</u> |
| Total Liabilities | <u>298,807</u> | <u>10,221</u> | <u>--</u> | <u>--</u> | <u>167,488</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows of Resources Related to Pension | 12,063 | -- | -- | -- | 3,643 |
| Deferred Inflows of Resources Related to OPEB | 503 | -- | -- | -- | 185 |
| Total Deferred Inflows of Resources | <u>12,566</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>3,828</u> |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 61,373 | 43 | -- | -- | 32 |
| Unrestricted | 48,313 | 17,206 | 6,681 | 85 | (22,058) |
| Total Net Position | <u>\$ 109,686</u> | <u>\$ 17,249</u> | <u>\$ 6,681</u> | <u>\$ 85</u> | <u>\$ (22,026)</u> |

Supplemental Information
(Dollar Amounts in Thousands)

| Unemployment Insurance | Property & Casualty Risk | Transportation | Reprographics | Information & Technology | |
|---------------------------|-----------------------------|------------------|-----------------|-----------------------------|---|
| | | | | | ASSETS |
| | | | | | Current Assets |
| \$ 4,735 | \$ 80,234 | \$ 36,788 | \$ 3,145 | \$ 26,680 | Pooled Cash/Investments |
| -- | -- | -- | -- | -- | Cash/Cash Equivalents |
| -- | 5 | -- | -- | 3 | Imprest Cash Funds |
| -- | 4 | 55 | -- | 20 | Receivables |
| 5 | 93 | 36 | 5 | 24 | Accounts |
| -- | -- | (55) | -- | (52) | Interest/Dividends |
| -- | 410 | 1,802 | 13 | 782 | Allowance for Uncollectible Receivables |
| -- | 25 | 2 | 11 | 210 | Due from Other Funds |
| -- | -- | 235 | -- | -- | Due from Other Governmental Agencies |
| -- | 177 | 913 | 185 | 1,249 | Inventory of Materials and Supplies |
| <u>4,740</u> | <u>80,948</u> | <u>39,776</u> | <u>3,359</u> | <u>28,916</u> | Prepaid Costs |
| | | | | | Total Current Assets |
| | | | | | Noncurrent Assets |
| | | | | | Capital Assets |
| -- | -- | -- | -- | 1,948 | Construction in Progress |
| -- | -- | -- | -- | -- | Intangible Assets-Amortizable |
| -- | -- | -- | -- | -- | Accumulated Amortization |
| -- | -- | 9,800 | 559 | 8,264 | Structures and Improvements |
| -- | -- | (6,049) | (85) | (2,321) | Accumulated Depreciation |
| -- | -- | 71,036 | 4,778 | 95,658 | Equipment |
| -- | -- | (34,542) | (1,917) | (76,432) | Accumulated Depreciation |
| -- | -- | 40,245 | 3,335 | 27,117 | Total Capital Assets |
| <u>4,740</u> | <u>80,948</u> | <u>80,021</u> | <u>6,694</u> | <u>56,033</u> | Total Assets |
| | | | | | DEFERRED OUTFLOWS OF RESOURCES |
| -- | 718 | 3,348 | 681 | 4,153 | Deferred Outflows of Resources Related to Pension |
| -- | 16 | 76 | 13 | 92 | Deferred Outflows of Resources Related to OPEB |
| -- | <u>734</u> | <u>3,424</u> | <u>694</u> | <u>4,245</u> | Total Deferred Outflows of Resources |
| | | | | | LIABILITIES |
| | | | | | Current Liabilities |
| -- | 3,205 | 132 | 211 | 3,872 | Accounts Payable |
| -- | -- | -- | 1 | 14 | Retainage Payable |
| -- | 51 | 273 | 59 | 398 | Salaries and Employee Benefits Payable |
| -- | 11 | 467 | 386 | 2,735 | Due to Other Funds |
| -- | -- | -- | 1 | -- | Due to Other Governmental Agencies |
| 669 | 18,241 | -- | -- | -- | Insurance Claims Payable |
| -- | 110 | 392 | 66 | 695 | Compensated Employee Absences Payable |
| -- | -- | -- | -- | 1,647 | Capital Lease Obligations Payable |
| <u>669</u> | <u>21,618</u> | <u>1,264</u> | <u>724</u> | <u>9,361</u> | Total Current Liabilities |
| | | | | | Noncurrent Liabilities |
| -- | 49,048 | -- | -- | -- | Insurance Claims Payable |
| -- | 76 | 344 | 30 | 630 | Compensated Employee Absences Payable |
| -- | -- | -- | -- | 7,741 | Capital Lease Obligations Payable |
| -- | 2,565 | 11,031 | 2,205 | 11,390 | Net Pension Liability |
| -- | 202 | 953 | 152 | 1,095 | Net OPEB Liability |
| -- | <u>51,891</u> | <u>12,328</u> | <u>2,387</u> | <u>20,856</u> | Total Noncurrent Liabilities |
| <u>669</u> | <u>73,509</u> | <u>13,592</u> | <u>3,111</u> | <u>30,217</u> | Total Liabilities |
| | | | | | DEFERRED INFLOWS OF RESOURCES |
| -- | 718 | 3,317 | 582 | 3,803 | Deferred Inflows of Resources Related to Pension |
| -- | 25 | 121 | 21 | 151 | Deferred Inflows of Resources Related to OPEB |
| -- | <u>743</u> | <u>3,438</u> | <u>603</u> | <u>3,954</u> | Total Deferred Inflows of Resources |
| | | | | | NET POSITION |
| -- | -- | 40,245 | 3,335 | 17,718 | Net Investment in Capital Assets |
| 4,071 | 7,430 | 26,170 | 339 | 8,389 | Unrestricted |
| <u>\$ 4,071</u> | <u>\$ 7,430</u> | <u>\$ 66,415</u> | <u>\$ 3,674</u> | <u>\$ 26,107</u> | Total Net Position |

County of Orange
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(Dollar Amounts in Thousands)

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

| | Total | Health and Other Self-Insured Employee Benefits | Insured Health Plans | Life Insurance | Workers' Compensation |
|--|-------------------|---|-------------------------|-------------------|--------------------------|
| Operating Revenues | | | | | |
| Use of Money and Property | \$ 1,372 | \$ -- | \$ -- | \$ -- | \$ -- |
| Charges for Services | 120,195 | 134 | -- | -- | -- |
| Insurance Premiums | 341,614 | 67,018 | 179,240 | 815 | 60,558 |
| Total Operating Revenues | <u>463,181</u> | <u>67,152</u> | <u>179,240</u> | <u>815</u> | <u>60,558</u> |
| Operating Expenses | | | | | |
| Salaries and Employee Benefits | 23,893 | -- | -- | -- | 1,715 |
| Services and Supplies | 36,670 | 1,982 | -- | -- | 123 |
| Professional Services | 70,720 | 4,278 | 4 | -- | 5,842 |
| Operating Leases | 5,209 | -- | -- | -- | 131 |
| Insurance Claims and Premiums | 319,895 | 73,743 | 179,496 | 811 | 36,238 |
| Other Charges | 748 | 748 | -- | -- | -- |
| Taxes and Other Fees | 3 | -- | -- | -- | -- |
| Depreciation/Amortization | 13,205 | 16 | -- | -- | 24 |
| Total Operating Expenses | <u>470,343</u> | <u>80,767</u> | <u>179,500</u> | <u>811</u> | <u>44,073</u> |
| Operating Income (Loss) | <u>(7,162)</u> | <u>(13,615)</u> | <u>(260)</u> | <u>4</u> | <u>16,485</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Intergovernmental Revenues | 5,197 | 429 | -- | -- | 2,098 |
| Interest and Investment Income | 511 | 41 | 61 | 1 | 205 |
| Interest Expense | (112) | -- | -- | -- | -- |
| Gain (Loss) on Disposition of Capital Assets | 280 | -- | -- | -- | -- |
| Other Taxes | 14 | -- | -- | -- | -- |
| Other Revenue | 11,072 | 4,318 | 181 | -- | 422 |
| Total Nonoperating Revenues | <u>16,962</u> | <u>4,788</u> | <u>242</u> | <u>1</u> | <u>2,725</u> |
| Income (Loss) Before Contributions and Transfers | 9,800 | (8,827) | (18) | 5 | 19,210 |
| Capital Contributions | 223 | -- | -- | -- | -- |
| Transfers In | 9,048 | 1,070 | 4 | -- | 222 |
| Transfers Out | (1,311) | (229) | (61) | (1) | (165) |
| Change in Net Position | <u>17,760</u> | <u>(7,986)</u> | <u>(75)</u> | <u>4</u> | <u>19,267</u> |
| Net Position-Beginning of Year | 91,926 | 25,235 | 6,756 | 81 | (41,293) |
| Net Position-End of Year | <u>\$ 109,686</u> | <u>\$ 17,249</u> | <u>\$ 6,681</u> | <u>\$ 85</u> | <u>\$ (22,026)</u> |

Supplemental Information
(Dollar Amounts in Thousands)

| Unemployment Insurance | Property & Casualty Risk | Transportation | Reprographics | Information & Technology | |
|------------------------|--------------------------|----------------|---------------|--------------------------|--|
| \$ -- | \$ -- | \$ -- | \$ -- | \$ 1,372 | Operating Revenues |
| -- | -- | 27,699 | 4,766 | 87,596 | Use of Money and Property |
| -- | 33,983 | -- | -- | -- | Charges for Services |
| -- | 33,983 | 27,699 | 4,766 | 88,968 | Insurance Premiums |
| | | | | | Total Operating Revenues |
| | | | | | Operating Expenses |
| -- | 1,493 | 8,197 | 1,718 | 10,770 | Salaries and Employee Benefits |
| -- | 21,521 | 8,856 | 2,085 | 2,103 | Services and Supplies |
| 76 | 509 | 2,514 | 293 | 57,204 | Professional Services |
| -- | 46 | 51 | 258 | 4,723 | Operating Leases |
| 2,181 | 27,426 | -- | -- | -- | Insurance Claims and Premiums |
| -- | -- | -- | -- | -- | Other Charges |
| -- | -- | 2 | -- | 1 | Taxes and Other Fees |
| -- | -- | 7,241 | 300 | 5,624 | Depreciation/Amortization |
| 2,257 | 50,995 | 26,861 | 4,654 | 80,425 | Total Operating Expenses |
| (2,257) | (17,012) | 838 | 112 | 8,543 | Operating Income (Loss) |
| | | | | | Nonoperating Revenues (Expenses) |
| -- | 8 | 51 | 27 | 2,584 | Intergovernmental Revenues |
| 1 | 107 | 56 | 3 | 36 | Interest and Investment Income |
| -- | -- | -- | (112) | -- | Interest Expense |
| -- | -- | 316 | -- | (36) | Gain (Loss) on Disposition of Capital Assets |
| -- | -- | 14 | -- | -- | Other Taxes |
| -- | 5,982 | 38 | 125 | 6 | Other Revenue |
| 1 | 6,097 | 475 | 43 | 2,590 | Total Nonoperating Revenues |
| (2,256) | (10,915) | 1,313 | 155 | 11,133 | Income (Loss) Before Contributions and Transfers |
| -- | -- | 219 | -- | 4 | Capital Contributions |
| -- | -- | 7,079 | 6 | 667 | Transfers In |
| -- | (110) | (499) | -- | (246) | Transfers Out |
| (2,256) | (11,025) | 8,112 | 161 | 11,558 | Change in Net Position |
| 6,327 | 18,455 | 58,303 | 3,513 | 14,549 | Net Position-Beginning of Year |
| \$ 4,071 | \$ 7,430 | \$ 66,415 | \$ 3,674 | \$ 26,107 | Net Position-End of Year |

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS

| | Total | Health and Other Self-Insured Employee Benefits | Insured Health Plans | Life Insurance | Workers' Compensation |
|---|-------------------|---|-------------------------|-------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers | \$ 35,103 | \$ 1,239 | \$ 10 | \$ -- | \$ 85 |
| Cash Received for Premiums Within the County's Enty | 341,614 | 67,018 | 179,240 | 815 | 60,558 |
| Payments to Suppliers for Goods and Services | (416,358) | (81,709) | (179,500) | (811) | (39,793) |
| Payments to Employees for Services | (27,608) | -- | -- | -- | (2,898) |
| Payments for Interfund Services | (986) | (52) | -- | -- | (792) |
| Receipts for Interfund Services | 87,778 | -- | 29 | -- | -- |
| Payment for Taxes and Other Fees | (3) | -- | -- | -- | -- |
| Other Operating Receipts | 11,066 | 4,318 | 181 | -- | 422 |
| Other Operating Payments | (5,961) | (748) | -- | -- | (131) |
| Net Cash Provided (Used) by Operating Activities | <u>24,645</u> | <u>(9,934)</u> | <u>(40)</u> | <u>4</u> | <u>17,451</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers In | 9,048 | 1,070 | 4 | -- | 222 |
| Transfers Out | (1,311) | (229) | (61) | (1) | (165) |
| Intergovernmental Revenues | 5,197 | 429 | -- | -- | 2,098 |
| Other Taxes | 14 | -- | -- | -- | -- |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>12,948</u> | <u>1,270</u> | <u>(57)</u> | <u>(1)</u> | <u>2,155</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of Capital Assets | (13,532) | -- | -- | -- | (1) |
| Principal Payments on Capital Lease Obligations | (5,071) | -- | -- | -- | -- |
| Interest Paid on Capital Lease Obligations | (112) | -- | -- | -- | -- |
| Proceeds from Sale of Capital Assets | 449 | -- | -- | -- | -- |
| Net Cash Used by Capital and Related Financing Activities | <u>(18,266)</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>(1)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Interest on Investments | 786 | 87 | 61 | 1 | 309 |
| Net Cash Provided by Investing Activities | <u>786</u> | <u>87</u> | <u>61</u> | <u>1</u> | <u>309</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 20,113 | (8,577) | (36) | 4 | 19,914 |
| Cash and Cash Equivalents-Beginning of Year | 310,798 | 35,844 | 6,697 | 81 | 125,394 |
| Cash and Cash Equivalents-End of Year | <u>\$ 330,911</u> | <u>\$ 27,267</u> | <u>\$ 6,661</u> | <u>\$ 85</u> | <u>\$ 145,308</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Operating Income (Loss) | \$ (7,162) | \$ (13,615) | \$ (260) | \$ 4 | \$ 16,485 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation/Amortization | 13,205 | 16 | -- | -- | 24 |
| Other Revenue | 11,072 | 4,318 | 181 | -- | 422 |
| (Increases) Decreases In: | | | | | |
| Accounts Receivable, Net of Allowances | 1,067 | 1,056 | 10 | -- | -- |
| Due from Other Funds | (947) | 41 | 31 | -- | (817) |
| Due from Component Unit | 2 | -- | -- | -- | -- |
| Due from Other Governmental Agencies | 55 | 49 | -- | -- | 85 |
| Inventory of Materials and Supplies | (53) | -- | -- | -- | -- |
| Prepaid Costs | (278) | -- | -- | -- | (28) |
| Deferred Outflows of Resources Related to Pension | (2,027) | -- | -- | -- | (522) |
| Deferred Outflows of Resources Related to OPEB | 43 | -- | -- | -- | 16 |
| Increases (Decreases) In: | | | | | |
| Accounts Payable | (2,550) | (392) | -- | -- | (797) |
| Salaries and Employee Benefits Payable | 89 | -- | -- | -- | 12 |
| Due to Other Funds | 141 | (93) | (2) | -- | 25 |
| Due to Other Governmental Agencies | 1 | -- | -- | -- | -- |
| Insurance Claims Payable | 13,807 | (1,314) | -- | -- | 3,235 |
| Compensated Employee Absences Payable | 144 | -- | -- | -- | 35 |
| Net Pension Liability | (7,468) | -- | -- | -- | (2,751) |
| Net OPEB Liability | (298) | -- | -- | -- | (110) |
| Deferred Inflows of Resources Related to Pension | 5,692 | -- | -- | -- | 2,097 |
| Deferred Inflows of Resources Related to OPEB | 110 | -- | -- | -- | 40 |
| Total Adjustments | <u>31,807</u> | <u>3,681</u> | <u>220</u> | <u>--</u> | <u>966</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 24,645</u> | <u>\$ (9,934)</u> | <u>\$ (40)</u> | <u>\$ 4</u> | <u>\$ 17,451</u> |
| Reconciliation of Cash and Cash Equivalents to Statement of Net Position | | | | | |
| Pooled Cash/Investments | \$ 325,099 | \$ 26,863 | \$ 6,661 | \$ 85 | \$ 139,908 |
| Cash/Cash Equivalents | 5,804 | 404 | -- | -- | 5,400 |
| Imprest Cash Funds | 8 | -- | -- | -- | -- |
| Total Cash and Cash Equivalents | <u>\$ 330,911</u> | <u>\$ 27,267</u> | <u>\$ 6,661</u> | <u>\$ 85</u> | <u>\$ 145,308</u> |

Supplemental Information
(Dollar Amounts in Thousands)

| Unemployment Insurance | Property & Casualty Risk | Transportation | Reprographics | Information & Technology |
|------------------------|--------------------------|------------------|-----------------|--------------------------|
| \$ -- | \$ -- | \$ 27,701 | \$ 4,755 | \$ 1,313 |
| -- | 33,983 | -- | -- | -- |
| (2,148) | (36,387) | (11,577) | (2,249) | (62,184) |
| -- | (1,697) | (9,165) | (1,914) | (11,934) |
| (28) | (114) | -- | -- | -- |
| -- | -- | 15 | 91 | 87,643 |
| -- | -- | (2) | -- | (1) |
| -- | 5,982 | 38 | 125 | -- |
| -- | (56) | (51) | (258) | (4,717) |
| <u>(2,176)</u> | <u>1,711</u> | <u>6,959</u> | <u>550</u> | <u>10,120</u> |
| -- | -- | 7,079 | 6 | 667 |
| -- | (110) | (499) | -- | (246) |
| -- | 8 | 51 | 27 | 2,584 |
| -- | -- | 14 | -- | -- |
| -- | (102) | 6,645 | 33 | 3,005 |
| -- | -- | (11,255) | -- | (2,276) |
| -- | -- | -- | (2,110) | (2,961) |
| -- | -- | -- | (112) | -- |
| -- | -- | 448 | -- | 1 |
| -- | -- | (10,807) | (2,222) | (5,236) |
| 12 | 181 | 78 | 6 | 51 |
| 12 | 181 | 78 | 6 | 51 |
| (2,164) | 1,790 | 2,875 | (1,633) | 7,940 |
| 6,899 | 78,449 | 33,913 | 4,778 | 18,743 |
| <u>\$ 4,735</u> | <u>\$ 80,239</u> | <u>\$ 36,788</u> | <u>\$ 3,145</u> | <u>\$ 26,683</u> |

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|---------|
| Receipts from Customers | -- |
| Cash Received for Premiums Within the County's Entity | -- |
| Payments to Suppliers for Goods and Services | -- |
| Payments to Employees for Services | -- |
| Payments for Interfund Services | -- |
| Receipts for Interfund Services | 87,643 |
| Payment for Taxes and Other Fees | (1) |
| Other Operating Receipts | -- |
| Other Operating Payments | (4,717) |
| Net Cash Provided (Used) by Operating Activities | 10,120 |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|---|-------|
| Transfers In | 667 |
| Transfers Out | (246) |
| Intergovernmental Revenues | 2,584 |
| Other Taxes | -- |
| Net Cash Provided (Used) by Noncapital Financing Activities | 3,005 |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|---------|
| Acquisition of Capital Assets | (2,276) |
| Principal Payments on Capital Lease Obligations | (2,961) |
| Interest Paid on Capital Lease Obligations | -- |
| Proceeds from Sale of Capital Assets | 1 |
| Net Cash Used by Capital and Related Financing Activities | (5,236) |

