
**SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
(SANTA ANA HEIGHTS PROJECT AREA)
TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014**

**ANNUAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2022**

Dated March 31, 2023

Issue of 2014 CUSIP Numbers

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Prepared at the direction of and on behalf of:

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**Successor Agency to the
Orange County Development Agency
(Santa Ana Heights Project Area)
Tax Allocation Refunding Bonds, Issue of 2014
Annual Report
For Fiscal Year Ended June 30, 2022**

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INTRODUCTION

The Successor Agency to the Orange County Development Agency (the "Successor Agency") hereby provides its annual report (the "Annual Report") for the Fiscal Year ended June 30, 2022 in connection with the following Bonds:

Bond Issue:

Successor Agency to the Orange County Development Agency (Santa Ana Heights Project Area), Tax Allocation Refunding Bonds, Issue of 2014 (the "2014 Tax Allocation Refunding Bonds").

Annual Report:

The Successor Agency's Annual Report as defined by the Continuing Disclosure Certificate (the "Disclosure Certificate") dated January 9, 2014 with respect to the 2014 Tax Allocation Refunding Bonds for the Fiscal Year ended June 30, 2022 is attached hereto and includes the Successor Agency's audited financial statements for Fiscal Year ended June 30, 2022 in Exhibit A.

Other Matters:

This Annual Report is provided solely for purposes of the Disclosure Certificate. The filing of this Annual Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the Successor Agency or the 2014 Tax Allocation Refunding Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the Fiscal Year to which this Annual Report relates (other than as contained in this Annual Report), or that no other information exists, which may have a bearing on the Successor Agency's financial condition, the security for the 2014 Tax Allocation Refunding Bonds, or an investor's decision to buy, sell, or hold the 2014 Tax Allocation Refunding Bonds. The information contained in this Annual Report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of the Successor Agency.

SECTION 4 – CONTENT OF ANNUAL REPORT

1. Audited Financial Statements for Fiscal Year Ended June 30, 2022

The Successor Agency’s Audited Financial Statements for Fiscal Year 2021-2022 are included herein as Exhibit A.

2. Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement relating to the 2014 Tax Allocation Refunding Bonds, in the following charts and tables or under the following captions: Tables 1, 2, and 7

**TABLE 1
SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
Santa Ana Heights Project Area
Historical Aircraft Assessments**

Unsecured Roll Year	Commercial Aircraft Value	Percent Change	Total Unsecured Roll	% of Unsecured Roll	Total Assessed Value	% Total Assessed Value
2012-13	\$384,116,291	-0.65%	\$511,842,287	75.05%	\$1,324,329,197	29.00%
2013-14	382,116,993	-0.52	452,217,717	84.50	1,336,998,588	28.58
2014-15	351,404,038	-8.04	568,816,619	61.78	1,531,907,896	22.94
2015-16	353,601,261	0.63	447,183,082	79.07	1,451,719,342	24.36
2016-17	364,250,154	3.01	436,747,788	83.40	1,547,180,201	23.54
2017-18	379,716,708	4.25	520,103,951	73.01	1,681,809,742	22.58
2018-19	400,573,966	5.49	512,962,847	78.09	1,735,317,895	23.08
2019-20	417,536,546	4.23	541,999,101	77.04	1,846,052,108	22.62
2020-21	343,964,983	-17.62	487,650,571	70.54	1,900,563,559	18.10
2021-22	230,079,317	-33.11	369,589,275	62.25	1,785,805,840	12.88
2022-23	296,532,232	28.88	486,018,923	61.01	2,063,934,093	14.37

Source: County of Orange Assessor's Office

TABLE 2
SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
Santa Ana Heights Project Area
Ten Largest Secured and Unsecured Roll Taxpayers
Fiscal Year 2022-23