CASH FLOW FROM INVESTING ACTIVITIES

| | |
|---|----|
| Interest on Investments | 51 |
| Net Cash Provided by Investing Activities | 51 |

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

| | | | | |
|----------------|--------------|--------------|------------|---------------|
| \$ (2,257) | \$ (17,012) | \$ 838 | \$ 112 | \$ 8,543 |
| -- | -- | 7,241 | 300 | 5,624 |
| -- | 5,982 | 38 | 125 | 6 |
| -- | -- | -- | -- | 1 |
| -- | (107) | (189) | 6 | 88 |
| -- | -- | -- | -- | 2 |
| -- | (10) | 2 | (11) | (60) |
| -- | -- | (53) | -- | -- |
| -- | (17) | (84) | (51) | (98) |
| -- | (108) | (494) | (133) | (770) |
| -- | 2 | 11 | 1 | 13 |
| -- | 1,309 | (70) | 179 | (2,779) |
| -- | 1 | 11 | 6 | 59 |
| (28) | (7) | 204 | 85 | (43) |
| -- | -- | -- | 1 | -- |
| 109 | 11,777 | -- | -- | -- |
| -- | (3) | (22) | 10 | 124 |
| -- | (364) | (1,803) | (305) | (2,245) |
| -- | (15) | (72) | (12) | (89) |
| -- | 277 | 1,375 | 232 | 1,711 |
| -- | 6 | 26 | 5 | 33 |
| 81 | 18,723 | 6,121 | 438 | 1,577 |
| <u>(2,176)</u> | <u>1,711</u> | <u>6,959</u> | <u>550</u> | <u>10,120</u> |

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

| | |
|---|---------|
| Operating Income (Loss) | 8,543 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation/Amortization | 5,624 |
| Other Revenue | 6 |
| (Increases) Decreases In: | |
| Accounts Receivable, Net of Allowances | 1 |
| Due from Other Funds | 88 |
| Due from Component Unit | 2 |
| Due from Other Governmental Agencies | (60) |
| Inventory of Materials and Supplies | -- |
| Prepaid Costs | (98) |
| Deferred Outflows of Resources Related to Pension | (770) |
| Deferred Outflows of Resources Related to OPEB | 13 |
| Increases (Decreases) In: | |
| Accounts Payable | (2,779) |
| Salaries and Employee Benefits Payable | 59 |
| Due to Other Funds | (43) |
| Due to Other Governmental Agencies | -- |
| Insurance Claims Payable | -- |
| Compensated Employee Absences Payable | 124 |
| Net Pension Liability | (2,245) |
| Net OPEB Liability | (89) |
| Deferred Inflows of Resources Related to Pension | 1,711 |
| Deferred Inflows of Resources Related to OPEB | 33 |
| Total Adjustments | 1,577 |
| Net Cash Provided (Used) by Operating Activities | 10,120 |

Reconciliation of Cash and Cash Equivalents to Statement of Net Position

| | |
|---------------------------------|--------|
| Pooled Cash/Investments | 26,680 |
| Cash/Cash Equivalents | -- |
| Imprest Cash Funds | 3 |
| Total Cash and Cash Equivalents | 26,683 |

| | | | | |
|-----------------|------------------|------------------|-----------------|------------------|
| \$ 4,735 | \$ 80,234 | \$ 36,788 | \$ 3,145 | \$ 26,680 |
| -- | -- | -- | -- | -- |
| -- | 5 | -- | -- | 3 |
| <u>\$ 4,735</u> | <u>\$ 80,239</u> | <u>\$ 36,788</u> | <u>\$ 3,145</u> | <u>\$ 26,683</u> |

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the County in a trustee or custodial capacity on behalf of outside parties, including individuals, private organizations, or other governments. Under GASB Statement No. 84, a fiduciary fund must meet the following criteria: (1) assets are controlled or directed by the government, (2) assets are not derived from the government's own source revenue or government-mandated nonexchange transactions, and (3) assets have one or more of the following criteria:

- a. Assets are administered through a trust, and the government is not a beneficiary. The trust must be dedicated to providing benefits to the recipients and legally protected from creditors of the government.
- b. Assets are for the benefit of organizations or other governments that are not part of the financial reporting entity.
- c. Assets are for the benefit of individuals and are not administered in any way by the government.

PRIVATE-PURPOSE TRUST FUNDS

Public Administration Trust Funds

These Funds are used to account for trust arrangements where the principal and income benefit individuals, private organizations, or other governments. Examples of private-purpose trusts include unidentified funds, unclaimed prisoner funds, decedents' property held for escheatment, and various funding services to finance permanent supportive & affordable housing.

Orange County Redevelopment Successor Agency (Successor Agency)

The Orange County Development Agency (OCDA) was dissolved effective February 1, 2012 in accordance with ABx1 26. A successor agency was designated as the successor entity to the former redevelopment agency in accordance with Health and Safety Code 34173. The Orange County Redevelopment Successor Agency holds the assets of the dissolved OCDA pending liquidation and distribution.

PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

Extra-Help Defined Benefit Plan

This Fund is used to account for the retirement plan for employees working less than half-time or as extra-help. This retirement plan was closed to new participants as of February 28, 2002. The eligible employees of these plans are not covered by OCERS.

Extra-Help Defined Contribution Plan

This Fund is used to account for the defined contribution retirement plan for extra-help and part-time employees. This plan replaced the Extra-Help Defined Benefit Retirement Plan and was effective for new employees on March 1, 2002. Effective February 10, 2015, the plan also includes new employees who have attained age 60 at date of hire, who waive membership in OCERS, and do not have funds on deposit with OCERS and otherwise meet the requirements under OCERS' regulations and state law to waive membership in OCERS. The eligible employees of these plans are not covered by OCERS.

401(a) Defined Contribution Plan

This Fund accounts for the 401(a) defined contribution plan, which was established in January 1999 for eligible employees, including the members of the Board, certain executive managers, certain administrative managers once classified as confidential and grandfathered in the plan, attorneys represented by the Orange County Attorney's Association and certain other employee classifications as defined in the plan document. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to grandfathered administrative managers and to all new administrative managers, effective December 28, 2012 and June 23, 2016, respectively.

1.62% at 65 Retirement, 401(a) Defined Contribution Plan

This Fund is used to account for the matching 401(a) employer contributions for eligible employees in the “1.62% at 65” Retirement (OCERS) formula who voluntarily contribute to the “1.62% at 65” Retirement, 457(b) defined contribution plan. The Plan was established on May 7, 2010.

Health Reimbursement Arrangement (HRA) Plan

This Fund is used to account for the employer contributions to the HRA, a defined contribution plan, which became effective on June 24, 2008 for eligible employees, including employees represented by the Association of Orange County Deputy Sheriffs and Law Enforcement Management employees as defined in the plan document. The HRA now also includes employees represented by the OCAA, the AOCDS Public Safety Unit, and the Voluntary Retirement Incentive Program.

Retiree Medical Plan 115 Trust

This Fund is used to account for the annual required contributions, benefit payments, and investment losses and gains in the Retiree Medical Trust (Trust) which was established effective July 2, 2007. The Trust was established exclusively for the Retiree Medical Plan (Plan) which is a cost-sharing multiple-employer defined benefit other 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) fiduciary component unit below represents the Plan. The Plan is reported as of December 31, 2020.

Orange County Employees Retirement System-401(h)

This Fund is used to account for annual required contributions, benefit payment, and investment losses and gains in the Trust. The 115 trust described above and the 401(h) account with OCERS represents the total Plan. In accordance with GASB Statement No. 84, this Fund is presented as a fiduciary component unit of the County and OCERS’ separate stand-alone financial report as of December 31, 2020 can be obtained on their website.

Orange County Employees Retirement System-Pension Trust Fund

This Fund is used to account for the cost-sharing multiple-employer defined-benefit pension plan operated by OCERS. In accordance with GASB Statement No. 84, this Fund is presented as a fiduciary component unit of the County and OCERS’ separate stand-alone financial report as of December 31, 2020 can be obtained on their website.

Orange County Employees Retirement System-Health Care Fund-OCFA

This Fund is used to account for the Orange County Fire Authority (OCFA) Postemployment Health Care Plan established under IRC Section 401(h). OCERS serves as trustee of the Plan. In accordance with GASB Statement No. 84, this Fund is presented as a fiduciary component unit of the County and OCERS’ separate stand-alone financial report as of December 31, 2020 can be obtained on their website.

CUSTODIAL FUNDS

Unapportioned Tax and Interest Funds

This group of Funds is used to account for the collection of property taxes, and later distribution of such taxes, as well as the interest earned on them. Included are taxes collected by the County for other governmental units using the County treasury, as well as governmental units not using the County treasury, such as cities.

Departmental Funds

This group of Funds is used by certain County officers to hold various types of cash receipts and deposits in a custodial capacity. Disbursements are made from these Funds.

Orange County Employees Retirement System-OCTA

This Fund is used to account for the Orange County Transportation Authority (OCTA) Health Care Plan established in accordance with Internal Revenue Code section 115. OCERS serves as trustee of the plan. In accordance with GASB Statement No. 84, this Fund is presented as a fiduciary component unit of the County and OCERS' separate stand-alone financial report as of December 31, 2020 can be obtained on their website.



**COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS**

| | Total | Public Administration Trust Funds | Orange County Redevelopment Successor Agency |
|---|-----------|---|--|
| <u>ASSETS</u> | | | |
| Pooled Cash/Investments | \$ 70,517 | \$ 67,279 | \$ 3,238 |
| Restricted Cash and Investments | | | |
| Restricted Investments with Trustee | 4,640 | -- | 4,640 |
| Receivables | | | |
| Accounts | 25 | 25 | -- |
| Interest/Dividends | 113 | 110 | 3 |
| Due from Other Governmental Agencies | 2 | -- | 2 |
| Total Assets | 75,297 | 67,414 | 7,883 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred Charge on Refunding | 91 | -- | 91 |
| Total Deferred Outflows of Resources | 91 | -- | 91 |
| <u>LIABILITIES</u> | | | |
| Bonds Payable | 9,331 | -- | 9,331 |
| Interest Payable | 128 | -- | 128 |
| Due to Other Governmental Agencies | 223 | 222 | 1 |
| Total Liabilities | 9,682 | 222 | 9,460 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred Charge on Refunding | 44 | -- | 44 |
| Total Deferred Inflows of Resources | 44 | -- | 44 |
| <u>NET POSITION</u> | | | |
| Restricted for: | | | |
| Individuals, Organizations, and Other Governments | 65,662 | 67,192 | (1,530) |
| Net Position (Deficit) | \$ 65,662 | \$ 67,192 | \$ (1,530) |

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

| | Total | Public Administration Trust Funds | Orange County Redevelopment Successor Agency |
|--|------------------|---|--|
| Additions: | | | |
| Contributions to Private-Purpose Trust | \$ 48,661 | \$ 48,661 | \$ -- |
| Intergovernmental Revenues | 4,886 | -- | 4,886 |
| Other Revenues | 1,445 | -- | 1,445 |
| Interest and Investment Income | 1,148 | 1,139 | 9 |
| Less: Investment Expense | (71) | (70) | (1) |
| Total Additions | <u>56,069</u> | <u>49,730</u> | <u>6,339</u> |
| Deductions: | | | |
| Distributions from Private-Purpose Trust | 51,831 | 51,831 | -- |
| Professional Services | 473 | 378 | 95 |
| Tax Pass-Throughs | 194 | -- | 194 |
| Interest Expense | 267 | -- | 267 |
| Total Deductions | <u>52,765</u> | <u>52,209</u> | <u>556</u> |
| Change in Net Position | 3,304 | (2,479) | 5,783 |
| Net Position (Deficit)-Beginning of Year | 66,482 | 73,795 | (7,313) |
| Adjustment Due to Change in Accounting Principle | (4,124) | (4,124) | -- |
| Net Position-Beginning of Year, as Restated | <u>62,358</u> | <u>69,671</u> | <u>(7,313)</u> |
| Net Position (Deficit)-End of Year | <u>\$ 65,662</u> | <u>\$ 67,192</u> | <u>\$ (1,530)</u> |

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS**

| | Total | Extra-Help Defined Benefit Plan | Extra-Help Defined Contribution Plan | 401(a) Defined Contribution Plan | 1.62% at 65 Retirement, 401(a) Defined Contribution Plan |
|--|----------------------|---------------------------------------|--|--|---|
| ASSETS | | | | | |
| Pooled Cash/Investments | \$ 3,101 | \$ 232 | \$ 1 | \$ -- | \$ -- |
| Cash and Cash Equivalents | 482,282 | -- | -- | -- | -- |
| Securities Lending Collateral | 239,640 | -- | -- | -- | -- |
| Restricted Cash and Investments | | | | | |
| Restricted Investments with Trustee | 270,430 | 4,886 | 9,756 | 22,760 | 18,724 |
| Global Public Equity | 8,969,077 | -- | -- | -- | -- |
| Private Equity | 2,353,755 | -- | -- | -- | -- |
| Core Fixed Income | 2,375,245 | -- | -- | -- | -- |
| Credit | 1,545,445 | -- | -- | -- | -- |
| Real Assets | 2,065,857 | -- | -- | -- | -- |
| Risk Mitigation | 1,782,656 | -- | -- | -- | -- |
| Absolute Return | 480 | -- | -- | -- | -- |
| Unique Strategies | 55,283 | -- | -- | -- | -- |
| Receivables | | | | | |
| Investments | 19,813 | -- | -- | -- | -- |
| Securities Sales | 89,992 | -- | -- | -- | -- |
| Contributions | 13,354 | -- | -- | -- | -- |
| Foreign Currency Forward Contracts | 555 | -- | -- | -- | -- |
| Interest/Dividends | 27 | -- | -- | -- | -- |
| Other Receivables | 4,434 | -- | -- | -- | -- |
| Due from Other Governmental Agencies | 742 | -- | 37 | 42 | 152 |
| Capital Assets, Net | 13,713 | -- | -- | -- | -- |
| Total Assets | <u>20,285,881</u> | <u>5,118</u> | <u>9,794</u> | <u>22,802</u> | <u>18,876</u> |
| LIABILITIES | | | | | |
| Accounts Payable | 118,326 | -- | -- | -- | -- |
| Salaries and Employee Benefits Payable | 108,322 | -- | -- | -- | -- |
| Unearned Contributions | 293,948 | -- | -- | -- | -- |
| Investment Obligations | 240,011 | -- | -- | -- | -- |
| Total Liabilities | <u>760,607</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| NET POSITION | | | | | |
| Restricted for OPEB Benefits | 671,481 | -- | -- | -- | -- |
| Restricted for Pension | 18,853,793 | 5,118 | 9,794 | 22,802 | 18,876 |
| Net Position | <u>\$ 19,525,274</u> | <u>\$ 5,118</u> | <u>\$ 9,794</u> | <u>\$ 22,802</u> | <u>\$ 18,876</u> |

Supplemental Information
(Dollar Amounts in Thousands)

| | | Fiduciary Component Unit | | | |
|---|--|--|--|--|--|
| Health Reimbursement Arrangement Plan | Retiree Medical Plan 115 Trust * | Orange County Employees Retirement System-401(h)* | Orange County Employees Retirement System- Pension Trust Fund* | Orange County Employees Retirement System-Health Care Fund-OCFA* | |
| \$ 52 | \$ 2,816 | \$ -- | \$ -- | \$ -- | ASSETS |
| -- | -- | 10,345 | 470,884 | 1,053 | Pooled Cash/Investments |
| -- | -- | 5,140 | 233,977 | 523 | Cash and Cash Equivalents |
| 214,304 | -- | -- | -- | -- | Securities Lending Collateral |
| -- | -- | 192,387 | 8,757,111 | 19,579 | Restricted Cash and Investments |
| -- | -- | 50,488 | 2,298,129 | 5,138 | Restricted Investments with Trustee |
| -- | -- | 50,949 | 2,319,111 | 5,185 | Global Public Equity |
| -- | -- | 33,150 | 1,508,921 | 3,374 | Private Equity |
| -- | -- | 44,313 | 2,017,034 | 4,510 | Core Fixed Income |
| -- | -- | 38,238 | 1,740,526 | 3,892 | Credit |
| -- | -- | 10 | 469 | 1 | Real Assets |
| -- | -- | 1,186 | 53,976 | 121 | Risk Mitigation |
| -- | -- | 425 | 19,345 | 43 | Absolute Return |
| -- | -- | 1,930 | 87,866 | 196 | Unique Strategies |
| -- | -- | -- | 13,354 | -- | Receivables |
| -- | -- | 12 | 542 | 1 | Investments |
| -- | 27 | -- | -- | -- | Securities Sales |
| -- | -- | 95 | 4,329 | 10 | Contributions |
| 511 | -- | -- | -- | -- | Foreign Currency Forward Contracts |
| -- | -- | -- | 13,713 | -- | Interest/Dividends |
| 214,867 | 2,843 | 428,668 | 19,539,287 | 43,626 | Other Receivables |
| -- | -- | -- | -- | -- | Due from Other Governmental Agencies |
| -- | -- | 2,538 | 115,530 | 258 | Capital Assets, Net |
| -- | 4,046 | 5,123 | 98,267 | 886 | Total Assets |
| -- | -- | -- | 293,948 | -- | LIABILITIES |
| -- | -- | 5,148 | 234,339 | 524 | Accounts Payable |
| -- | 4,046 | 12,809 | 742,084 | 1,668 | Salaries and Employee Benefits Payable |
| -- | -- | -- | -- | -- | Unearned Contributions |
| -- | -- | -- | -- | -- | Investment Obligations |
| -- | -- | -- | -- | -- | Total Liabilities |
| 214,867 | (1,203) | 415,859 | -- | 41,958 | NET POSITION |
| -- | -- | -- | 18,797,203 | -- | Restricted for OPEB Benefits |
| \$ 214,867 | \$ (1,203) | \$ 415,859 | \$ 18,797,203 | \$ 41,958 | Restricted for Pension |
| | | | | | Net Position |

* This is presented as of 12/31/20.

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

| | Total | Extra-Help Defined Benefit Plan | Extra-Help Defined Contribution Plan | 401(a) Defined Contribution Plan | 1.62% at 65 Retirement, 401(a) Defined Contribution Plan |
|---|----------------------|---------------------------------------|--|-------------------------------------|---|
| Additions: | | | | | |
| Contributions to Pension and Other Postemployment Benefit Trust: | | | | | |
| Employer | \$ 737,397 | \$ 114 | \$ -- | \$ 1,191 | \$ 4,081 |
| Employee | 281,647 | -- | 1,333 | -- | -- |
| Investment Earnings | | | | | |
| Interest and Investment Income | 2,383,202 | 766 | 168 | 3,984 | 4,072 |
| Less: Investment Expense | (108,790) | (6) | (8) | (22) | (31) |
| Total Additions | <u>3,293,456</u> | <u>874</u> | <u>1,493</u> | <u>5,153</u> | <u>8,122</u> |
| Deductions: | | | | | |
| Benefits Paid to Participants | 1,029,706 | 1,040 | 510 | 589 | 38 |
| Professional Services | 20,472 | -- | -- | -- | -- |
| Total Deductions | <u>1,050,178</u> | <u>1,040</u> | <u>510</u> | <u>589</u> | <u>38</u> |
| Change in Net Position | 2,243,278 | (166) | 983 | 4,564 | 8,084 |
| Net Position-Beginning of Year | 562,014 | 5,284 | 8,811 | 18,238 | 10,792 |
| Adjustment Due to Change in Accounting Principle | 16,719,982 | -- | -- | -- | -- |
| Net Position-Beginning of Year, as Restated | <u>17,281,996</u> | <u>5,284</u> | <u>8,811</u> | <u>18,238</u> | <u>10,792</u> |
| Net Position-End of Year | <u>\$ 19,525,274</u> | <u>\$ 5,118</u> | <u>\$ 9,794</u> | <u>\$ 22,802</u> | <u>\$ 18,876</u> |

| | | <u>Fiduciary Component Unit</u> | | | |
|---|-------------------------------------|--|--|--|--|
| Health Reimbursement Arrangement Plan | Retiree Medical Plan 115 Trust * | Orange County Employees Retirement System-401(h)* | Orange County Employees Retirement System- Pension Trust Fund* | Orange County Employees Retirement System-Health Care Fund-OCFA* | |
| \$ 24,239 | \$ 4,638 | \$ 41,351 | \$ 659,807 | \$ 1,976 | Additions: |
| 722 | -- | 208 | 279,384 | -- | Contributions to Pension and Other Postemployment Benefit Trust: |
| | | | | | Employer |
| | | | | | Employee |
| 47,659 | 127 | 43,050 | 2,278,997 | 4,379 | Contributions to Pension and Other Interest and Investment Income |
| (343) | (5) | (2,325) | (105,813) | (237) | Less: Investment Expense |
| <u>72,277</u> | <u>4,760</u> | <u>82,284</u> | <u>3,112,375</u> | <u>6,118</u> | Total Additions |
| | | | | | Deductions: |
| 5,754 | 6,127 | 36,784 | 973,325 | 5,539 | Benefits Paid to Participants |
| -- | -- | 22 | 20,428 | 22 | Administrative Expense |
| <u>5,754</u> | <u>6,127</u> | <u>36,806</u> | <u>993,753</u> | <u>5,561</u> | Total Deductions |
| | | | | | Change in Net Position |
| 66,523 | (1,367) | 45,478 | 2,118,622 | 557 | |
| 148,344 | 370,545 | -- | -- | -- | Net Position-Beginning of Year |
| -- | (370,381) | 370,381 | 16,678,581 | 41,401 | Adjustment Due to Change in Accounting Principle |
| <u>148,344</u> | <u>164</u> | <u>370,381</u> | <u>16,678,581</u> | <u>41,401</u> | Net Position-Beginning of Year, as Restated |
| <u>\$ 214,867</u> | <u>\$ (1,203)</u> | <u>\$ 415,859</u> | <u>\$ 18,797,203</u> | <u>\$ 41,958</u> | Net Position-End of Year |

* This is presented as of 12/31/20.

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

| | Total | Unapportioned Tax and Interest Funds | Departmental Funds | Fiduciary Component Unit |
|---|-------------------|--|-----------------------|---|
| | | | | Orange County Employees Retirement System-OCTA* |
| ASSETS | | | | |
| Pooled Cash/Investments | \$ 337,052 | \$ 240,588 | \$ 96,464 | \$ -- |
| Cash/Cash Equivalents | 730 | -- | 246 | 484 |
| Restricted Cash and Investments | | | | |
| Restricted Investments with Trustee | 31,559 | -- | 31,559 | -- |
| Global Public Equity | 12,966 | -- | -- | 12,966 |
| Core Fixed Income | 6,129 | -- | -- | 6,129 |
| Receivables | | | | |
| Accounts | 447 | -- | 447 | -- |
| Taxes | 188,428 | 188,428 | -- | -- |
| Interest/Dividends | 10,386 | 10,250 | 136 | -- |
| Allowance for Uncollectible Receivables | (29,711) | (29,710) | (1) | -- |
| Due from Other Governmental Agencies | 8,575 | 100 | 8,475 | -- |
| Total Assets | <u>566,561</u> | <u>409,656</u> | <u>137,326</u> | <u>19,579</u> |
| LIABILITIES | | | | |
| Accounts Payable | 7,848 | 170 | 7,678 | -- |
| Unapportioned Interest | 7,865 | 7,865 | -- | -- |
| Due to Other Governmental Agencies | 14,967 | 11,340 | 3,627 | -- |
| Unapportioned Taxes | 17,688 | 17,688 | -- | -- |
| Total Liabilities | <u>48,368</u> | <u>37,063</u> | <u>11,305</u> | <u>--</u> |
| NET POSITION | | | | |
| Restricted for: | | | | |
| Restricted for OPEB Benefits | 19,579 | -- | -- | 19,579 |
| Individuals, Organizations, and Other Governments | 498,614 | 372,593 | 126,021 | -- |
| Net Position | <u>\$ 518,193</u> | <u>\$ 372,593</u> | <u>\$ 126,021</u> | <u>\$ 19,579</u> |

* This is presented as of 12/31/20.

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

| | Total | Unapportioned Tax and Interest Funds | Departmental Funds | Fiduciary Component Unit Orange County Employees Retirement System-OCTA* |
|---|-------------------|--|-----------------------|--|
| Additions: | | | | |
| Contributions to Pension and Other Postemployment Benefit Trust Funds: | | | | |
| Employer | 613 | -- | -- | 613 |
| Contributions to Pooled Investments | 1,132,584 | -- | 1,132,584 | -- |
| Taxes | 10,148,356 | 10,104,879 | 43,477 | -- |
| Interest and Investment Income | 115,953 | 112,956 | 644 | 2,353 |
| Less: Investment Expense | (138) | (104) | (31) | (3) |
| Total Additions | 11,397,368 | 10,217,731 | 1,176,674 | 2,963 |
| Deductions: | | | | |
| Benefits Paid to Participants | 1,383 | -- | -- | 1,383 |
| Distributions from Pooled Investments | 1,013,075 | -- | 1,013,075 | -- |
| Professional Services | 6,566 | 5,293 | 1,251 | 22 |
| Other Expenses | 230,397 | 230,397 | -- | -- |
| Apportioned Taxes | 10,236,271 | 10,199,944 | 36,327 | -- |
| Total Deductions | 11,487,692 | 10,435,634 | 1,050,653 | 1,405 |
| Change in Net Position | (90,324) | (217,903) | 126,021 | 1,558 |
| Net Position-Beginning of Year | -- | -- | -- | -- |
| Adjustment Due to Change in Accounting Principle | 608,517 | 590,496 | -- | 18,021 |
| Net Position-Beginning of Year, as Restated | 608,517 | 590,496 | -- | 18,021 |
| Net Position-End of Year | <u>\$ 518,193</u> | <u>\$ 372,593</u> | <u>\$ 126,021</u> | <u>\$ 19,579</u> |

* This is presented as of 12/31/20.





Probation Department Table at Job Fair

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.

| <u>Contents</u> | <u>Page</u> |
|---|-------------|
| <u>Financial Trends</u> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. | 214 |
| <u>Revenue Capacity</u> These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax. | 226 |
| <u>Debt Capacity</u> These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place. | 231 |
| <u>Economic and Demographic Information</u> These schedules offer economic and demographic indicators to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. | 236 |
| <u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. | 238 |

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 | | | | |
|---|---------------------|---------------------|---------------------|---------------------|------------------------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 ⁽²⁾ |
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$ 3,533,978 | \$ 3,319,173 | \$ 3,127,371 | \$ 3,031,574 | \$ 2,813,296 |
| Restricted for: | | | | | |
| Expendable | | | | | |
| Pension Benefits | 148,764 | 135,342 | 143,647 | 135,485 | 125,876 |
| Capital Projects | 98,252 | 162,614 | 212,897 | 123,245 | 164,400 |
| Debt Service | 38,248 | 33,179 | 28,370 | 25,792 | 33,409 |
| Legally Segregated for Grants and Other Purposes | 1,377,939 | 1,212,985 | 1,202,317 | 1,148,735 | 1,192,827 |
| Regional Park Endowment | 168 | 167 | 159 | 148 | 145 |
| Nonexpendable | | | | | |
| Regional Park Endowment | 200 | 200 | 200 | 200 | 196 |
| Unrestricted | (3,046,351) | (3,480,608) | (3,582,580) | (3,312,306) | (3,074,958) |
| Total Governmental Activities Net Position | \$ 2,151,198 | \$ 1,383,052 | \$ 1,132,381 | \$ 1,152,873 | \$ 1,255,191 |
| Business-Type Activities | | | | | |
| Net Investment in Capital Assets | \$ 865,175 | \$ 856,250 | \$ 858,924 | \$ 799,668 | \$ 708,286 |
| Restricted for: | | | | | |
| Expendable | | | | | |
| Debt Service | 12,698 | 11,591 | 2,029 | 8,672 | 36,181 |
| Passenger Facility Charges | | | | | |
| Approved Capital Projects | 8,093 | 8,158 | 3,282 | 12,044 | 2,775 |
| Replacements and Renewals | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Landfill Closure/Postclosure | 25,053 | 27,730 | 28,531 | 26,655 | 28,962 |
| Landfill Corrective Action | 10,472 | 8,820 | 8,619 | 8,358 | 8,278 |
| Wetland | 879 | 879 | 879 | 879 | 879 |
| Prima Deshecha/La Pata Closure | -- | 104 | 104 | 104 | 104 |
| Airport ⁽¹⁾ | -- | -- | -- | -- | -- |
| OC Waste & Recycling ⁽¹⁾ | -- | -- | -- | -- | -- |
| Unrestricted | 588,699 | 546,804 | 491,359 | 454,482 | 463,495 |
| Total Business-Type Activities Net Position | \$ 1,512,069 | \$ 1,461,336 | \$ 1,394,727 | \$ 1,311,862 | \$ 1,249,960 |

Notes: (1) Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.
 (2) The balances shown have not been restated to include the prior period adjustments.

| Fiscal Year | | | | | |
|---------------------|---------------------|------------------------|---------------------|------------------------|---|
| 2015-16 | 2014-15 | 2013-14 ⁽²⁾ | 2012-13 | 2011-12 ⁽²⁾ | |
| \$ 2,707,493 | \$ 2,670,577 | \$ 2,646,812 | \$ 2,563,976 | \$ 2,699,809 | Governmental Activities |
| | | | | | Net Investment in Capital Assets |
| | | | | | Restricted for: |
| | | | | | Expendable |
| 111,639 | 112,544 | 109,986 | 105,900 | 96,604 | Pension Benefits |
| 10,836 | 6,154 | 8,661 | 11,904 | 16,269 | Capital Projects |
| 36,380 | 37,734 | 37,639 | 31,965 | -- | Debt Service |
| | | | | | Legally Segregated for Grants |
| 1,103,257 | 1,045,897 | 1,190,106 | 1,174,791 | 1,077,117 | and Other Purposes |
| 144 | 141 | 140 | 139 | -- | Regional Park Endowment |
| | | | | | Nonexpendable |
| 193 | 188 | 185 | 183 | 319 | Regional Park Endowment |
| (2,979,945) | (2,991,814) | 331,408 | 196,850 | 37,790 | Unrestricted |
| <u>\$ 989,997</u> | <u>\$ 881,421</u> | <u>\$ 4,324,937</u> | <u>\$ 4,085,708</u> | <u>\$ 3,927,908</u> | Total Governmental Activities Net Position |
| | | | | | Business-Type Activities |
| \$ 663,280 | \$ 642,427 | \$ 624,621 | \$ 587,934 | \$ 574,982 | Net Investment in Capital Assets |
| | | | | | Restricted for: |
| | | | | | Expendable |
| 8,499 | 7,324 | 7,090 | 58,772 | -- | Debt Service |
| | | | | | Passenger Facility Charges |
| 14,705 | 70,538 | 62,522 | 55,331 | -- | Approved Capital Projects |
| 1,000 | 1,000 | 1,000 | 1,000 | -- | Replacements and Renewals |
| 33,997 | 33,337 | 37,412 | 40,355 | -- | Landfill Closure/Postclosure |
| 8,245 | 8,174 | 7,141 | 6,109 | -- | Landfill Corrective Action |
| 879 | 879 | 879 | 879 | -- | Wetland |
| 104 | 104 | 104 | 104 | -- | Prima Deshecha/La Pata Closure |
| -- | -- | -- | -- | 58,149 | Airport ⁽¹⁾ |
| -- | -- | -- | -- | 82,205 | OC Waste & Recycling ⁽¹⁾ |
| 465,003 | 362,546 | 384,871 | 335,122 | 350,474 | Unrestricted |
| <u>\$ 1,195,712</u> | <u>\$ 1,126,329</u> | <u>\$ 1,125,640</u> | <u>\$ 1,085,606</u> | <u>\$ 1,065,810</u> | Total Business-Type Activities Net Position |

**Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting) (Continued)**

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|------------------------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 ⁽³⁾ |
| Primary Government | | | | | |
| Net Investment in Capital Assets | \$ 4,399,153 | \$ 4,175,423 | \$ 3,986,295 | \$ 3,831,242 | \$ 3,521,582 |
| Restricted for: | | | | | |
| Expendable | | | | | |
| OPEB ⁽¹⁾ | -- | -- | -- | -- | -- |
| Pension Benefits | 148,764 | 135,342 | 143,647 | 135,485 | 125,876 |
| Capital Projects | 98,252 | 162,614 | 212,897 | 123,245 | 164,400 |
| Debt Service | 50,946 | 44,770 | 30,399 | 34,464 | 69,590 |
| Legally Segregated for Grants and Other Purposes | 1,377,939 | 1,212,985 | 1,202,317 | 1,148,735 | 1,192,827 |
| Regional Park Endowment | 168 | 167 | 159 | 148 | 145 |
| Passenger Facility Charges | | | | | |
| Approved Capital Projects | 8,093 | 8,158 | 3,282 | 12,044 | 2,775 |
| Replacements and Renewals | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Landfill Closure/Postclosure | 25,053 | 27,730 | 28,531 | 26,655 | 28,962 |
| Landfill Corrective Action | 10,472 | 8,820 | 8,619 | 8,358 | 8,278 |
| Wetland | 879 | 879 | 879 | 879 | 879 |
| Prima Deshecha/La Pata Closure | -- | 104 | 104 | 104 | 104 |
| Airport ⁽²⁾ | -- | -- | -- | -- | -- |
| OC Waste & Recycling ⁽²⁾ | -- | -- | -- | -- | -- |
| Nonexpendable | | | | | |
| Regional Park Endowment | 200 | 200 | 200 | 200 | 196 |
| Unrestricted | (2,457,652) | (2,933,804) | (3,091,221) | (2,857,824) | (2,611,463) |
| Total Primary Government Net Position | \$ 3,663,267 | \$ 2,844,388 | \$ 2,527,108 | \$ 2,464,735 | \$ 2,505,151 |

Notes: (1) In FY 2011-12, it was determined that the Restricted Net Position for Other Postemployment Benefits does not meet the definition of restriction and should be reported as unrestricted.
 (2) Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.
 (3) The balances shown have not been restated to include the prior period adjustments.

| Fiscal Year | | | | | |
|--------------------|--------------|------------------------|--------------|------------------------|---|
| 2015-16 | 2014-15 | 2013-14 ⁽³⁾ | 2012-13 | 2011-12 ⁽³⁾ | |
| \$ 3,370,773 | \$ 3,313,004 | \$ 3,271,433 | \$ 3,151,910 | \$ 3,274,791 | Primary Government |
| | | | | | Net Investment in Capital Assets |
| | | | | | Restricted for: |
| | | | | | Expendable |
| -- | -- | -- | -- | -- ⁽¹⁾ | OPEB ⁽¹⁾ |
| 111,639 | 112,544 | 109,986 | 105,900 | 96,604 | Pension Benefits |
| 10,836 | 6,154 | 8,661 | 11,904 | 16,269 | Capital Projects |
| 44,879 | 45,058 | 44,729 | 90,737 | -- | Debt Service |
| 1,103,257 | 1,045,897 | 1,190,106 | 1,174,791 | 1,077,117 | Legally Segregated for Grants and Other Purposes |
| 144 | 141 | 140 | 139 | -- | Regional Park Endowment |
| 14,705 | 70,538 | 62,522 | 55,331 | -- | Passenger Facility Charges |
| 1,000 | 1,000 | 1,000 | 1,000 | -- | Approved Capital Projects |
| 33,997 | 33,337 | 37,412 | 40,355 | -- | Replacements and Renewals |
| 8,245 | 8,174 | 7,141 | 6,109 | -- | Landfill Closure/Postclosure |
| 879 | 879 | 879 | 879 | -- | Landfill Corrective Action |
| 104 | 104 | 104 | 104 | -- | Wetland |
| -- | -- | -- | -- | 58,149 | Prima Deshecha/La Pata Closure |
| -- | -- | -- | -- | 82,205 | Airport ⁽²⁾ |
| 193 | 188 | 185 | 183 | 319 | OC Waste & Recycling ⁽²⁾ |
| (2,514,942) | (2,629,268) | 716,279 | 531,972 | 388,264 | Nonexpendable |
| | | | | | Regional Park Endowment |
| \$ 2,185,709 | \$ 2,007,750 | \$ 5,450,577 | \$ 5,171,314 | \$ 4,993,718 | Unrestricted |
| | | | | | Total Primary Government Net Position |

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

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

| | Fiscal Year | | | | |
|--|---------------------|---------------------|---------------------|---------------------|------------------------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 ⁽¹⁾ |
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 188,668 | \$ 313,583 | \$ 221,830 | \$ 196,233 | \$ 186,340 |
| Public Protection | 1,513,781 | 1,571,137 | 1,650,165 | 1,475,626 | 1,485,137 |
| Public Ways and Facilities | 138,670 | 158,356 | 172,970 | 151,779 | 97,928 |
| Health and Sanitation | 1,106,989 | 752,996 | 715,343 | 656,234 | 593,617 |
| Public Assistance | 1,358,723 | 1,219,816 | 1,193,705 | 1,102,747 | 1,097,327 |
| Education | 52,579 | 48,845 | 52,323 | 48,412 | 44,510 |
| Recreation and Cultural Services | 128,747 | 122,694 | 139,183 | 123,798 | 112,749 |
| Interest on Long-Term Debt | 27,232 | 33,617 | 30,910 | 25,741 | 17,544 |
| Subtotal Governmental Activities | <u>4,515,389</u> | <u>4,221,044</u> | <u>4,176,429</u> | <u>3,780,570</u> | <u>3,635,152</u> |
| Business-Type Activities: | | | | | |
| Airport | 128,160 | 132,804 | 136,075 | 124,466 | 125,522 |
| OC Waste & Recycling | 134,202 | 130,853 | 128,354 | 125,472 | 105,149 |
| Compressed Natural Gas | 11 | 11 | 160 | 299 | 367 |
| Subtotal Business-Type Activities | <u>262,373</u> | <u>263,668</u> | <u>264,589</u> | <u>250,237</u> | <u>231,038</u> |
| Total Primary Government Expenses | <u>\$ 4,777,762</u> | <u>\$ 4,484,712</u> | <u>\$ 4,441,018</u> | <u>\$ 4,030,807</u> | <u>\$ 3,866,190</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services | | | | | |
| General Government | \$ 57,828 | \$ 45,713 | \$ 47,508 | \$ 43,104 | \$ 41,988 |
| Public Protection | 326,011 | 299,121 | 319,248 | 355,850 | 307,630 |
| Public Ways and Facilities | 49,063 | 54,762 | 52,334 | 55,544 | 67,796 |
| Health and Sanitation | 143,981 | 140,631 | 132,172 | 112,715 | 117,170 |
| Public Assistance | 18,347 | 38,431 | 40,158 | 38,741 | 40,589 |
| Education | 441 | 575 | 1,100 | 1,237 | 1,274 |
| Recreation and Cultural Services | 29,409 | 26,143 | 34,506 | 49,892 | 47,763 |
| Operating Grants and Contributions | 3,199,181 | 2,500,368 | 2,289,265 | 2,175,087 | 2,067,777 |
| Capital Grants and Contributions | 141,883 | 141,118 | 63,429 | 123,575 | 113,481 |
| Subtotal Governmental Activities Program Revenues | <u>3,966,144</u> | <u>3,246,862</u> | <u>2,979,720</u> | <u>2,955,745</u> | <u>2,805,468</u> |
| Business-Type Activities: | | | | | |
| Charges for Services | | | | | |
| Airport | 109,168 | 135,273 | 157,785 | 152,551 | 150,260 |
| OC Waste & Recycling | 179,974 | 179,542 | 171,741 | 162,273 | 153,842 |
| Compressed Natural Gas | 183 | 95 | 108 | 266 | 248 |
| Operating Grants and Contributions | 22,371 | 5,285 | 193 | 272 | 69 |
| Capital Grants and Contributions | 5,387 | -- | 1,424 | 4,829 | 1,828 |
| Subtotal Business-Type Activities Program Revenues | <u>317,083</u> | <u>320,195</u> | <u>331,251</u> | <u>320,191</u> | <u>306,247</u> |
| Total Primary Government Program Revenues | <u>\$ 4,283,227</u> | <u>\$ 3,567,057</u> | <u>\$ 3,310,971</u> | <u>\$ 3,275,936</u> | <u>\$ 3,111,715</u> |