	Taxpayer Name	# of Parcels	Unsecured Value	Land Value	Improvement and Personal	Non-Homeowner Exemptions	Total Assessed Value	% of Total Assessed Value
					Property Value ⁽¹⁾			
1.	GPI Bayview LLC	3	\$ 32,792	\$ 37,015,150	\$ 97,383,177	\$ -	\$ 134,431,119	6.5%
2.	Southwest Airlines Co.	2	91,546,573	12,037,105	3,810,339	-	107,394,017	5.2%
3.	American Airlines Inc.	3	64,527,637	5,174,882	1,651,808	-	71,354,327	3.5%
4.	SK Hart Bayview LLC	4	3,284,259	12,930,035	54,440,670	-	70,654,964	3.4%
5.	CHC Bayview Owner LLC	3	1,121,712	28,000,529	28,099,470	-	57,221,711	2.8%
6.	Netjets Aviation Inc.	0	53,026,472	-	-	-	53,026,472	2.6%
7.	Aviation Consultants Inc.	1	54,985	41,855,736	10,463,934	-	52,374,655	2.5%
8.	Newport Heights Medical	3	-	34,317,886	17,725,755	(14,407,328)	37,636,313	1.8%
9.	Newport Bay Terrace LLC	1	19,360	25,533,187	8,483,715	-	34,036,262	1.6%
10.	Delta Air Lines Inc.	2	29,961,329	3,028,824	970,350	-	33,960,503	1.6%
		22	\$ 243,575,119	\$ 199,893,334	\$ 223,029,218	\$ (14,407,328)	\$ 652,090,343	31.5%
	Project Area Total	1,202	\$ 486,018,923	\$ 1,016,630,565	\$ 598,776,642	\$ (37,488,783)	\$ 2,063,937,347	

⁽¹⁾ Personal property value excludes personal aircraft, which is not included in tax increment pursuant to the Redevelopment Plan.
Sources: 2022-23 Orange County Secured and Unsecured Tax Rolls, Orange County Auditor-Controller.

TABLE 7
SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
Santa Ana Heights Project Area
Historical Taxable Valuations and Tax Revenues

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Secured	\$1,161,705,791	\$1,222,355,048	\$1,304,053,007	\$1,412,912,988	\$1,416,216,565
Unsecured	520,103,951	512,962,847	541,999,101	487,650,571	369,589,275
Total Assessed Value	1,681,809,742	1,735,317,895	1,846,052,108	1,900,563,559	1,785,805,840
Less: Base Year Value	(226,801,638)	(226,801,638)	(226,801,638)	(226,801,638)	(226,801,638)
Incremental Assessed Value ⁽¹⁾	\$1,455,008,104	\$1,508,516,257	\$1,619,250,470	\$1,673,761,921	\$1,559,004,202
Tax Levy Rate	1.00%	1.00%	1.00%	1.00%	1.00%
Tax Increment ⁽²⁾	\$14,550,081	\$15,085,163	\$16,192,505	\$16,737,619	\$15,590,042
Less: HSC 33676 Payment	(460,531)	(487,438)	(509,854)	(532,765)	(544,134)
Less: O.C. Flood Control Pass Through	(343,585)	(349,531)	(376,831)	(396,671)	(371,694)
Less: O.C. Water District Pass Through	(42,545)	(46,627)	(51,005)	(59,150)	(58,650)
Less: County Admin. Fees ⁽³⁾	(116,158)	(103,778)	(116,514)	(122,533)	(125,731)
Net Estimated Tax Revenues	13,587,262	14,097,789	15,138,301	15,626,500	14,489,833
Actual Receipts/Deposits ^{(4) (5)}	\$9,277,546	\$9,759,393	\$10,454,050	\$11,289,871	\$11,879,716

⁽¹⁾ Net non-homeowner exemptions.

⁽²⁾ Estimated at 1% Tax Levy Rate of Incremental Assessed Value.

⁽³⁾ Actual fee (SB2557) recovered for the administration of property tax per the Orange County Auditor-Controller. Previously, the fee is recovered for costs incurred in the preceding fiscal year. e.g. the 2012-13 fee is for the 2011-12 costs. Starting in FY 2013-14, the Orange County Auditor-Controller costs to administer dissolution is included.

⁽⁴⁾ Prior to the dissolution, amounts shown were allocated to Orange County Development Agency. Post dissolution, amounts are deposited into RPTTF to fund enforceable obligations, which includes debt service. Starting in FY 2013-14, the 20% housing set aside will no longer reduce the actual receipts/deposits.

⁽⁵⁾ The Auditor-Controller will process current year refunds, or other changes in the net levy subsequent to establishing the equalized roll, which will produce minor variations between estimated revenues and actual collections.

Source: County of Orange Auditor-Controller Property Tax Unit.