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

| | | Fiscal Year | | | | | | | |
|----|------------------|-------------|------------------|------------------------|------------------|------------------------|------------------|----|------------------|
| | | 2015-16 | 2014-15 | 2013-14 ⁽¹⁾ | 2012-13 | 2011-12 ⁽¹⁾ | | | |
| \$ | 203,394 | \$ | 191,793 | \$ | 131,026 | \$ | 221,110 | \$ | 161,615 |
| | 1,433,421 | | 1,326,028 | | 1,261,984 | | 1,264,354 | | 1,231,925 |
| | 142,071 | | 114,398 | | 127,561 | | 137,651 | | 144,382 |
| | 554,872 | | 537,580 | | 626,063 | | 621,381 | | 593,657 |
| | 1,097,129 | | 1,049,665 | | 988,735 | | 944,230 | | 930,348 |
| | 46,170 | | 43,314 | | 41,240 | | 38,548 | | 41,226 |
| | 115,136 | | 102,069 | | 96,820 | | 101,232 | | 102,762 |
| | 20,112 | | 23,560 | | 28,028 | | 31,269 | | 56,765 |
| | <u>3,612,305</u> | | <u>3,388,407</u> | | <u>3,301,457</u> | | <u>3,359,775</u> | | <u>3,262,680</u> |
| | 120,921 | | 124,778 | | 120,731 | | 122,568 | | 107,120 |
| | 96,301 | | 69,307 | | 94,161 | | 94,737 | | 94,553 |
| | 283 | | 331 | | 379 | | 305 | | 306 |
| | <u>217,505</u> | | <u>194,416</u> | | <u>215,271</u> | | <u>217,610</u> | | <u>201,979</u> |
| \$ | <u>3,829,810</u> | \$ | <u>3,582,823</u> | \$ | <u>3,516,728</u> | \$ | <u>3,577,385</u> | \$ | <u>3,464,659</u> |
| \$ | 34,048 | \$ | 36,924 | \$ | 32,016 | \$ | 32,127 | \$ | 26,942 |
| | 288,185 | | 286,644 | | 273,215 | | 283,031 | | 271,423 |
| | 63,487 | | 53,834 | | 53,071 | | 39,981 | | 62,653 |
| | 85,392 | | 102,599 | | 93,470 | | 81,039 | | 86,027 |
| | 37,975 | | 37,650 | | 42,300 | | 34,780 | | 35,036 |
| | 1,426 | | 1,480 | | 2,059 | | 1,327 | | 1,437 |
| | 46,937 | | 43,882 | | 39,251 | | 39,637 | | 38,888 |
| | 2,037,311 | | 1,996,861 | | 2,033,550 | | 1,904,858 | | 1,800,296 |
| | 105,776 | | 33,241 | | 54,478 | | 62,893 | | 39,010 |
| | <u>2,700,537</u> | | <u>2,593,115</u> | | <u>2,623,410</u> | | <u>2,479,673</u> | | <u>2,361,712</u> |
| | 149,894 | | 141,563 | | 136,359 | | 132,941 | | 129,213 |
| | 147,130 | | 139,493 | | 125,106 | | 106,876 | | 99,249 |
| | 269 | | 312 | | 392 | | 385 | | 293 |
| | 171 | | 255 | | 900 | | 200 | | 212 |
| | 2,174 | | 9,215 | | 5,277 | | 3,839 | | 5,216 |
| | <u>299,638</u> | | <u>290,838</u> | | <u>268,034</u> | | <u>244,241</u> | | <u>234,183</u> |
| \$ | <u>3,000,175</u> | \$ | <u>2,883,953</u> | \$ | <u>2,891,444</u> | \$ | <u>2,723,914</u> | \$ | <u>2,595,895</u> |

Expenses

Governmental Activities:

- General Government
- Public Protection
- Public Ways and Facilities
- Health and Sanitation
- Public Assistance
- Education
- Recreation and Cultural Services
- Interest on Long-Term Debt
- Subtotal Governmental Activities

Business-Type Activities:

- Airport
- OC Waste & Recycling
- Compressed Natural Gas

Subtotal Business-Type Activities

Total Primary Government Expenses

Program Revenues

Governmental Activities:

- Charges for Services
 - General Government
 - Public Protection
 - Public Ways and Facilities
 - Health and Sanitation
 - Public Assistance
 - Education
 - Recreation and Cultural Services
 - Operating Grants and Contributions
 - Capital Grants and Contributions
- Subtotal Governmental Activities Program Revenues

Business-Type Activities:

- Charges for Services
 - Airport
 - OC Waste & Recycling
 - Compressed Natural Gas
 - Operating Grants and Contributions
 - Capital Grants and Contributions
- Subtotal Business-Type Activities Program Revenues

Total Primary Government Program Revenues

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

| | Fiscal Year | | | | |
|---|---------------------|---------------------|-----------------------|---------------------|------------------------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 ⁽³⁾ |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | \$ (549,245) | \$ (974,182) | \$ (1,196,709) | \$ (824,825) | \$ (829,684) |
| Business-Type Activities | 54,710 | 56,527 | 66,662 | 69,954 | 75,209 |
| Total Primary Government Net (Expense) | <u>\$ (494,535)</u> | <u>\$ (917,655)</u> | <u>\$ (1,130,047)</u> | <u>\$ (754,871)</u> | <u>\$ (754,475)</u> |
| General Revenue and Other Changes in Net Position | | | | | |
| Governmental Activities: | | | | | |
| Taxes | | | | | |
| Property Taxes, Levied for General Fund | \$ 351,951 | \$ 332,635 | \$ 320,395 | \$ 305,296 | \$ 287,212 |
| Property Taxes, Levied for Flood Control District | 119,476 | 115,908 | 110,529 | 104,798 | 98,563 |
| Property Taxes, Levied for OC Parks | 93,792 | 89,804 | 85,640 | 81,206 | 76,493 |
| Property Taxes, Levied for OC Public Libraries | 59,333 | 56,767 | 54,074 | 51,166 | 47,804 |
| Property Tax Increments ⁽²⁾ | -- | -- | -- | -- | -- |
| Property Taxes in-Lieu of Motor Vehicle License Fees | 438,321 | 418,370 | 395,809 | 372,728 | 351,011 |
| Other Taxes | 127,777 | 104,863 | 99,965 | 99,889 | 98,216 |
| Grants and Contributions Not Restricted to Specific Programs | 15,547 | 11,673 | 2,720 | 10,757 | 8,434 |
| State Allocation of Motor Vehicle License Fees | 3,528 | 838 | 1,180 | 1,615 | 1,234 |
| Unrestricted Investment Earnings | 35,393 | 30,538 | 44,170 | 19,389 | 19,760 |
| Miscellaneous | 64,764 | 53,631 | 52,813 | 71,164 | 80,229 |
| Gain on Sale of Capital Assets | -- | -- | -- | -- | -- |
| Transfers | 7,509 | 9,826 | 8,922 | 10,767 | 25,922 |
| Subtotal Governmental Activities | <u>1,317,391</u> | <u>1,224,853</u> | <u>1,176,217</u> | <u>1,128,775</u> | <u>1,094,878</u> |
| Extraordinary Gain/(Loss) Dissolution of OCDA ⁽¹⁾ | -- | -- | -- | -- | -- |
| Business-Type Activities: | | | | | |
| Other Taxes | 14 | 50 | 10 | 82 | 78 |
| Unrestricted Investment Earnings | 1,269 | 19,771 | 24,941 | 7,695 | 3,497 |
| Miscellaneous Revenues | 2,249 | 87 | 174 | 1,830 | 1,386 |
| Transfers | (7,509) | (9,826) | (8,922) | (10,767) | (25,922) |
| Subtotal Business-Type Activities | <u>(3,977)</u> | <u>10,082</u> | <u>16,203</u> | <u>(1,160)</u> | <u>(20,961)</u> |
| Total Primary Government General Revenue and Other Charges | <u>\$ 1,313,414</u> | <u>\$ 1,234,935</u> | <u>\$ 1,192,420</u> | <u>\$ 1,127,615</u> | <u>\$ 1,073,917</u> |
| Change in Net Position | | | | | |
| Governmental Activities | \$ 768,146 | \$ 250,671 | \$ (20,492) | \$ 303,950 | \$ 265,194 |
| Business-Type Activities | 50,733 | 66,609 | 82,865 | 68,794 | 54,248 |
| Total Primary Government | <u>\$ 818,879</u> | <u>\$ 317,280</u> | <u>\$ 62,373</u> | <u>\$ 372,744</u> | <u>\$ 319,442</u> |

Notes: (1) Extraordinary item results from the dissolution of OCDA, which is now reported as a Private-Purpose Trust Fund.
 (2) Starting in FY 2012-13, there were no property tax increment revenues due to the dissolution of OCDA.
 (3) The balances shown have not been restated to include prior period adjustments.

| Fiscal Year | | | | |
|---------------------|---------------------|------------------------|---------------------|------------------------|
| 2015-16 | 2014-15 | 2013-14 ⁽³⁾ | 2012-13 | 2011-12 ⁽³⁾ |
| \$ (911,768) | \$ (795,292) | \$ (678,047) | \$ (880,102) | \$ (900,968) |
| 82,133 | 96,422 | 52,763 | 26,631 | 32,204 |
| <u>\$ (829,635)</u> | <u>\$ (698,870)</u> | <u>\$ (625,284)</u> | <u>\$ (853,471)</u> | <u>\$ (868,764)</u> |
| \$ 311,902 | \$ 328,500 | \$ 277,591 | \$ 313,299 | \$ 311,779 |
| 82,193 | 77,090 | 72,737 | 69,321 | 68,184 |
| 61,048 | 57,266 | 54,042 | 51,550 | 51,168 |
| 45,364 | 42,333 | 39,734 | 37,961 | 37,389 |
| -- | -- | -- | -- | 18,308 |
| 333,595 | 314,957 | 295,798 | 309,745 | 303,955 |
| 78,184 | 71,613 | 73,178 | 108,430 | 43,568 |
| 4,583 | 49,476 | 14,192 | 6,711 | 9,377 |
| 1,100 | 764 | 895 | 1,659 | 2,667 |
| 17,032 | 6,796 | 18,459 | 11,559 | 4,195 |
| 63,825 | 69,789 | 54,412 | 48,478 | 57,125 |
| -- | -- | -- | -- | 34 |
| 21,518 | 19,959 | 17,557 | 10,276 | 11,767 |
| <u>1,020,344</u> | <u>1,038,543</u> | <u>918,595</u> | <u>968,989</u> | <u>919,516</u> |
| -- | -- | -- | 1,800 | (69,639) |
| 72 | 109 | 101 | 93 | 134 |
| 6,526 | 3,042 | 3,064 | 2,113 | 3,530 |
| 2,170 | 1,597 | 3,177 | 1,235 | 1,508 |
| (21,518) | (19,959) | (17,557) | (10,276) | (11,767) |
| <u>(12,750)</u> | <u>(15,211)</u> | <u>(11,215)</u> | <u>(6,835)</u> | <u>(6,595)</u> |
| <u>\$ 1,007,594</u> | <u>\$ 1,023,332</u> | <u>\$ 907,380</u> | <u>\$ 963,954</u> | <u>\$ 843,282</u> |
| \$ 108,576 | \$ 243,251 | \$ 240,548 | \$ 90,687 | \$ (51,091) |
| 69,383 | 81,211 | 41,548 | 19,796 | 25,609 |
| <u>\$ 177,959</u> | <u>\$ 324,462</u> | <u>\$ 282,096</u> | <u>\$ 110,483</u> | <u>\$ (25,482)</u> |

Net (Expense)/Revenue

Governmental Activities
Business-Type Activities
Total Primary Government Net (Expense)

General Revenue and Other

Changes in Net Position

Governmental Activities:
Taxes
Property Taxes, Levied for General Fund
Property Taxes, Levied for Flood Control District
Property Taxes, Levied for OC Parks
Property Taxes, Levied for OC Public Libraries
Property Tax Increments ⁽²⁾
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
Gain on Sale of Capital Assets
Transfers
Subtotal Governmental Activities
Extraordinary Gain/(Loss)
Dissolution of OCDA ⁽¹⁾
Business-Type Activities:
Other Taxes
Unrestricted Investment Earnings
Miscellaneous Revenues
Transfers
Subtotal Business-Type Activities
Total Primary Government General Revenue and Other Charges

Change in Net Position

Governmental Activities
Business-Type Activities
Total Primary Government

**Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)**

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|------------------------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 ⁽¹⁾ |
| General Fund | | | | | |
| Nonspendable | \$ 515,879 | \$ 460,074 | \$ 396,541 | \$ 378,418 | \$ 372,572 |
| Restricted | 97,998 | 78,982 | 49,989 | 31,815 | 39,581 |
| Assigned | 108,268 | 106,929 | 147,686 | 179,119 | 265,293 |
| Unassigned | 13,582 | 217,317 | 196,517 | 219,426 | 73,446 |
| Total General Fund | \$ 735,727 | \$ 863,302 | \$ 790,733 | \$ 808,778 | \$ 750,892 |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ 29,779 | \$ 25,866 | \$ 23,368 | \$ 21,505 | \$ 21,697 |
| Restricted | 1,611,739 | 1,588,765 | 1,657,781 | 1,492,269 | 1,635,408 |
| Assigned | 377,228 | 214,144 | 180,139 | 176,953 | 170,472 |
| Unassigned | -- | -- | -- | -- | -- |
| Total All Other Governmental Funds | \$ 2,018,746 | \$ 1,828,775 | \$ 1,861,288 | \$ 1,690,727 | \$ 1,827,577 |

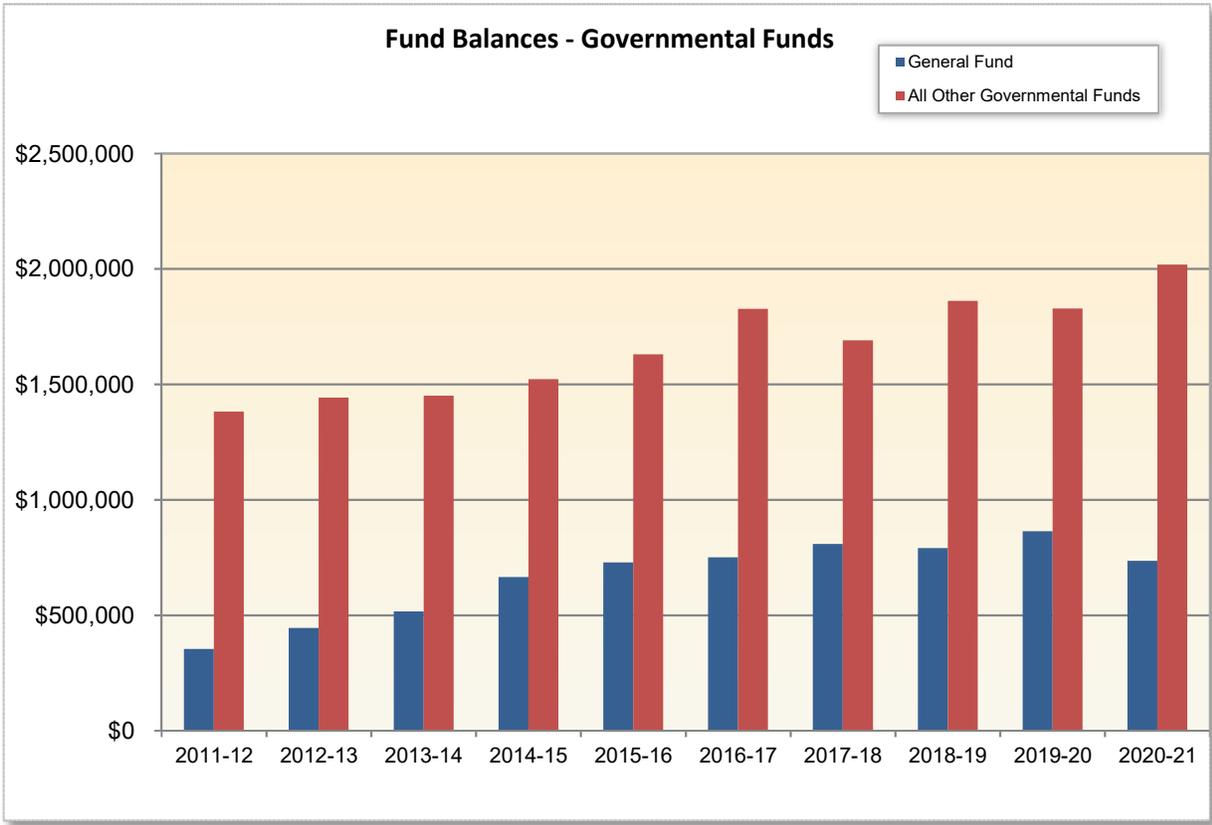
Note: (1) The balances shown have not been restated to include prior period adjustments.

| Fiscal Year | | | | |
|-------------------|-------------------|------------------------|-------------------|------------------------|
| 2015-16 | 2014-15 | 2013-14 ⁽¹⁾ | 2012-13 | 2011-12 ⁽¹⁾ |
| \$ 331,889 | \$ 336,606 | \$ 321,022 | \$ 263,446 | \$ 225,460 |
| 49,230 | 31,486 | 42,028 | 34,679 | 26,336 |
| 321,064 | 269,529 | 153,336 | 68,157 | 100,448 |
| 25,655 | 26,887 | -- | 78,264 | 990 |
| \$ 727,838 | \$ 664,508 | \$ 516,386 | \$ 444,546 | \$ 353,234 |

General Fund
 Nonspendable
 Restricted
 Assigned
 Unassigned
Total General Fund

| | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 20,501 | \$ 21,296 | \$ 21,207 | \$ 18,929 | \$ 23,057 |
| 1,479,405 | 1,417,122 | 1,362,102 | 1,357,556 | 1,318,071 |
| 129,782 | 83,765 | 67,929 | 65,556 | 43,900 |
| -- | -- | -- | -- | (3,016) |
| \$ 1,629,688 | \$ 1,522,183 | \$ 1,451,238 | \$ 1,442,041 | \$ 1,382,012 |

All Other Governmental Funds
 Nonspendable
 Restricted
 Assigned
 Unassigned
Total All Other Governmental Funds



**Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Basis of Accounting)**

| | Fiscal Year | | | | |
|---|------------------|------------------|------------------|------------------|------------------------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 ⁽¹⁾ |
| Revenues | | | | | |
| Taxes | \$ 1,152,471 | \$ 1,087,160 | \$ 1,033,209 | \$ 982,742 | \$ 923,561 |
| Licenses, Permits, and Franchises | 27,819 | 26,193 | 25,956 | 28,142 | 28,209 |
| Fines, Forfeitures, and Penalties | 57,845 | 54,731 | 64,582 | 69,858 | 96,950 |
| Use of Money and Property | 43,339 | 99,619 | 124,827 | 85,694 | 68,498 |
| Intergovernmental | 3,142,386 | 2,506,018 | 2,243,421 | 2,232,699 | 2,172,013 |
| Charges for Services | 571,132 | 553,644 | 538,659 | 567,464 | 530,883 |
| Other | 70,549 | 60,389 | 74,508 | 78,707 | 63,949 |
| Total Revenues | 5,065,541 | 4,387,754 | 4,105,162 | 4,045,306 | 3,884,063 |
| Expenditures | | | | | |
| General Government | 227,528 | 346,701 | 271,722 | 295,157 | 267,663 |
| Public Protection | 1,559,227 | 1,492,539 | 1,485,357 | 1,441,435 | 1,401,694 |
| Public Ways and Facilities | 130,831 | 138,760 | 152,657 | 135,056 | 97,169 |
| Health and Sanitation | 1,131,047 | 747,178 | 680,305 | 649,064 | 578,772 |
| Public Assistance | 1,383,768 | 1,210,986 | 1,145,340 | 1,094,675 | 1,073,964 |
| Education | 53,372 | 47,702 | 47,826 | 46,842 | 42,564 |
| Recreation and Cultural Services | 125,363 | 119,379 | 114,127 | 117,965 | 106,356 |
| Capital Outlay | 341,409 | 194,454 | 213,950 | 259,797 | 176,308 |
| Debt Service | | | | | |
| Principal Retirement | 60,982 | 90,093 | 75,410 | 108,997 | 100,119 |
| Interest | 40,115 | 43,887 | 43,062 | 36,273 | 47,089 |
| Debt Issuance Costs | -- | -- | -- | -- | -- |
| Total Expenditures | 5,053,642 | 4,431,679 | 4,229,756 | 4,185,261 | 3,891,698 |
| Excess (Deficit) of Revenues Over Expenditures | 11,899 | (43,925) | (124,594) | (139,955) | (7,635) |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 601,093 | 590,322 | 633,185 | 505,092 | 653,593 |
| Transfers Out | (601,321) | (590,049) | (629,486) | (502,637) | (631,891) |
| Debt Issued | 50,725 | 83,708 | 61,107 | 58,489 | 31,536 |
| Premium on Debt Issued | -- | -- | -- | -- | -- |
| Refunding Bonds Issued | -- | -- | -- | -- | -- |
| Payment to Refunded Bond Escrow | -- | -- | -- | -- | -- |
| Provisions for Increase in Land Held for Resale | -- | -- | -- | -- | -- |
| Capital Leases | -- | -- | -- | 47 | -- |
| Loan Issuance | -- | -- | 212,304 | -- | 175,340 |
| Total Other Financing Sources | 50,497 | 83,981 | 277,110 | 60,991 | 228,578 |
| Extraordinary Gain/(Loss) | -- | -- | -- | -- | -- |
| Net Change in Fund Balances | \$ 62,396 | \$ 40,056 | 152,516 | (78,964) | \$ 220,943 |
| Debt Service as a Percentage of Noncapital Expenditures: | 2.15% | 3.16% | 2.95% | 3.70% | 3.97% |

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

| Fiscal Year | | | | |
|--------------------|-------------------|------------------------|-------------------|------------------------|
| 2015-16 | 2014-15 | 2013-14 ⁽¹⁾ | 2012-13 | 2011-12 ⁽¹⁾ |
| \$ 876,808 | \$ 822,511 | \$ 778,936 | \$ 854,587 | \$ 784,797 |
| 27,659 | 24,583 | 24,920 | 15,213 | 18,046 |
| 61,669 | 108,115 | 62,081 | 79,267 | 80,180 |
| 88,211 | 73,700 | 63,611 | 58,441 | 81,088 |
| 2,125,136 | 2,064,354 | 2,070,245 | 1,940,687 | 1,846,311 |
| 466,659 | 480,023 | 470,899 | 439,224 | 435,920 |
| 69,436 | 71,207 | 54,406 | 77,464 | 66,920 |
| 3,715,578 | 3,644,493 | 3,525,098 | 3,464,883 | 3,313,262 |
| 261,387 | 212,805 | 172,195 | 186,145 | 170,156 |
| 1,289,902 | 1,230,878 | 1,194,069 | 1,157,676 | 1,125,831 |
| 123,140 | 102,732 | 127,506 | 112,294 | 126,809 |
| 527,482 | 515,560 | 621,891 | 611,369 | 580,791 |
| 1,061,647 | 1,030,404 | 972,156 | 932,414 | 909,296 |
| 43,928 | 41,949 | 40,008 | 37,239 | 37,621 |
| 100,381 | 98,001 | 98,388 | 94,051 | 91,753 |
| 116,569 | 102,863 | 125,781 | 122,639 | 105,207 |
| 126,319 | 104,756 | 111,486 | 72,499 | 95,429 |
| 43,039 | 31,513 | 35,107 | 43,777 | 46,152 |
| -- | -- | 200 | -- | -- |
| 3,693,794 | 3,471,461 | 3,498,787 | 3,370,103 | 3,289,045 |
| 21,784 | 173,032 | 26,311 | 94,780 | 24,217 |
| 396,952 | 338,055 | 294,374 | 274,363 | 345,692 |
| (387,373) | (323,604) | (279,287) | (268,110) | (336,157) |
| 127,494 | 31,541 | 39,639 | 78,419 | 10,000 |
| 11,724 | -- | -- | -- | 2,927 |
| -- | -- | -- | -- | 34,380 |
| -- | -- | -- | -- | (40,491) |
| -- | -- | -- | -- | 43 |
| 254 | 43 | -- | -- | -- |
| -- | -- | -- | -- | -- |
| 149,051 | 46,035 | 54,726 | 84,672 | 16,394 |
| -- | -- | -- | 1,800 | (113,615) |
| \$ 170,835 | \$ 219,067 | \$ 81,037 | \$ 181,252 | (73,004) |
| 4.73% | 4.04% | 4.34% | 3.60% | 4.44% |

Revenues

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

Expenditures

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

Other Financing Sources (Uses)

Transfers In
Transfers Out
Debt Issued
Premium on Debt Issued
Refunding Bonds Issued
Payment to Refunded Bond Escrow
Provisions for Increase in Land Held
for Resale
Capital Leases
Loan Issuance
Total Other Financing Sources
Extraordinary Gain/(Loss)
Net Change in Fund Balances

Debt Service as a Percentage
of Noncapital Expenditures:

Assessed Value of Taxable Property ⁽¹⁾
Last Ten Fiscal Years

| Fiscal Year | Residential Property | Industrial/ Commerical Property | Other Property ⁽²⁾ | Unsecured Roll Gross Total ⁽³⁾ |
|----------------|----------------------|---------------------------------------|----------------------------------|--|
| 2020-21 | \$ 504,644,318 | \$ 140,164,352 | \$ 2,403,862 | \$ 22,897,695 |
| 2019-20 | 480,900,743 | 134,341,781 | 2,582,299 | 22,599,621 |
| 2018-19 | 454,536,503 | 127,625,128 | 2,489,493 | 21,677,257 |
| 2017-18 | 427,214,695 | 119,884,555 | 2,827,145 | 20,772,113 |
| 2016-17 | 400,931,553 | 114,636,194 | 2,787,769 | 20,582,609 |
| 2015-16 | 377,592,570 | 110,440,476 | 3,294,159 | 20,394,462 |
| 2014-15 | 352,800,864 | 105,523,254 | 3,694,094 | 20,902,660 |
| 2013-14 | 328,138,473 | 102,580,010 | 3,792,261 | 19,281,087 |
| 2012-13 | 315,635,908 | 100,074,695 | 3,489,057 | 19,905,480 |
| 2011-12 | 310,211,002 | 96,431,670 | 2,848,162 | 20,634,672 |

- Notes:
- (1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current market value at time of ownership change and the market value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.
 - (2) Other property includes: timeshares, rural/agricultural land, unique miscellaneous, mineral rights, water rights and personal property and fixtures.
 - (3) Unsecured roll includes properties for which taxes assessed are not a lien on real property and are not sufficient, in the opinion of the Assessor, to secure payment of taxes. It consists of improvements, business personal property, boats and aircrafts, and it can also include land and improvements that are identified as real estate of others, as defined by the Assessor (reference Revenue and Taxation Code Section 134).

Source: Orange County Assessor Department

| <u>Total Taxable Assessed Value</u> | <u>Less: Exempt & Non-Reimbursed Exemptions</u> | <u>Net Taxable Assessed Value</u> | <u>Total Direct Tax Rate Percent ⁽¹⁾</u> |
|---|---|---------------------------------------|---|
| \$ 670,110,227 | \$ (14,813,332) | \$ 655,296,895 | 1.00 |
| 640,424,444 | (14,679,567) | 625,744,877 | 1.00 |
| 606,328,381 | (13,748,645) | 592,579,736 | 1.00 |
| 570,698,508 | (12,895,747) | 557,802,761 | 1.00 |
| 538,938,125 | (12,807,570) | 526,130,555 | 1.00 |
| 511,721,667 | (12,722,344) | 498,999,323 | 1.00 |
| 482,920,872 | (11,661,965) | 471,258,907 | 1.00 |
| 453,791,831 | (10,943,554) | 442,848,277 | 1.00 |
| 439,105,140 | (10,634,193) | 428,470,947 | 1.00 |
| 430,125,506 | (9,729,486) | 420,396,020 | 1.00 |

**Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate Per \$1,000 of Assessed Value) ⁽⁴⁾**

| Fiscal Year | Direct Rate ⁽¹⁾ | Overlapping Rates ⁽²⁾ | | | | Total Direct & Overlapping Rates |
|-------------|----------------------------|----------------------------------|-------------------------|---------|-------------------|----------------------------------|
| | County General | School Districts | Local Special Districts | Cities | Public Utility | |
| 2020-21 | 1.00000 | 0.05622 | 0.00847 | 0.00676 | 0.00363 | 1.07508 |
| 2019-20 | 1.00000 | 0.05358 | 0.01202 | 0.00678 | 0.00326 | 1.07564 |
| 2018-19 | 1.00000 | 0.05515 | 0.01216 | 0.00687 | 0.00317 | 1.07735 |
| 2017-18 | 1.00000 | 0.05366 | 0.01289 | 0.00713 | 0.00259 | 1.07627 |
| 2016-17 | 1.00000 | 0.04840 | 0.01316 | 0.00659 | 0.00270 | 1.07085 |
| 2015-16 | 1.00000 | 0.05101 | 0.01455 | 0.00670 | 0.00227 | 1.07453 |
| 2014-15 | 1.00000 | 0.04579 | 0.04438 | 0.00681 | -- ⁽³⁾ | 1.09698 |

Notes:

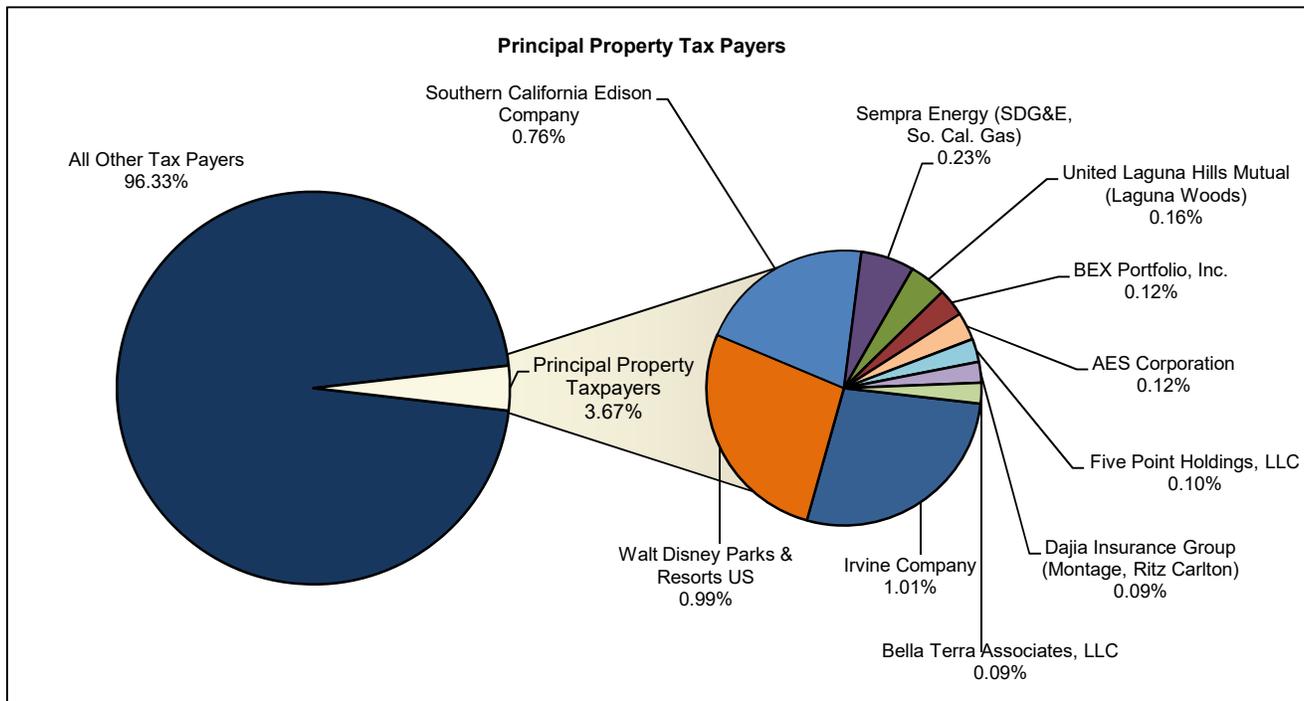
- (1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent,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

Source: Auditor-Controller, County of Orange



**Principal Property Tax Payers
 Current Year and Nine Years Ago**

| Taxpayer | 2021 | | | 2012 | | |
|---|---------------------|------|----------------------------------|---------------------|------|----------------------------------|
| | Actual Taxes Levied | Rank | Percentage of Total Taxes Levied | Actual Taxes Levied | Rank | Percentage of Total Taxes Levied |
| Irvine Company | \$ 76,379 | 1 | 1.01% | \$ 98,462 | 1 | 1.94% |
| Walt Disney Parks & Resorts US | 74,313 | 2 | 0.99% | 50,122 | 2 | 0.99% |
| Southern California Edison Company | 57,143 | 3 | 0.76% | 29,544 | 3 | 0.58% |
| Sempra Energy (SDG&E, So. Cal. Gas) | 17,484 | 4 | 0.23% | | | |
| United Laguna Hills Mutual (Laguna Woods) | 11,857 | 5 | 0.16% | 7,177 | 8 | 0.14% |
| BEX Portfolio, Inc. | 8,776 | 6 | 0.12% | | | |
| AES Corporation | 8,669 | 7 | 0.12% | | | |
| Five Point Holdings, LLC | 7,425 | 8 | 0.10% | | | |
| Dajia Insurance Group | 7,147 | 9 | 0.09% | | | |
| Bella Terra Associates, LLC | 6,497 | 10 | 0.09% | | | |
| Irvine Apartment Communities | | | | 9,946 | 4 | 0.20% |
| Irvine Community Development Co. | | | | 8,581 | 5 | 0.17% |
| Pacific Bell Telephone Company | | | | 8,013 | 6 | 0.16% |
| Kaiser Foundation Hospitals | | | | 7,510 | 7 | 0.15% |
| Heritage Fields El Toro LLC | | | | 6,624 | 9 | 0.13% |
| Oxy USA Inc. | | | | 6,003 | 10 | 0.12% |
| Total | \$ 275,690 | | 3.67% | \$ 231,982 | | 4.58% |

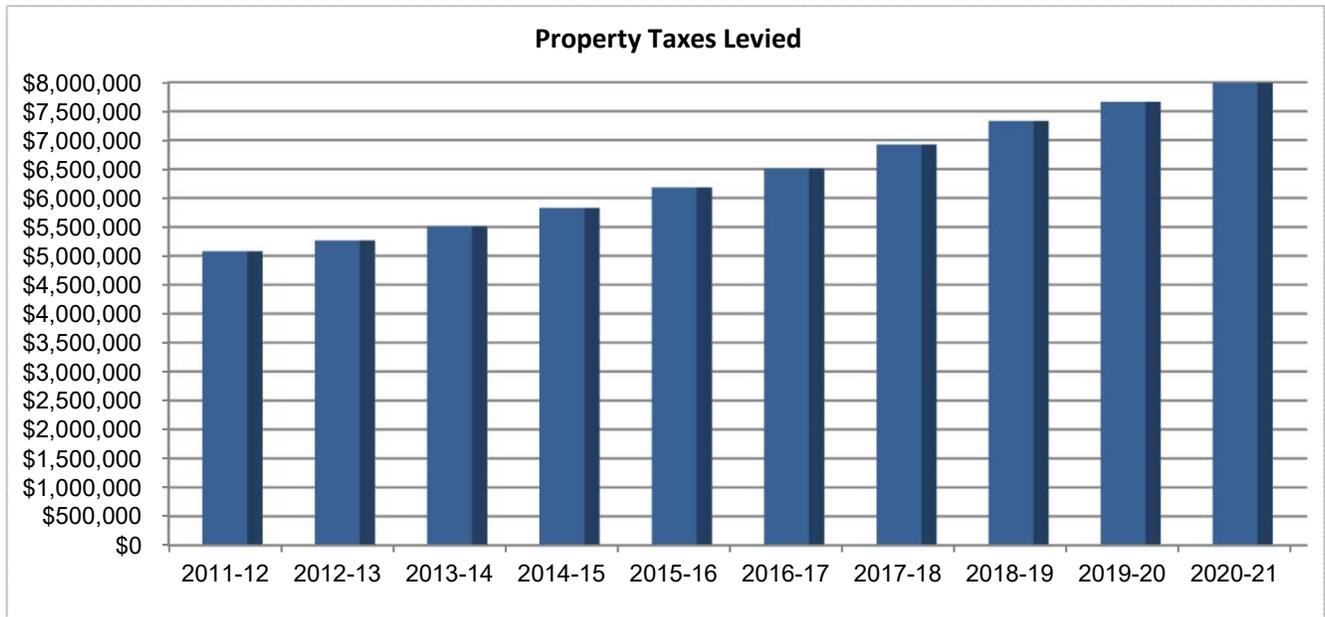


Note: The base used for the Percentage of Total Taxes Levied for 2021 includes total secured taxes of \$7,537,669.

Source: Treasurer-Tax Collector, County of Orange

**Property Tax Levies and Collections
Last Ten Fiscal Years**

| Fiscal Year | Taxes Levied for the Fiscal Year ⁽¹⁾ | Collections Within the Fiscal Year of the Levy ⁽²⁾ | | Collections of Delinquent Taxes from Prior Years | Total Collections for the Fiscal Year ⁽³⁾ | |
|-------------|---|---|--------------------|--|--|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2020-21 | \$ 7,989,930 | \$ 7,896,700 | 98.83% | \$ -- ⁽⁴⁾ | \$ 7,896,700 | 98.83% |
| 2019-20 | 7,664,009 | 7,567,252 | 98.74% | 58,658 | 7,625,910 | 99.50% |
| 2018-19 | 7,333,137 | 7,252,952 | 98.91% | 55,351 | 7,308,303 | 99.66% |
| 2017-18 | 6,925,546 | 6,855,493 | 98.99% | 51,595 | 6,907,088 | 99.73% |
| 2016-17 | 6,511,944 | 6,446,780 | 99.00% | 51,003 | 6,497,783 | 99.78% |
| 2015-16 | 6,183,862 | 6,119,771 | 98.96% | 53,784 | 6,173,555 | 99.83% |
| 2014-15 | 5,828,106 | 5,759,699 | 98.83% | 60,499 | 5,820,198 | 99.86% |
| 2013-14 | 5,509,379 | 5,444,912 | 98.83% | 54,615 | 5,499,527 | 99.82% |
| 2012-13 | 5,265,844 | 5,194,193 | 98.64% | 59,766 | 5,253,959 | 99.77% |
| 2011-12 | 5,079,589 | 5,002,490 | 98.48% | 84,405 | 5,086,895 | 100.14% |



- 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.