CERTAIN DISCLAIMERS

The information contained in this Annual Report expresses only the views of the applicable party. An explanation of the significance of any such information may be obtained from the applicable party; provided, however, that no information provided by any party is incorporated in this Annual Report. The Successor Agency undertakes no responsibility to oppose any revision or withdrawal of such information contained in this Annual Report.

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

By providing the information in this Annual Report, the Successor Agency does not imply or represent (a) that all information provided in this Annual Report is material to investors' decisions regarding investment in the 2014 Tax Allocation Refunding Bonds, (b) the completeness or accuracy of any financial, operational or other information not included herein, (c) that no changes, circumstances or events have occurred since the date of this Annual Report (other than as contained herein), or (d) that no other information exists which may have a bearing on the Successor Agency's financial condition, the security for the 2014 Tax Allocation Refunding Bonds or an investor's decision to buy, sell or hold the 2014 Tax Allocation Refunding Bonds.

The information set forth in this Annual Report or incorporated in this Annual Report has been furnished by the Successor Agency and is believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in or incorporated by this Annual Report which involves estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Annual Report or incorporated in this Annual Report are subject to change without notice and the delivery of this Annual Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency. The Successor Agency is relying upon and has not independently confirmed or verified the accuracy or completeness of information provided by others or other information incorporated by reference therein.

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

EXHIBIT A

SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY
AUDITED FINANCIAL STATEMENTS



Financial Statements

June 30, 2022

County of Orange

Redevelopment Successor Agency

(A Private-Purpose Trust Fund of the County of Orange, California)

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a private-purpose trust fund of the County of Orange, California (County) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Successor Agency, as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Successor Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Successor Agency, and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Successor Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Successor Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Successor Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements are not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Successor Agency’s basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Successor Agency’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 Successor Agency’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 Successor Agency’s internal control over financial reporting and compliance.

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

Laguna Hills, California
December 20, 2022

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Statement of Fiduciary Net Position
June 30, 2022

Assets

Current assets:

Pooled cash and investments (Note 2)	\$ 1,860,198
Restricted assets - cash equivalents and investments with trustee (Note 2)	4,437,627
Interest receivable	2,716
Total assets	6,300,541

Deferred Outflows of Resources

Deferred charge on refunding	30,309
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Liabilities

Current liabilities:

Bond interest payable	71,741
Due to other governmental agencies	3,651
Bonds payable (Note 3)	3,525,660

Noncurrent liabilities:

Bonds payable, net of current portion (Note 3)	1,406,195
Total liabilities	5,007,247

Deferred Inflows of Resources

Deferred charge on refunding	26,334
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Net Position

Held in trust for other governments	\$ 1,297,269
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COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

Additions:

Intergovernmental revenue	\$	3,437,148
Interest and change in fair market value of investments		(16,480)
Miscellaneous revenue		896
Total additions		3,421,564

Deductions:

Professional services		89,800
Investment expense		1,586
Tax pass-throughs (Note 4)		383,744
Interest on long-term debt		118,734
Total deductions		593,864

Change in net position 2,827,700

Net position (deficit), July 1, 2021 (1,530,431)

Net position, June 30, 2022 \$ 1,297,269

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

On January 24, 2012, the County of Orange (County) elected to become the Successor Agency to the former Orange County Development Agency (Successor Agency) in accordance with ABx1 26 (Dissolution Act). An Oversight Board was appointed to oversee the dissolution process. The Redevelopment Retirement Obligation Santa Ana Heights (SAH) Debt Service Fund, Redevelopment Retirement Obligation Neighborhood Development and Preservation Project (NDAPP) Fund, and the Orange County Development Agency (OCDA) Redevelopment Successors Agency Fund are sub-funds used by the County to track the activities of the Private Purpose Trust Fund.

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

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

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

Measurement Focus

Fiduciary fund financial statements are used to account for assets held in a trustee or agency capacity and cannot be used to support the County's own programs. Trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of fiduciary net position. Additions are recorded when earned and deductions are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Fiduciary Fund Financial Statements

The fiduciary fund financial statements provide information about the Successor Agency's funds.

Deferred Charges on Refunding

The deferred charges on refunding are deferred and amortized over the life of the Successor Agency Tax Allocation Refunding Bonds Neighborhood Development and Preservation Project (NDAPP), Series 2014 and Santa Ana Heights (SAH), Series 2014 using the straight-line method.