Source: Auditor-Controller, County of Orange

**Ratios of Outstanding Debt ⁽¹⁾ by Type
 Last Ten Fiscal Years (in Thousands Except Per Capita)
 (Accrual Basis of Accounting)**

| Fiscal Year | Governmental Activities | | | | | |
|-------------|---|--|---|-------------------|-----------------|--|
| | Refunding Recovery Bonds ⁽⁵⁾ | Certificates of Participation ⁽⁴⁾ | Pension Obligation Bonds ⁽⁴⁾ | Teeter Plan Notes | SARI Line Loans | Lease Revenue Bonds ^{(5),(6),(7)} |
| 2020-21 | \$ -- | \$ -- | \$ 516 | \$ 37,406 | \$ -- | \$ 441,853 |
| 2019-20 | -- | -- | 2,967 | 34,661 | -- | 447,481 |
| 2018-19 | -- | -- | 5,445 | 29,507 | -- | 449,669 |
| 2017-18 | -- | 392 | 8,217 | 27,247 | -- | 245,288 |
| 2016-17 | -- | 811 | 11,220 | 27,868 | 23,900 | 263,692 |
| 2015-16 | -- | 1,262 | 19,140 | 30,191 | 28,022 | 141,145 |
| 2014-15 | -- | 1,744 | 27,227 | 33,823 | 36,277 | 105,880 |
| 2013-14 | 19,172 | 2,262 | 32,193 | 39,830 | 47,410 | 137,115 |
| 2012-13 | 35,317 | 2,822 | 37,925 | 43,486 | 59,892 | 155,828 |
| 2011-12 | 51,600 | 3,422 | 47,523 | -- | 40,328 | 181,097 |

- Notes:
- (1) Details regarding the County's outstanding debt can be found in Note 12, Long-Term Obligations.
 - (2) 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.
 - (3) 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.
 - (4) Beginning FY 2012-13, outstanding debt does not include Interest Accretion on capital appreciation bonds (CAB), this was separated and numbers were restated.
 - (5) Beginning FY 2013-14, outstanding debt does not include deferred amount on refunding due to implementation of GASB Statement No. 65. Prior years have not been restated.
 - (6) Lease Revenue Bonds and Airport Revenue Bonds include unamortized premiums and discounts.
 - (7) Prior year balances for the Civic Center Facilities Master Plan Financing have been combined with Lease Revenue Bonds per GASB Statement No. 88.

Source: Auditor-Controller, County of Orange

| Capital Lease Obligations ⁽²⁾ | Interest Accretion on CAB | Business-Type Activities | | Total Primary Government | Percentage of Personal Income ⁽³⁾ | Per Capita ⁽³⁾ |
|--|---------------------------|--------------------------------------|---------------------------------------|--------------------------|--|---------------------------|
| | | Airport Revenue Bonds ⁽⁶⁾ | Waste Management System Revenue Bonds | | | |
| \$ 32,993 | \$ 2,890 | \$ 79,910 | \$ -- | \$ 595,568 | 0.23% | \$ 189 |
| 31,702 | 15,090 | 93,462 | -- | 625,363 | 0.28% | 196 |
| 39,396 | 25,201 | 98,079 | -- | 647,297 | 0.28% | 201 |
| 43,169 | 36,586 | 152,199 | -- | 513,098 | 0.24% | 159 |
| 55,831 | 46,641 | 187,318 | -- | 617,281 | 0.31% | 193 |
| 67,928 | 73,926 | 195,127 | -- | 556,741 | 0.29% | 175 |
| 79,168 | 96,303 | 202,536 | -- | 582,958 | 0.31% | 185 |
| 62,446 | 103,377 | 209,804 | -- | 653,609 | 0.34% | 210 |
| 67,353 | 110,084 | 240,540 | 7,018 | 760,265 | 0.41% | 247 |
| 71,755 | -- | 248,900 | 13,666 | 658,291 | 0.40% | 215 |

**Ratios of Net General Bonded Debt ⁽¹⁾ Outstanding
 Last Ten Fiscal Years (in Thousands Except Per Capita)
 (Accrual Basis of Accounting)**

| Fiscal Year | General Debt Outstanding | | | | Percentage of Assessed Value | Per Capita ⁽²⁾ |
|-------------|--------------------------|---|---|-----------------------|------------------------------|---------------------------|
| | Refunding Recovery Bonds | Pension Obligation Bonds ⁽³⁾ | Restricted for Debt Payments ⁽³⁾ | Total (Excess)/ Under | | |
| 2020-21 | \$ -- | \$ 3,406 | \$ 3,406 | \$ -- | 0.00% | \$ -- |
| 2019-20 | -- | 18,057 | 18,057 | -- | 0.00% | -- |
| 2018-19 | -- | 30,646 | 30,646 | -- | 0.00% | -- |
| 2017-18 | -- | 42,770 | 42,770 | -- | 0.00% | -- |
| 2016-17 | -- | 53,985 | 53,985 | -- | 0.00% | -- |
| 2015-16 | -- | 87,521 | 87,521 | -- | 0.00% | -- |
| 2014-15 | -- | 116,494 | 116,494 | -- | 0.00% | -- |
| 2013-14 | 19,172 | 127,206 | 127,206 | 19,172 | 0.00% | 6 |
| 2012-13 | 35,317 | 138,484 | 138,484 | 35,317 | 0.01% | 11 |
| 2011-12 | 51,600 | 47,523 | 47,523 | 51,600 | 0.01% | 17 |

Notes: (1) Details regarding the County's outstanding debt can be found in Note 12, Long-Term Obligations.
 (2) See demographic and economic statistics schedule for population data. For years prior to FY 2012-13, the debt per capita amount was calculated using the population for the prior fiscal year.
 (3) Beginning in FY 2012-13, outstanding debt includes accreted interest on capital appreciation bonds.

Source: Auditor Controller, County of Orange

**Legal Debt Margin as a Percentage of Debt Limit
Pledged Revenue Coverage**

| Fiscal Year | Assessed Value ⁽¹⁾ | Legal Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total Net Debt Applicable to the Limit as a Percentage of Debt Limit ⁽²⁾ |
|-------------|-------------------------------|------------------|------------------------------------|-------------------|---|
| 2020-21 | \$ 663,241,179 | \$ 8,290,515 | \$ -- | \$ 8,290,515 | 0% |
| 2019-20 | 632,758,256 | 7,909,478 | -- | 7,909,478 | 0% |
| 2018-19 | 598,901,016 | 7,486,263 | -- | 7,486,263 | 0% |
| 2017-18 | 563,662,044 | 7,045,776 | -- | 7,045,776 | 0% |
| 2016-17 | 531,052,158 | 6,638,152 | -- | 6,638,152 | 0% |
| 2015-16 | 504,650,360 | 6,308,130 | -- | 6,308,130 | 0% |
| 2014-15 | 476,303,290 | 5,953,791 | -- | 5,953,791 | 0% |
| 2013-14 | 447,749,156 | 5,596,864 | -- | 5,596,864 | 0% |
| 2012-13 | 432,902,274 | 5,411,278 | -- | 5,411,278 | 0% |
| 2011-12 | 424,769,642 | 5,309,621 | -- | 5,309,621 | 0% |



Note:

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

Source: Auditor-Controller, County of Orange

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2021
 (Dollar Amounts in Thousands)

Pledged Revenue Coverage ⁽¹⁾
Last Ten Fiscal Years

South Orange County Public Financing Authority

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

Debt Service

| Fiscal Year | Gross Revenue | Operating Expenses | Net Available Revenue | Principal | Interest | Coverage |
|-------------|---------------|--------------------|-----------------------|-----------|----------|----------|
| 2020-21 | \$ 4,338 | \$ -- | \$ 4,338 | \$ 2,054 | \$ 2,433 | 0.97 |
| 2019-20 | 4,491 | 64 | 4,427 | 1,975 | 2,511 | 0.99 |
| 2018-19 | 6,076 | -- | 6,076 | 6,930 | 2,839 | 0.62 |
| 2017-18 | 10,489 | -- | 10,489 | 7,165 | 3,152 | 1.02 |
| 2016-17 | 10,465 | -- | 10,465 | 7,335 | 2,974 | 1.02 |
| 2015-16 | 5,828 | 271 | 5,557 | 4,920 | 906 | 0.95 |
| 2014-15 | 5,830 | -- | 5,830 | 4,780 | 1,049 | 1.00 |
| 2013-14 | 5,825 | -- | 5,825 | 4,680 | 1,143 | 1.00 |
| 2012-13 | 5,841 | -- | 5,841 | 4,520 | 1,307 | 1.00 |
| 2011-12 | -- | 262 | (262) | -- | -- | -- |

Orange County Public Facilities Corporation Bonds

Funding Source: Interest Earnings and Transfers

Debt Service

| Fiscal Year | Gross Revenue | Operating Expenses | Net Available Revenue | Principal | Interest | Coverage |
|-------------|---------------|--------------------|-----------------------|-----------|----------|----------|
| 2020-21 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | -- |
| 2019-20 | -- | -- | -- | -- | -- | -- |
| 2018-19 | 53 | -- | 53 | 392 | 2,209 | 0.02 |
| 2017-18 | 2,423 | -- | 2,423 | 419 | 2,179 | 0.93 |
| 2016-17 | 2,405 | 8 | 2,397 | 451 | 2,157 | 0.92 |
| 2015-16 | 2,470 | -- | 2,470 | 482 | 2,121 | 0.95 |
| 2014-15 | 2,475 | -- | 2,475 | 518 | 2,090 | 0.95 |
| 2013-14 | 2,459 | -- | 2,459 | 560 | 2,045 | 0.94 |
| 2012-13 | 2,403 | 44 | 2,359 | 600 | 2,005 | 0.91 |
| 2011-12 | 2,770 | -- | 2,770 | 642 | 1,958 | 1.07 |

Orange County Public Financing Authority

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

Debt Service

| Fiscal Year | Gross Revenue | Operating Expenses | Net Available Revenue | Principal | Interest | Coverage |
|-------------|---------------|--------------------|-----------------------|-----------|----------|----------|
| 2020-21 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | -- |
| 2019-20 | -- | -- | -- | -- | -- | -- |
| 2018-19 | -- | -- | -- | -- | -- | -- |
| 2017-18 | 2,466 | -- | 2,466 | 9,590 | 335 | 0.25 |
| 2016-17 | 10,189 | -- | 10,189 | 41,235 | 1,587 | 0.24 |
| 2015-16 | 44,418 | -- | 44,418 | 25,420 | 3,235 | 1.55 |
| 2014-15 | 29,928 | -- | 29,928 | 24,235 | 4,455 | 1.04 |
| 2013-14 | 29,949 | -- | 29,949 | 23,115 | 5,605 | 1.04 |
| 2012-13 | 29,952 | -- | 29,952 | 22,160 | 6,638 | 1.04 |
| 2011-12 | 35,697 | -- | 35,697 | 61,630 | 10,837 | 0.49 |

Teeter Plan Notes

Funding Source: Delinquent Property Taxes Collected

Debt Service

| Fiscal Year (2) | Gross Revenue | Operating Expenses | Net Available Revenue | Principal | Interest | Coverage |
|-----------------|---------------|--------------------|------------------------|-----------|----------|----------|
| 2020-21 | \$ 10,614 | \$ 137 | \$ 10,477 | \$ 47,980 | \$ 1,189 | 0.21 |
| 2019-20 | 8,793 | 275 | 8,518 | 78,554 | 1,263 | 0.11 |
| 2018-19 | 9,701 | 239 | 9,462 | 58,847 | 1,379 | 0.16 |
| 2017-18 | 11,210 | 220 | 10,990 | 59,110 | 1,105 | 0.18 |
| 2016-17 | 26,232 | 154 | 26,078 | 33,859 | 600 | 0.77 |
| 2015-16 | 316 | 210 | 106 | 74,561 | 347 | 0.00 |
| 2014-15 | 174 | 2,954 | (2,780) ⁽³⁾ | 37,548 | 352 | (0.07) |
| 2013-14 | 11,147 | 251 | 10,896 | 43,295 | 413 | 0.25 |
| 2012-13 | 15,706 | 1,032 | 14,674 | 14,449 | 327 | 0.99 |
| 2011-12 | -- | -- | -- | -- | -- | -- |

Airport Revenue Bonds

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

Debt Service

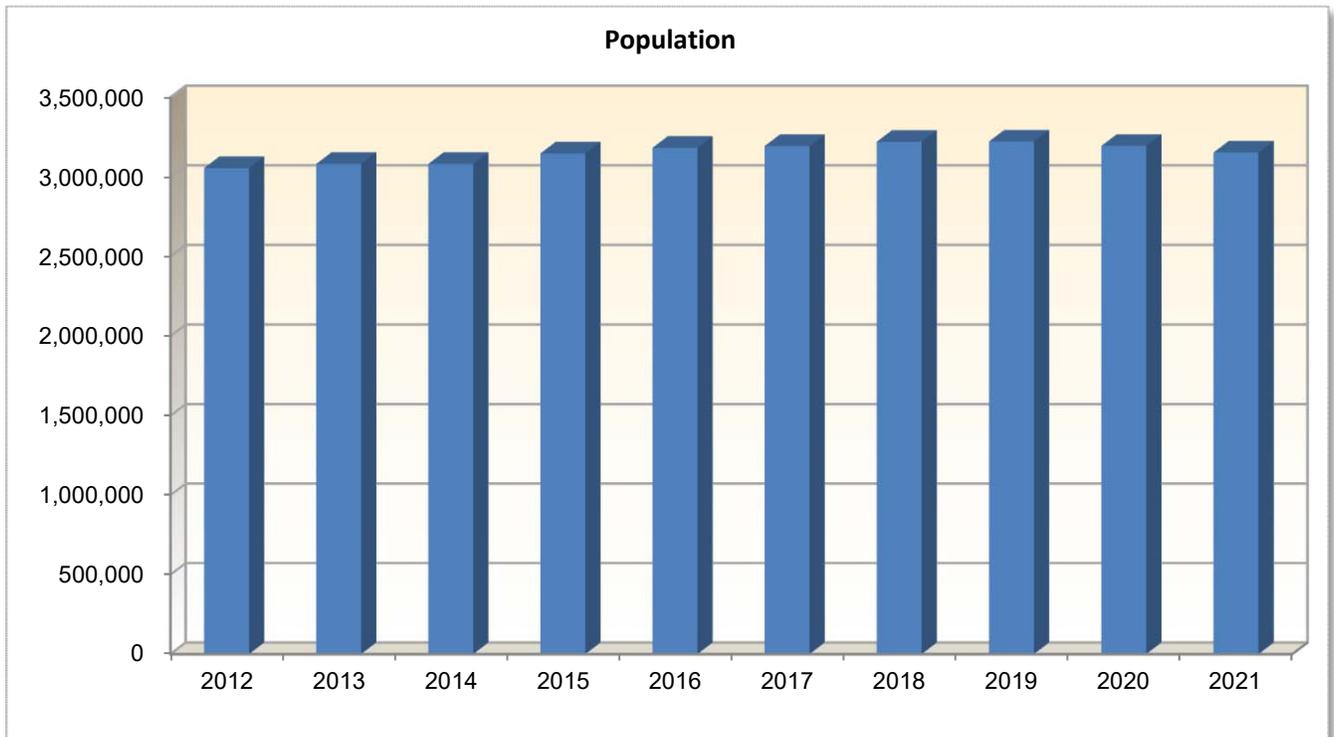
| Fiscal Year | Gross Revenue | Operating Expenses | Net Available Revenue | Principal | Interest | Coverage |
|-------------|---------------|--------------------|-----------------------|-----------|----------|----------|
| 2020-21 | \$ 109,803 | \$ 69,255 | \$ 40,548 | \$ 11,255 | \$ 3,872 | 2.68 |
| 2019-20 | 136,374 | 92,346 | 44,028 | 1,950 | 2,632 | 9.61 |
| 2018-19 | 154,833 | 95,862 | 58,971 | 22,170 | 7,924 | 1.96 |
| 2017-18 | 145,649 | 90,889 | 54,760 | 35,090 | 8,845 | 1.25 |
| 2016-17 | 143,707 | 89,055 | 54,652 | 7,530 | 9,999 | 3.12 |
| 2015-16 | 143,661 | 82,833 | 60,828 | 7,205 | 10,338 | 3.47 |
| 2014-15 | 135,491 | 82,558 | 52,933 | 6,995 | 10,603 | 3.01 |
| 2013-14 | 131,285 | 84,708 | 46,577 | 30,473 | 11,395 | 1.11 |
| 2012-13 | 126,966 | 79,739 | 47,227 | 9,250 | 12,250 | 2.20 |
| 2011-12 | 124,403 | 77,628 | 46,775 | 7,851 | 12,592 | 2.29 |

Notes: (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.
 (2) 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.
 (3) For FY 2014-15, there is a deficit balance for Net Available Revenue due to the change in Teeter Plan Reserve methodology.

Source: Auditor-Controller, County of Orange

**Demographic and Economic Statistics
Last Ten Calendar Years**

| Year | Population ⁽¹⁾ | Personal Income ⁽²⁾ | Per Capita Personal Income (Absolute Dollars) ⁽²⁾ | Median Age ⁽³⁾ | Public School Enrollment (In Thousands) ⁽⁴⁾ | Unemployment Rate ⁽⁵⁾ |
|------|---------------------------|--------------------------------|--|---------------------------|--|----------------------------------|
| 2021 | 3,153,764 | \$ 258,933,000 | \$ 82,103 | 38.6 | 456,571 | 6.3% |
| 2020 | 3,194,332 | 226,531,000 | 70,917 | 38.6 | 473,612 | 12.3% |
| 2019 | 3,222,498 | 230,180,000 | 71,429 | 37.8 | 478,823 | 3.0% |
| 2018 | 3,221,103 | 215,479,000 | 66,896 | 37.5 | 485,835 | 3.1% |
| 2017 | 3,194,024 | 199,492,000 | 62,458 | 37.3 | 490,430 | 4.2% |
| 2016 | 3,183,011 | 190,978,000 | 59,999 | 37.1 | 493,030 | 4.4% |
| 2015 | 3,147,655 | 185,500,000 | 58,933 | 36.7 | 497,116 | 4.0% |
| 2014 | 3,113,991 | 177,412,900 | 56,973 | 36.4 | 500,487 | 5.4% |
| 2013 | 3,081,804 | 168,966,400 | 54,827 | 36.2 | 501,801 | 6.7% |
| 2012 | 3,055,792 | 166,345,500 | 54,436 | 36.7 | 502,195 | 8.1% |



Sources:

- (1) California Department of Finance, Demographic Research Unit, <http://www.dof.ca.gov>
- (2) Chapman University Economic & Business Review.
- (3) U.S. Census Bureau, American Community Survey 2019, <http://www.census.gov>
- (4) California Department of Education, <http://www.cde.ca.gov>
- (5) State of California, Employment Development Department, <http://www.edd.ca.gov/>

**Principal Employers
 Current Year and Nine Years Ago**

2021

| Employer | Number of Employees | Rank | Percentage of Total County Employment |
|----------------------------------|---------------------|------|---------------------------------------|
| Walt Disney Co. | 28,000 | 1 | 1.77% |
| University of California, Irvine | 25,512 | 2 | 1.61% |
| County of Orange | 17,769 | 3 | 1.12% |
| Providence | 12,866 | 4 | 0.81% |
| Albertsons | 8,159 | 5 | 0.52% |
| Kaiser Permanente | 8,050 | 6 | 0.51% |
| Hoag Memorial Hospital | 6,710 | 7 | 0.42% |
| Walmart Inc. | 6,400 | 8 | 0.40% |
| Target Corporation | 6,000 | 9 | 0.38% |
| Yum Brands Inc. | 5,600 | 10 | 0.35% |

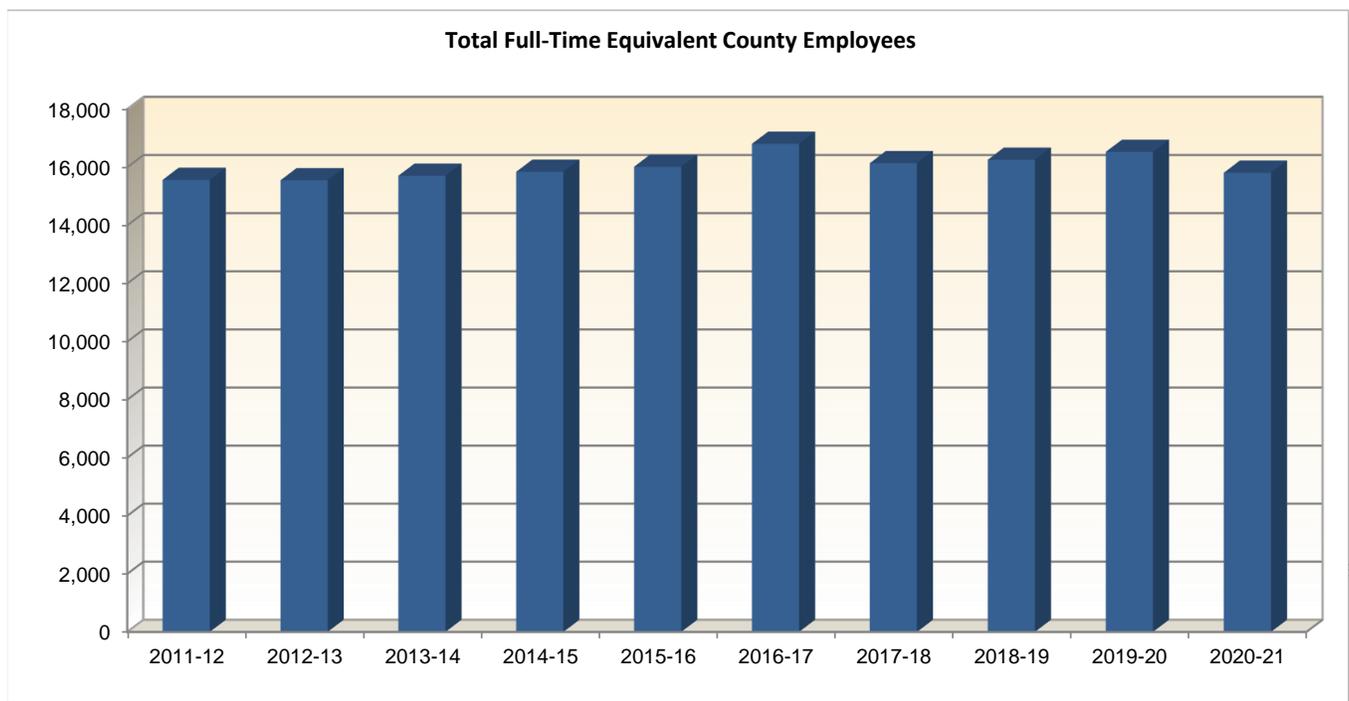
2012

| Employer | Number of Employees | Rank | Percentage of Total County Employment |
|----------------------------------|---------------------|------|---------------------------------------|
| Walt Disney Co. | 22,000 | 1 | 1.48% |
| University of California, Irvine | 21,291 | 2 | 1.43% |
| County of Orange | 17,321 | 3 | 1.16% |
| St. Joseph Health System | 12,048 | 4 | 0.81% |
| Boeing Co. | 7,700 | 5 | 0.52% |
| Bank of America Corporation | 6,300 | 6 | 0.42% |
| Yum Brands Inc. | 6,300 | 7 | 0.42% |
| Kaiser Permanente | 5,968 | 8 | 0.40% |
| Target Corporation | 5,527 | 9 | 0.37% |
| Cedar Fair LP | 5,200 | 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 | 2020-21 ⁽³⁾ | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 ⁽²⁾ | 2011-12 |
|---|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------------|---------------|
| General Government | 1,445 | 1,657 | 1,473 | 1,461 | 1,511 | 1,419 | 1,341 | 1,322 | 1,273 | 1,279 |
| Public Protection | 6,450 | 6,696 | 6,738 | 6,722 | 6,915 | 6,642 | 6,674 | 6,760 | 6,781 | 6,653 |
| Public Ways and Facilities | 386 | 400 | 407 | 386 | 431 | 435 | 440 | 478 | 508 | 542 |
| Health and Sanitation | 2,374 | 2,334 | 2,339 | 2,307 | 2,409 | 2,253 | 2,198 | 2,128 | 2,137 | 2,209 |
| Public Assistance | 4,165 | 4,403 | 4,290 | 4,276 | 4,529 | 4,306 | 4,239 | 4,043 | 3,876 | 3,867 |
| Education | 303 | 320 | 312 | 306 | 309 | 302 | 286 | 290 | 286 | 307 |
| Recreation and Cultural Services | 310 | 318 | 293 | 288 | 298 | 272 | 265 | 274 | 268 | 283 |
| Airport | 145 | 160 | 163 | 157 | 153 | 154 | 159 | 162 | 167 | 168 |
| OC Waste & Recycling | 232 | 238 | 241 | 236 | 249 | 233 | 241 | 249 | 255 | 257 |
| Total Full-time Equivalent Employees (1) | 15,810 | 16,526 | 16,256 | 16,139 | 16,804 | 16,016 | 15,843 | 15,706 | 15,551 | 15,565 |



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.
 (3) FY 2020-21 removed CFCOC due to these are not County employees.

Source: County Executive Office, County of Orange

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

| Function/Program | Fiscal Year | | | | |
|--|---------------|---------------|--------------|--------------|--------------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| General Government | | | | | |
| Auditor-Controller | | | | | |
| Property Tax Bills Prepared | 1,103,642 | 1,104,521 | 1,112,743 | 1,125,902 | 1,127,725 |
| Assessor | | | | | |
| Number of Real Property Valued | 958,477 | 954,305 | 950,469 | 943,771 | 937,630 |
| Number of Unsecured Property Assessed | 106,980 | 116,270 | 116,188 | 117,126 | 121,665 |
| New Parcels Created and Mapped | 4,985 | 8,044 | 8,035 | 7,868 | 9,053 |
| New Construction Events | 16,204 | 26,223 | 21,087 | 20,758 | 21,254 |
| County Executive Office | | | | | |
| Volunteer Program Service Hours | 181,831 | 414,774 | 685,725 | 562,121 | 645,482 |
| Clerk-Recorder | | | | | |
| Marriage Licenses Issued | 32,465 | 22,308 | 22,565 | 23,702 | 25,309 |
| Marriage Ceremonies Performed | 15,302 | 11,679 | 11,242 | 11,946 | 12,876 |
| Copies of Birth Certificates Issued | 72,300 | 71,679 | 87,961 | 82,463 | 85,051 |
| Property-Related Document Recordings | 901,565 | 629,179 | 477,083 | 534,185 | 640,243 |
| Passport Applications Filed | 2,082 | 7,217 | 10,071 | 10,144 | 9,437 |
| Treasurer-Tax Collector | | | | | |
| Orange County Investment Pool Income ⁽¹⁾ | \$ 43,538 | \$ 89,264 | \$ 94,197 | \$ 57,610 | \$ 36,677 |
| Assets Under Management ⁽¹⁾ | \$ 11,045,773 | \$ 10,271,573 | \$ 9,934,121 | \$ 9,387,613 | \$ 9,092,268 |
| Number of Property Tax Bills | 1,047,669 | 1,256,890 | 1,375,794 | 1,471,356 | 1,448,886 |
| Percentage of Secured Tax Bill Collection | 99.30% | 99.15% | 99.26% | 99.36% | 99.39% |
| Number of Incoming Phone Calls | 94,021 | 93,312 | 89,079 | 98,660 | 108,061 |
| Percentage of Electronic Payments | 67.4% | 64.2% | 63.2% | 60.9% | 57.2% |
| Secured Tax Bill Subscribers ⁽³⁾ | 70,797 | 61,287 | 51,559 | 42,866 | 40,898 |
| Property Tax Payments by eCheck | 507,493 | 449,107 | 412,819 | 398,711 | 348,961 |
| Registrar of Voters | | | | | |
| Registered Voters | 1,771,537 | 1,633,966 | 1,558,988 | 1,481,881 | 1,535,967 |
| Highest Number of Ballots Cast | 1,546,570 | 818,021 | 1,106,729 | 635,224 | 1,239,405 |
| Elections Conducted | 3 | 4 | 5 | 1 | 1 |
| Public Protection | | | | | |
| Sheriff-Coroner | | | | | |
| Patrolled Cities Population | 653,163 | 638,420 | 648,371 | 646,818 | 644,496 |
| Patrolled Unincorporated Areas Population | 127,787 | 128,421 | 129,128 | 129,278 | 125,792 |
| Number of Bookings to Orange County Jail System | 34,984 | 46,046 | 58,773 | 61,157 | 56,330 |
| Average Daily Jail Head Count | 3,393 | 4,667 | 6,140 | 6,249 | 6,220 |
| District Attorney | | | | | |
| Defendants Prosecuted-Adult | 53,038 | 55,747 | 60,117 | 62,682 | 61,219 |
| Defendants Prosecuted-Juvenile | 1,430 | 2,229 | 2,783 | 3,426 | 3,631 |
| Probation | | | | | |
| Physical Arrests-Adult | * | * | * | * | * |
| Physical Arrests-Juvenile | * | * | * | * | * |
| Probationers under Supervision as of June 30th-Adult | 9,727 | 11,761 | 11,164 | 11,560 | 11,189 |
| Probationers under Supervision as of June 30th-Juvenile | 1,078 | 1,364 | 1,892 | 2,270 | 2,290 |
| Avg. Daily Juvenile Hall Population | 99 | 91 | 109 | 129 | 150 |
| Avg. Daily Camp Population | 60 | 64 | 100 | 119 | 136 |
| Public Defender | | | | | |
| Cases Appointed Annually | 55,634 | 52,253 | 59,513 | 59,095 | 61,878 |

Note: (1) Dollar amounts in thousand
 (2) * means Not Available
 (3) Name changed in FY 18-19, formerly Secured Tax Bill Reminders

Source: County Departments

| Fiscal Year | | | | | Function/Program |
|--------------|--------------|--------------|--------------|--------------|---|
| 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | |
| | | | | | General Government |
| | | | | | Auditor-Controller |
| 1,141,652 | 1,216,325 | 1,220,750 | 1,186,238 | 1,153,816 | Property Tax Bills Prepared |
| | | | | | Assessor |
| 930,470 | 924,791 | 918,672 | 914,489 | 901,840 | Number of Real Property Valued |
| 141,224 | 145,151 | 135,551 | 139,865 | 159,464 | Number of Unsecured Property Assessed |
| 6,665 | 6,918 | 4,519 | 8,175 | 3,649 | New Parcels Created and Mapped |
| 19,397 | 18,530 | 16,904 | 17,173 | 17,129 | New Construction Events |
| | | | | | County Executive Office |
| 613,277 | 638,230 | 700,759 | 815,407 | 885,416 | Volunteer Program Service Hours |
| | | | | | Clerk-Recorder |
| 23,725 | 23,553 | 25,244 | 22,502 | 22,415 | Marriage Licenses Issued |
| 11,122 | 11,213 | 12,056 | * | * | Marriage Ceremonies Performed |
| 74,508 | 79,826 | 82,268 | 81,775 | 83,611 | Copies of Birth Certificates Issued |
| 617,914 | 651,866 | 580,899 | 839,353 | 741,935 | Property-Related Document Recordings |
| 7,093 | 5,016 | 2,686 | * | * | Passport Applications Filed |
| | | | | | Treasurer-Tax Collector |
| \$ 24,877 | \$ 14,581 | \$ 11,298 | \$ 12,958 | \$ 17,978 | Orange County Investment Pool Income ⁽¹⁾ |
| \$ 8,271,502 | \$ 7,604,246 | \$ 6,566,145 | \$ 6,490,056 | \$ 5,922,768 | Assets Under Management ⁽¹⁾ |
| 1,367,275 | 1,381,808 | 1,421,654 | 1,347,596 | 1,257,709 | Number of Property Tax Bills |
| 99.26% | 99.21% | 99.16% | 98.94% | 98.51% | Percentage of Secured Tax Bill Collection |
| 111,948 | 121,461 | 115,123 | 150,830 | 148,463 | Number of Incoming Phone Calls |
| 54.9% | 54.2% | 53.8% | 49.4% | 51.1% | Percentage of Electronic Payments |
| 38,213 | 35,917 | 31,988 | 28,664 | 25,451 | Secured Tax Bill Subscribers ⁽³⁾ |
| 309,977 | 285,932 | 248,908 | 213,146 | 181,151 | Property Tax Payments by eCheck |
| | | | | | Registrar of Voters |
| 1,395,380 | 1,424,216 | 1,411,232 | 1,683,001 | 1,612,145 | Registered Voters |
| 691,802 | 640,358 | 340,187 | 1,133,204 | 145,474 | Highest Number of Ballots Cast |
| 4 | 7 | 3 | 2 | 2 | Elections Conducted |
| | | | | | Public Protection |
| | | | | | Sheriff-Coroner |
| 641,753 | 637,261 | 631,934 | 627,447 | 557,403 | Patrolled Cities Population |
| 125,420 | 124,014 | 121,473 | 120,396 | 119,698 | Patrolled Unincorporated Areas Population |
| 56,163 | 56,135 | 61,262 | 63,439 | 65,256 | Number of Bookings to Orange County Jail System |
| 6,028 | 6,055 | 7,039 | 6,805 | 6,265 | Average Daily Jail Head Count |
| | | | | | District Attorney |
| 61,521 | 56,233 | 55,906 | 57,873 | 61,759 | Defendants Prosecuted-Adult |
| 3,564 | 4,482 | 5,103 | 6,651 | 6,743 | Defendants Prosecuted-Juvenile |
| | | | | | Probation |
| * | * | * | 2,947 | 2,307 | Physical Arrests-Adult |
| * | * | * | 640 | 467 | Physical Arrests-Juvenile |
| 11,714 | 10,725 | 14,425 | 14,186 | 14,788 | Probationers under Supervision as of June 30th-Adult |
| 2,550 | 3,124 | 4,156 | 4,984 | 5,399 | Probationers under Supervision as of June 30th-Juvenile |
| 130 | 150 | 229 | 320 | 315 | Avg. Daily Juvenile Hall Population |
| 143 | 203 | 182 | 193 | 169 | Avg. Daily Camp Population |
| | | | | | Public Defender |
| 65,574 | 79,119 | 74,101 | 77,073 | 73,487 | Cases Appointed Annually |

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

| Function/Program | Fiscal Year | | | | |
|---|-------------|-----------|------------|------------|------------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| <u>Public Ways and Facilities</u> | | | | | |
| OC Public Works | | | | | |
| Building and Home Inspections | 36,540 | 42,365 | 60,753 | 42,590 | 39,056 |
| <u>Health and Sanitation</u> | | | | | |
| OC Community Resources | | | | | |
| Animal Licenses | 135,760 | 136,985 | 147,874 | 149,342 | 171,237 |
| Health Care Agency | | | | | |
| 911 Emergency Medical Services Responses | 241,980 | 242,201 | 234,589 | 234,459 | 204,683 |
| Retail Food Facility Inspections Conducted | 24,776 | 28,146 | 35,406 | 30,893 | 32,305 |
| Hazardous Waste Inspections Conducted | 6,465 | 7,433 | 7,735 | 6,003 | 7,271 |
| Number of Home Visits by Public Health Nurses | 6,241 | 10,777 | 20,794 | 20,156 | 32,108 |
| Number of Low Income Children Dental Health Services | 17 | 199 | 200 | 360 | 311 |
| Number of Ocean Water Days of Closure (In Beach-Miles) | 2 | 64 | 10 | 10 | 17 |
| <u>Public Assistance</u> | | | | | |
| OC Community Resources | | | | | |
| Adult Day Care Hours of Service | 4,103 | 45,252 | 52,819 | 65,900 | 47,567 |
| Elderly Nutrition Program Meals Delivered | 2,924,858 | 1,174,703 | 1,353,713 | 1,323,802 | 1,417,361 |
| One-Way Transportation Trips Provided to Seniors | 98,901 | 139,891 | 183,429 | 185,258 | 190,534 |
| Veterans Served-Veterans/Dependents | 23,784 | 27,419 | 23,555 | 24,063 | 9,091 |
| Veterans Served-OC4Vets | 768 | 723 | 910 | 673 | 555 |
| Social Services Agency | | | | | |
| Average Monthly Medi-Cal Recipients | 860,458 | 774,729 | 782,990 | 806,716 | 817,408 |
| Average Monthly Child Abuse Hotline Calls | 2,528 | 3,005 | 4,572 | 4,189 | 4,076 |
| Average Monthly CalFresh (formerly Food Stamp) Recipients | 232,260 | 214,668 | 206,789 | 233,038 | 250,772 |
| Average Monthly In-Home Supportive Services | 30,548 | 28,988 | 27,892 | 26,369 | 24,427 |
| Average Persons Receiving Cash Assistance | 33,430 | 35,098 | 35,803 | 41,622 | 46,369 |
| Average Children in Foster Care/Relative Care | 2,187 | 2,333 | 1,977 | 1,917 | 1,886 |
| Average Elder and Adult Abuse Unduplicated Reports Received | 1,164 | 1,153 | 1,175 | 1,091 | 995 |
| <u>Education</u> | | | | | |
| OC Community Resources | | | | | |
| Total Volumes Borrowed at Library Branches | 5,941,649 | 7,016,302 | 7,746,484 | 7,041,985 | 6,864,635 |
| <u>Recreation and Cultural Services</u> | | | | | |
| OC Community Resources | | | | | |
| Exotic Invasive Plant Removal (acres) | 1,000 | 1,791 | 3,225 | 2,285 | 2,940 |
| Native Vegetation Restoration (acres) | 319 | 358 | 411 | 414 | 262 |
| Slip and Dry Storage Tenants | 410 | 603 | 3,150 | 438 | 438 |
| Boat Launches | 18,540 | 21,890 | 15,521 | 16,487 | 16,303 |
| Sailing and Event Center Participants | 54,838 | 78,340 | 100,952 | 101,945 | 80,752 |
| Ocean Institute Students/Visitors | 27,793 | 39,561 | 44,404 | 90,948 | 127,361 |
| Hotel Guests | 43,408 | 49,165 | 58,998 | 59,319 | 39,140 |
| Catalina Express Passengers | 67,986 | 109,030 | 124,471 | 129,239 | 128,000 |
| Special Events at the Harbor | 2 | 4 | 5 | 6 | 6 |
| <u>Airport</u> | | | | | |
| Passengers | 4,216,396 | 7,562,040 | 10,718,001 | 10,670,156 | 10,373,714 |
| Air Cargo Tonnage | 18,567 | 17,193 | 19,098 | 19,577 | 17,813 |
| Takeoffs & Landings | 278,258 | 260,644 | 314,000 | 302,483 | 285,704 |
| <u>OC Waste & Recycling</u> | | | | | |
| Solid Waste Tonnage | 4,978,920 | 5,174,096 | 5,148,761 | 4,980,101 | 4,810,116 |
| Gallons of Leachate and Impacted Ground Water Collected | 5,776,484 | 7,573,496 | 8,062,718 | 5,576,351 | 5,599,757 |