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

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Bond Premium

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

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

Intergovernmental Revenue

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

Use of Estimates

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

Note 2 – Cash and Investments

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

Pooled Cash and Investments

The County Treasurer maintains the Pool for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. At June 30, 2022, the Pool contains deposits and investments in U.S. government agencies, negotiable certificates of deposits, medium-term notes, repurchase agreements, and money market mutual funds with an average maturity of approximately 284 days. The Successor Agency’s cash and investments are combined with the County’s pooled investments, and therefore, do not represent specific identifiable investments. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in the internal County investment pool are not subject to reporting within the level hierarchy. Interest is apportioned to individual funds based generally on the average daily balances on deposit with the County Treasurer.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (continued)

Cash Equivalents and Investments with Trustee

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

Summary of Cash and Investments

At June 30, 2022, cash and investments of the Successor Agency are summarized as follows:

Cash and investments pooled by the County Treasurer	\$	1,860,198
Investments held by trustee:		
Money market mutual funds		<u>4,437,627</u>
Total		<u>\$ 6,297,825</u>

Investment Disclosures

As of June 30, 2022, the major classes of the Successor Agency’s investments consisted of the following:

	<u>Fair Value</u>	<u>Principal</u>	<u>Weighted Average Maturity (Years)</u>
County Investment Pool	<u>\$ 1,860,198</u>	<u>\$ 1,860,198</u>	0.779
Restricted Investment with Trustee:			
Money Market Mutual Funds	<u>\$ 4,437,627</u>	<u>\$ 4,437,627</u>	
Portfolio Weighted Average Maturity			0.230

Interest Rate Risk

Interest rate risk refers to the risk that changes in interest rates will affect the fair value of an investment. The County manages exposure to declines in fair value by limiting the weighted average maturity (WAM) in accordance with the IPS. At June 30, 2022, the WAM for the Pool approximated 284 days (0.779 years). The money market mutual funds are government money market funds with the highest ratings by S&P and Moody’s, as indicated by the trustee.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Successor Agency will not be able to recover the value of its investments or collateral securities that are in

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (continued)

possession of an outside party. At year-end, the Successor Agency’s investment in the County Pool and Money Market Fund was not exposed to custodial credit risk.

Credit Risk

The IPS sets forth the minimum acceptable credit ratings for investments from any two of the following nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than “A-1” or “SP-1” (Standard & Poor’s), “MIG 1/VMIG 1” (Moody’s), or “F1” (Fitch). For an issuer of long-term debt, the rating must be no less than an “A”. As of June 30, 2022, the Pool and money market fund are rated at AAAM Principal Stability Fund Rating by S&P.

Additional information regarding the Pool, including the investment portfolio and related interest rate, the custodial credit, credit, concentration of credit risks, and fair value measurements is presented in Note 3 of the County’s Annual Comprehensive Financial Report (ACFR). The ACFR is available by accessing the Auditor-Controller’s website at <http://www.ac.ocgov.com/reports/acfrreports/>.

Note 3 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the period July 1, 2021 through June 30, 2022.

	Balance 7/1/2021	Discount/ Premium Amortization	Retirements	Balance 6/30/2022	Due Within One Year
Direct Borrowings					
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014 - SAH	\$ 6,300,000	\$ -	\$ (2,430,000)	\$ 3,870,000	\$ 2,550,000
Bond premium on Tax Allocation Refunding Bonds, Series 2014 - SAH	481,338	(209,483)	-	271,855	185,660
Total Direct Borrowings	<u>6,781,338</u>	<u>(209,483)</u>	<u>(2,430,000)</u>	<u>4,141,855</u>	<u>2,735,660</u>
Private Placement Borrowings					
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014 - NDAPP	2,550,000	-	(1,760,000)	790,000	790,000
Total Private Placement Borrowings	<u>2,550,000</u>	<u>-</u>	<u>(1,760,000)</u>	<u>790,000</u>	<u>790,000</u>
Total long-term liabilities	<u>\$ 9,331,338</u>	<u>\$ (209,483)</u>	<u>\$ (4,190,000)</u>	<u>\$ 4,931,855</u>	<u>\$ 3,525,660</u>

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

On January 9, 2014, the Successor Agency issued Tax Allocation Refunding Bonds for the SAH Project Area in the principal amount of \$20,960,000 at a premium of \$1,806,653. The bonds were issued to redeem the outstanding 2003 Tax Allocation Refunding Bonds, fund a reserve fund, and pay the cost of issuing the bonds. The SAH Refunding Bonds, payable through September 2023, are secured by a pledge of property

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)

For the Year Ended June 30, 2022

Note 3 – Long-Term Liabilities (continued)

tax revenues from the Santa Ana Heights Project Area. The bond documents contain a provision that, in the event of a default, the outstanding principal balance and accrued interest shall become due and payable immediately. The bonds were issued for a debt service savings and have a final maturity of September 1, 2023. The principal amount outstanding at June 30, 2022 is \$3,870,000. Principal, interest paid, and total tax increment revenues (intergovernmental revenues) were \$2,430,000, \$285,000 and \$2,199,458 respectively, during the fiscal year.

The annual requirements to amortize the outstanding bond included in the Statement of Fiduciary Net Position as of June 30, 2022, including interest, are as follows:

Year(s) Ending June 30	SAH	
	2014 Tax Allocation Bonds	
	Principal	Interest
2023	\$2,550,000	\$162,000
2024	1,320,000	33,000
Total	\$3,870,000	\$195,000

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

On August 20, 2014, the Successor Agency issued Tax Allocation Refunding Bonds for the NDAPP Area in the principal amount of \$14,090,000. The Bonds were issued to redeem the outstanding Tax Allocation Refunding Bonds, Series 2001. The NDAPP Refunding bonds, payable through September 2022, are secured by a pledge of property tax revenues from the Neighborhood Development and Preservation Project Area. The bond documents contain a provision that, in the event of default, the outstanding principal balance and accrued interest shall become due and payable immediately. The bonds were issued for a debt service savings and have a maturity of September 1, 2022. The principal amount outstanding at June 30, 2022 is \$790,000. Principal, interest paid, and total tax increment revenues (intergovernmental revenues) were \$1,760,000, \$56,788 and \$1,126,340, respectively, during the fiscal year.

The annual requirements to amortize the outstanding bond from private placement borrowings included in the Statement of Fiduciary Net Position as of June 30, 2022, including interest, are as follows:

Year(s) Ending June 30	NDAPP	
	2014 Tax Allocation Bonds	
	Principal	Interest
2023	\$790,000	\$10,862
Total	\$790,000	\$10,862

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2022

Note 4 – Pass-Through Agreements

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

Note 5 – Related Party Transactions

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

Note 6 – New Accounting Pronouncements

The following lists recent GASB Pronouncements that have been implemented in FY 2021-22:

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 Successor Agency to implement this Statement in FY 2021-22. The statement was implemented in FY 2021-22. The statement was implemented without an impact to the Successor Agency.

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 Successor Agency to implement the Statement in FY 2021-22. The statement was implemented without an impact to the Successor Agency.

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 reporting periods beginning after June 15, 2021, which requires the Successor Agency to implement this Statement in FY 2021-22. The statement was implemented without an impact to the Successor Agency.

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,

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2022

Note 6 – New Accounting Pronouncements (continued)

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 Successor Agency to implement this Statement in FY 2021-22. The statement was implemented without an impact to the Successor Agency.

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 Successor Agency implemented this Statement without an impact to the Successor Agency.

The following summarizes recent GASB pronouncements issued but not yet adopted as amended by GASB Statement 95 that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following Statements may have on the financial statements of the Successor Agency.

In 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 Successor Agency to implement this Statement in FY 2022-23, if applicable.

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 (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Successor Agency will implement this Statement in FY 2022-23, if applicable.

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

In April 2022, GASB issued Statement No. 99, “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of other GASB statements, and (2) adding accounting and financial reporting guidance for financial guarantees. Portions of this Statement are effective upon issuance and were implemented in FY 2021-22 without an impact to the County. Certain requirement related to the leases, PPPs, and SBITAs, are effective for reporting periods beginning after June 15, 2022, which requires the County to implement them in FY 2022-23. The requirements related to the financial guarantees and the classification and reporting of certain derivatives are effective for periods beginning after June 13, 2023. The Successor Agency will implement this Statement in FY 2022-23, if applicable.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2022

Note 6 – New Accounting Pronouncements (continued)

In June 2022, GASB issued Statement No. 100, “Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62. This Statement improves accounting and financial reporting requirements for accounting changes and errors corrections to provide more understandable, reliable, relevant, consistent, and comparable information. It also requires the display of note disclosures of the accounting change and error corrections. The requirements of this statement are effective for reporting periods after June 15, 2023. The Successor Agency will implement this Statement in FY 2022-23, if applicable.