Note: * means Not Available
 Source: County Departments

| Fiscal Year | | | | | Function/Program |
|-------------|-----------|-----------|-----------|-----------|---|
| 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | |
| | | | | | <u>Public Ways and Facilities</u> |
| | | | | | OC Public Works |
| 40,662 | 30,324 | 31,772 | 19,368 | 15,591 | Building and Home Inspections |
| | | | | | <u>Health and Sanitation</u> |
| | | | | | OC Community Resources |
| 192,470 | 198,358 | 192,320 | 191,098 | 200,755 | Animal Licenses |
| | | | | | Health Care Agency |
| 193,538 | 183,794 | 170,804 | 171,420 | 168,172 | 911 Emergency Medical Services Responses |
| 26,195 | 31,397 | 32,689 | 34,953 | 35,025 | Retail Food Facility Inspections Conducted |
| 8,328 | 5,950 | 4,616 | 6,058 | 5,444 | Hazardous Waste Inspections Conducted |
| 29,219 | 31,258 | 35,101 | 34,953 | 32,498 | Number of Home Visits by Public Health Nurses |
| | | | | | Number of Low Income Children Dental Health Services |
| 496 | 755 | 1,225 | 1,107 | 1,344 | Number of Ocean Water Days of Closure (In Beach-Miles) |
| 22 | 24 | 20 | 8 | 1 | |
| | | | | | <u>Public Assistance</u> |
| | | | | | OC Community Resources |
| 49,971 | 43,010 | 50,944 | 49,129 | 70,267 | Adult Day Care Hours of Service |
| 1,374,275 | 1,406,526 | 1,347,251 | 1,360,601 | 1,636,379 | Elderly Nutrition Program Meals Delivered |
| 198,851 | 180,899 | 187,864 | 155,003 | 184,476 | One-Way Transportation Trips Provided to Seniors |
| * | * | * | * | * | Veterans Served-Veterans/Dependents |
| * | * | * | * | * | Veterans Served-OC4Vets |
| | | | | | Social Services Agency |
| 810,388 | 718,061 | 521,078 | 430,559 | 418,649 | Average Monthly Medi-Cal Recipients |
| 4,259 | 4,049 | 3,674 | 3,009 | 2,880 | Average Monthly Child Abuse Hotline Calls |
| | | | | | Average Monthly CalFresh (formerly Food Stamp) Recipients |
| 263,556 | 258,676 | 247,517 | 230,964 | 213,919 | Average Monthly In-Home Supportive Services |
| 22,635 | 20,787 | 19,652 | 19,663 | 19,240 | Average Persons Receiving Cash Assistance |
| 52,081 | 55,921 | 55,225 | 55,008 | 56,847 | Average Children in Foster Care/Relative Care |
| 1,791 | 1,924 | 2,119 | 2,213 | 2,128 | Average Elder and Adult Abuse Unduplicated Reports Received |
| 942 | 815 | 710 | 636 | 630 | |
| | | | | | <u>Education</u> |
| | | | | | OC Community Resources |
| 6,634,747 | 6,411,127 | 6,642,739 | 6,564,262 | 6,741,380 | Total Volumes Borrowed at Library Branches |
| | | | | | <u>Recreation and Cultural Services</u> |
| | | | | | OC Community Resources |
| 2,782 | 1,466 | 1,154 | 4,102 | 4,042 | Exotic Invasive Plant Removal (acres) |
| 293 | 312 | 368 | 843 | 994 | Native Vegetation Restoration (acres) |
| 2,903 | 3,204 | 2,679 | 2,700 | 2,237 | Slip and Dry Storage Tenants |
| 17,695 | 15,511 | 15,606 | 15,037 | 14,327 | Boat Launches |
| 50,000 | 75,000 | 111,838 | 115,996 | 111,959 | Sailing and Event Center Participants |
| 192,384 | 41,000 | 100,000 | 108,668 | 110,059 | Ocean Institute Students/Visitors |
| 43,515 | 43,073 | 42,887 | 41,141 | 36,800 | Hotel Guests |
| 25,711 | 123,688 | 123,257 | 123,257 | 120,945 | Catalina Express Passengers |
| 8 | 12 | 15 | 16 | 16 | Special Events at the Harbor |
| | | | | | <u>Airport</u> |
| 10,361,436 | 9,608,873 | 9,304,295 | 9,124,172 | 8,642,116 | Passengers |
| 18,568 | 16,997 | 17,564 | 17,821 | 16,831 | Air Cargo Tonnage |
| 276,817 | 264,726 | 252,166 | 252,506 | 251,191 | Takeoffs & Landings |
| | | | | | <u>OC Waste & Recycling</u> |
| 4,772,722 | 4,581,359 | 4,070,238 | 3,428,657 | 3,304,643 | Solid Waste Tonnage |
| | | | | | Gallons of Leachate and Impacted Ground Water Collected |
| 3,542,736 | 5,510,821 | 3,854,530 | 3,116,108 | 3,448,964 | |

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

| Function/Program | Fiscal Year | | | | |
|---|-------------|---------|---------|---------|---------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| General Government | | | | | |
| Auditor-Controller | | | | | |
| AC Administration Building ⁽³⁾ | 1 | 1 | 1 | 1 | 1 |
| Hall of Finance and Records | -- | -- | 1 | 1 | 1 |
| County Executive Office | | | | | |
| Hall of Administration | 1 | 1 | 1 | 1 | 1 |
| Clerk-Recorder | | | | | |
| OC Archives Building | 1 | 1 | 1 | 1 | 1 |
| Registrar of Voters | | | | | |
| Trailers | 2 | 2 | 2 | 2 | 1 |
| Vehicles/Trucks | 3 | 3 | 3 | 3 | 4 |
| Public Protection | | | | | |
| Sheriff-Coroner | | | | | |
| Crime/Forensic Lab | 1 | 1 | 1 | 1 | 1 |
| Jail Facilities | 3 | 3 | 3 | 3 | 3 |
| Vehicles | 943 | 944 | 939 | 938 | 948 |
| Buses | 14 | 13 | 13 | 13 | 12 |
| Helicopters | 5 | 5 | 5 | 5 | 5 |
| Boats | 10 | 10 | 10 | 10 | 10 |
| Robot Andros | 3 | 3 | 3 | 3 | 3 |
| Haz-mat Vehicles | 4 | 4 | 4 | 4 | 4 |
| K-9 units | 31 | 31 | 35 | 34 | 26 |
| District Attorney | | | | | |
| Justice Center Offices | 5 | 5 | 5 | 5 | 5 |
| Probation Department | | | | | |
| Juvenile Institutions | 3 | 3 | 4 | 4 | 4 |
| Vehicles/Trucks | 146 | 139 | 171 | 158 | 159 |
| Equipment | 20 | 15 | 16 | 15 | 13 |
| Public Ways and Facilities | | | | | |
| OC Public Works ⁽¹⁾ | | | | | |
| County Administration South Bldg 16 | 1 | 1 | * | * | * |
| Data Center | 1 | 1 | 1 | 1 | 1 |
| Alternate Fuel Vehicles | 46 | 49 | 41 | 42 | 46 |
| Vehicles/Trucks | 273 | 135 | 318 | 314 | 316 |
| Watersheds | 22 | 23 | 22 | 22 | 21 |
| Dams | 5 | 5 | 4 | 4 | 4 |
| Dump Trucks | 1 | 2 | 20 | 17 | 16 |
| Tractors | 29 | 27 | 36 | 50 | 50 |
| Trailers | 44 | 44 | 37 | 42 | 40 |
| Street Miles | 338 | 346 | 320 | 345 | 330 |

Note: (1) Presentation changed in FY 19-20 to summarize by function

(2) * means Not Available

(3) Building was moved from OC Community Resources to the Auditor-Controller in FY 19-20

Source: County Departments

| Fiscal Year | | | | | Function/Program |
|-----------------------------------|---------|---------|---------|---------|---|
| 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | |
| <u>General Government</u> | | | | | |
| | | | | | Auditor-Controller |
| 1 | 1 | 1 | 1 | 1 | AC Administration Building ⁽³⁾ |
| 1 | 1 | 1 | 1 | 1 | Hall of Finance and Records |
| | | | | | County Executive Office |
| 1 | 1 | 1 | 1 | 1 | Hall of Administration |
| | | | | | Clerk-Recorder |
| 1 | 1 | 1 | 1 | 1 | OC Archives Building |
| | | | | | Registrar of Voters |
| 1 | 1 | 1 | 1 | 1 | Trailers |
| 4 | 4 | 3 | 3 | 3 | Vehicles/Trucks |
| <u>Public Protection</u> | | | | | |
| | | | | | Sheriff-Coroner |
| 1 | 1 | 1 | 1 | 1 | Crime/Forensic Lab |
| 3 | 3 | 3 | 3 | 3 | Jail Facilities |
| | 916 | 911 | 918 | 838 | Vehicles |
| 11 | 11 | 11 | 11 | 11 | Buses |
| 4 | 3 | 3 | 2 | 2 | Helicopters |
| 10 | 10 | 10 | 9 | 9 | Boats |
| 3 | 3 | 3 | 3 | 3 | Robot Andros |
| 4 | 4 | 4 | 4 | 4 | Haz-mat Vehicles |
| 28 | 22 | 18 | 13 | 10 | K-9 units |
| | | | | | District Attorney |
| 5 | 5 | 5 | 5 | 5 | Justice Center Offices |
| | | | | | Probation Department |
| 4 | 4 | 4 | 4 | 5 | Juvenile Institutions |
| 155 | 159 | 156 | * | * | Vehicles/Trucks |
| 12 | 16 | 12 | * | * | Equipment |
| <u>Public Ways and Facilities</u> | | | | | |
| | | | | | OC Public Works ⁽¹⁾ |
| * | * | * | * | * | County Administration South Bldg 16 |
| 1 | 1 | 1 | 1 | 1 | Data Center |
| 50 | 51 | 60 | 60 | 59 | Alternate Fuel Vehicles |
| 268 | 355 | 375 | 358 | 361 | Vehicles/Trucks |
| 19 | 13 | 13 | 13 | 13 | Watersheds |
| 3 | 3 | 3 | 3 | 3 | Dams |
| 19 | 18 | 21 | 9 | 16 | Dump Trucks |
| 50 | 32 | 28 | 11 | 8 | Tractors |
| 46 | 54 | 35 | 18 | 17 | Trailers |
| 330 | 320 | 320 | 319 | 320 | Street Miles |

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

| Function/Program | Fiscal Year | | | | |
|---|-------------|---------|---------|---------|---------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| <u>Health and Sanitation</u> | | | | | |
| Health Care Agency | | | | | |
| Clinics ⁽¹⁾ | 10 | 9 | 4 | 4 | 4 |
| Laboratories ⁽¹⁾ | 2 | 2 | 2 | 2 | 2 |
| Trailers ⁽¹⁾ | 38 | 25 | 9 | 10 | 9 |
| Vehicles/Trucks ⁽¹⁾ | 45 | 39 | 35 | 33 | 30 |
| OC Community Resources | | | | | |
| Animal Care Center | 1 | 1 | 1 | 1 | 1 |
| Trailers | 6 | 6 | 3 | 2 | 3 |
| <u>Public Assistance</u> | | | | | |
| Social Service Agency | | | | | |
| Vehicles | 3 | 1 | 1 | 2 | 4 |
| Office Locations | 19 | 19 | 19 | 20 | 20 |
| <u>Education</u> | | | | | |
| OC Community Resources | | | | | |
| Library Branches | 32 | 32 | 32 | 33 | 33 |
| Library Headquarters | * | * | * | * | * |
| <u>Recreation and Cultural Services</u> | | | | | |
| OC Community Resources | | | | | |
| Park Land (acres) | 62,617 | 62,617 | 62,617 | 62,900 | 62,900 |
| 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 | 3 | 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 | 9 | 7 | 9 | 10 |
| Tractors | 25 | 25 | 22 | 26 | 26 |
| Trailers | 55 | 45 | 42 | 35 | 33 |
| Vehicles/Trucks | 213 | 261 | 239 | 207 | 199 |
| Harbor | 1 | 1 | 1 | 1 | 1 |
| Marinas | 1 | 1 | 1 | 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 | 17 | 17 | 20 | 24 | 24 |
| Restaurants | 15 | 16 | 14 | 16 | 16 |
| Fuel Dock | 1 | 1 | 1 | 1 | 1 |
| Shipyards | 1 | 1 | 1 | 1 | 1 |
| Boater Service Buildings | 15 | 15 | 15 | 15 | 15 |
| Parcel 11 (Yacht Building Company) | 1 | 1 | 1 | 1 | 1 |
| Parcel 23 (Yacht Club) | 1 | 1 | 1 | 1 | 1 |

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

(2) * means Not Available

Source: County Departments

| Fiscal Year | | | | | Function/Program |
|-------------|---------|---------|---------|---------|---|
| 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | |
| | | | | | <u>Health and Sanitation</u> |
| | | | | | Health Care Agency |
| 4 | 4 | 3 | 3 | 3 | Clinics ⁽¹⁾ |
| 2 | 2 | 2 | 2 | 2 | Laboratories ⁽¹⁾ |
| 12 | 12 | 8 | 11 | 27 | Trailers ⁽¹⁾ |
| 24 | 24 | 25 | 25 | 24 | Vehicles/Trucks ⁽¹⁾ |
| | | | | | OC Community Resources |
| 1 | 1 | 1 | 1 | 1 | Animal Care Center |
| 3 | 3 | 3 | 3 | 3 | Trailers |
| | | | | | <u>Public Assistance</u> |
| | | | | | Social Service Agency |
| 5 | 5 | 5 | 6 | 10 | Vehicles |
| 20 | 20 | 19 | 20 | 20 | Office Locations |
| | | | | | <u>Education</u> |
| | | | | | OC Community Resources |
| 33 | 33 | 33 | 33 | 33 | Library Branches |
| * | * | * | * | * | Library Headquarters |
| | | | | | <u>Recreation and Cultural Services</u> |
| | | | | | OC Community Resources |
| 62,900 | 62,900 | 60,500 | 59,318 | 57,688 | Park Land (acres) |
| 295 | 295 | 295 | 295 | 295 | Recreational Trails (in miles) |
| 1 | 1 | 1 | 1 | 1 | Zoo |
| 15 | 15 | 15 | 15 | 12 | Urban Regional Parks |
| 5 | 5 | 5 | 5 | 5 | Wilderness Parks |
| 4 | 4 | 4 | 4 | 4 | Nature Preserves |
| 3 | 3 | 3 | 3 | 2 | Harbors |
| 11 | 11 | 11 | 11 | 9 | Beaches |
| 7 | 7 | 7 | 7 | 7 | Historical Sites |
| 8 | 7 | 7 | 9 | 21 | Boats |
| 25 | 26 | 28 | 24 | 26 | Tractors |
| 31 | 27 | 29 | 33 | 30 | Trailers |
| 204 | 174 | 170 | 211 | 188 | Vehicles/Trucks |
| 1 | 1 | 1 | 1 | 1 | Harbor |
| 2 | 2 | 2 | 2 | 2 | Marinas |
| 9 | 9 | 9 | 9 | 9 | Public Parking Areas |
| 1 | 1 | 1 | 1 | 1 | Beaches |
| 6 | 6 | 6 | 6 | 6 | Access Points to Ocean |
| 1 | 1 | 1 | 1 | 1 | Hotel |
| 1 | 1 | 1 | 1 | 1 | Ocean Education Center |
| 1 | 1 | 1 | 1 | 1 | Sailing and Events Center |
| 24 | 23 | 23 | 23 | 25 | Shops |
| 16 | 16 | 16 | 16 | 16 | Restaurants |
| 1 | 1 | 1 | 1 | 1 | Fuel Dock |
| 1 | 1 | 1 | 1 | 1 | Shipyard |
| 15 | 15 | 15 | 15 | 15 | Boater Service Buildings |
| 1 | * | * | * | * | Parcel 11 (Yacht Building Company) |
| 1 | * | * | * | * | Parcel 23 (Yacht Club) |

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

| Function/Program | Fiscal Year | | | | |
|---|-------------|---------|---------|---------|---------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| <u>Airport</u> | | | | | |
| Acres | 501 | 501 | 501 | 501 | 501 |
| Runways | 2 | 2 | 2 | 2 | 2 |
| Public Parking Structures/Lots | 5 | 5 | 5 | 5 | 5 |
| Terminals | 3 | 3 | 3 | 3 | 3 |
| Fire Trucks | 4 | 4 | 4 | 4 | 4 |
| Shuttle Buses | 2 | * | * | * | * |
| <u>OC Waste & Recycling</u> | | | | | |
| Active Landfills | 3 | 3 | 3 | 3 | 3 |
| Inactive Landfills | 2 | 2 | 2 | 2 | 2 |
| Household Hazardous Waste Collection Centers | 4 | 4 | 4 | 4 | 4 |
| Dozers | 15 | 15 | 6 | 6 | 6 |
| Dump Trucks | 10 | 10 | 5 | 10 | 10 |
| Loaders | 15 | 15 | 12 | 12 | 12 |
| Scrapers | 10 | 8 | 6 | 6 | 6 |
| Excavators | 3 | 3 | 2 | 2 | 2 |
| Tractors | 21 | 19 | 28 | 35 | 27 |
| Graders | 3 | 3 | 3 | 4 | 4 |
| Compactors | 9 | 9 | 9 | 7 | 7 |
| Water/Fuel Trucks | 12 | 12 | 9 | 14 | 14 |
| Sweeper | 2 | 2 | 1 | 1 | * |

* means Not Available

Source: County Departments

| Fiscal Year | | | | | Function/Program |
|-------------|---------|---------|---------|---------|---------------------------------|
| 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | |
| | | | | | <u>Airport</u> |
| 501 | 501 | 501 | 501 | 501 | Acres |
| 2 | 2 | 2 | 2 | 2 | Runways |
| 5 | 5 | 5 | 5 | 5 | Public Parking Structures/Lots |
| 3 | 3 | 3 | 3 | 3 | Terminals |
| 4 | 4 | 4 | 4 | 4 | Fire Trucks |
| * | * | * | * | * | Shuttle Buses |
| | | | | | <u>OC Waste & Recycling</u> |
| 3 | 3 | 3 | 3 | 3 | Active Landfills |
| 2 | 2 | 2 | 2 | 2 | Inactive Landfills |
| | | | | | Household Hazardous Waste |
| 4 | 4 | 4 | 4 | 4 | Collection Centers |
| 8 | 7 | 7 | 7 | 8 | Dozers |
| 10 | 10 | 10 | 12 | 12 | Dump Trucks |
| 21 | 20 | 20 | 20 | 21 | Loaders |
| 8 | 8 | 8 | 8 | 8 | Scrapers |
| 2 | 2 | 2 | 2 | 2 | Excavator |
| 30 | 28 | 29 | 28 | 29 | Tractors |
| 4 | 4 | 4 | 4 | 4 | Graders |
| 8 | 8 | 8 | 8 | 8 | Compactors |
| 13 | 13 | 13 | 11 | 11 | Water/Fuel Trucks |
| * | * | * | * | * | Sweeper |





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County of Orange: www.ocgov.com