In June 2022, GASB issued Statement No. 101, “Compensated Absences” in which the primary objective is to update the recognition and measurement guidance for compensated absences. This is achieved by a unified model and amends certain previously required disclosures. The requirements of this statement are effective for reporting periods after December 15, 2023. The Successor Agency will implement this Statement in FY 2022-23, if applicable.

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Combining Statement of Fiduciary Net Position by Fund
June 30, 2022

	Redevelopment Retirement Obligation SAH Debt Service	Redevelopment Retirement Obligation NDAPP Debt Service	OCDA Redevelopment Successor Agency	Total Private Purpose Trust Fund
Assets				
Current assets:				
Pooled cash and investments	\$ 98,215	\$ 61,466	\$ 1,700,517	\$ 1,860,198
Restricted assets - cash equivalents and investments with trustee	3,636,191	801,436	-	4,437,627
Interest receivable	187	173	2,356	2,716
Total assets	<u>3,734,593</u>	<u>863,075</u>	<u>1,702,873</u>	<u>6,300,541</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	30,309	-	30,309
Liabilities				
Current liabilities:				
Bond interest payable	64,500	7,241	-	71,741
Due to other governmental agencies	466	264	2,921	3,651
Bonds payable	2,735,660	790,000	-	3,525,660
Noncurrent liabilities:				
Bonds payable, net of current portion	1,406,195	-	-	1,406,195
Total liabilities	<u>4,206,821</u>	<u>797,505</u>	<u>2,921</u>	<u>5,007,247</u>
Deferred Inflows of Resources				
Deferred charge on refunding	26,334	-	-	26,334
Net Position				
Held in trust for other governments	<u>\$ (498,562)</u>	<u>\$ 95,879</u>	<u>\$ 1,699,952</u>	<u>\$ 1,297,269</u>

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Combining Statement of Changes in Fiduciary Net Position by Fund
For the Year Ended June 30, 2022

	Redevelopment Retirement Obligation SAH Debt Service	Redevelopment Retirement Obligation NDAPP Debt Service	OCDA Redevelopment Successor Agency	Total Private Purpose Trust Fund
Additions:				
Intergovernmental revenue	\$ 2,199,458	\$ 1,126,340	\$ 111,350	\$ 3,437,148
Interest and change in fair market value of investments	2,670	(444)	(18,706)	(16,480)
Miscellaneous revenue	165	70	661	896
Total additions	<u>2,202,293</u>	<u>1,125,966</u>	<u>93,305</u>	<u>3,421,564</u>
Deductions:				
Professional services	25,360	24,308	40,132	89,800
Investment expenses	232	122	1,232	1,586
Tax pass-throughs	92,972	31,602	259,170	383,744
Interest on long-term debt	17,461	101,273	-	118,734
Total deductions	<u>136,025</u>	<u>157,305</u>	<u>300,534</u>	<u>593,864</u>
Transfer in (out)	<u>406,627</u>	<u>492,168</u>	<u>(898,795)</u>	<u>-</u>
Change in net position	2,472,895	1,460,829	(1,106,024)	2,827,700
Net position (deficit), July 1, 2021	(2,971,457)	(1,364,950)	2,805,976	(1,530,431)
Net position, June 30, 2022	<u>\$ (498,562)</u>	<u>\$ 95,879</u>	<u>\$ 1,699,952</u>	<u>\$ 1,297,269</u>



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

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

We have audited, 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, the financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a private-purpose trust fund of the County of Orange, California (County) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Successor Agency’s basic financial statements and have issued our report thereon dated December 20, 2022. Our report includes an emphasis of matter paragraph stating the financial statements of the Successor Agency do not present fairly the financial position of the County.

Report on Internal Control over Financial Reporting

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

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

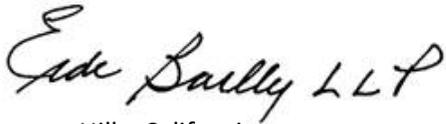
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California
December 20, 2022