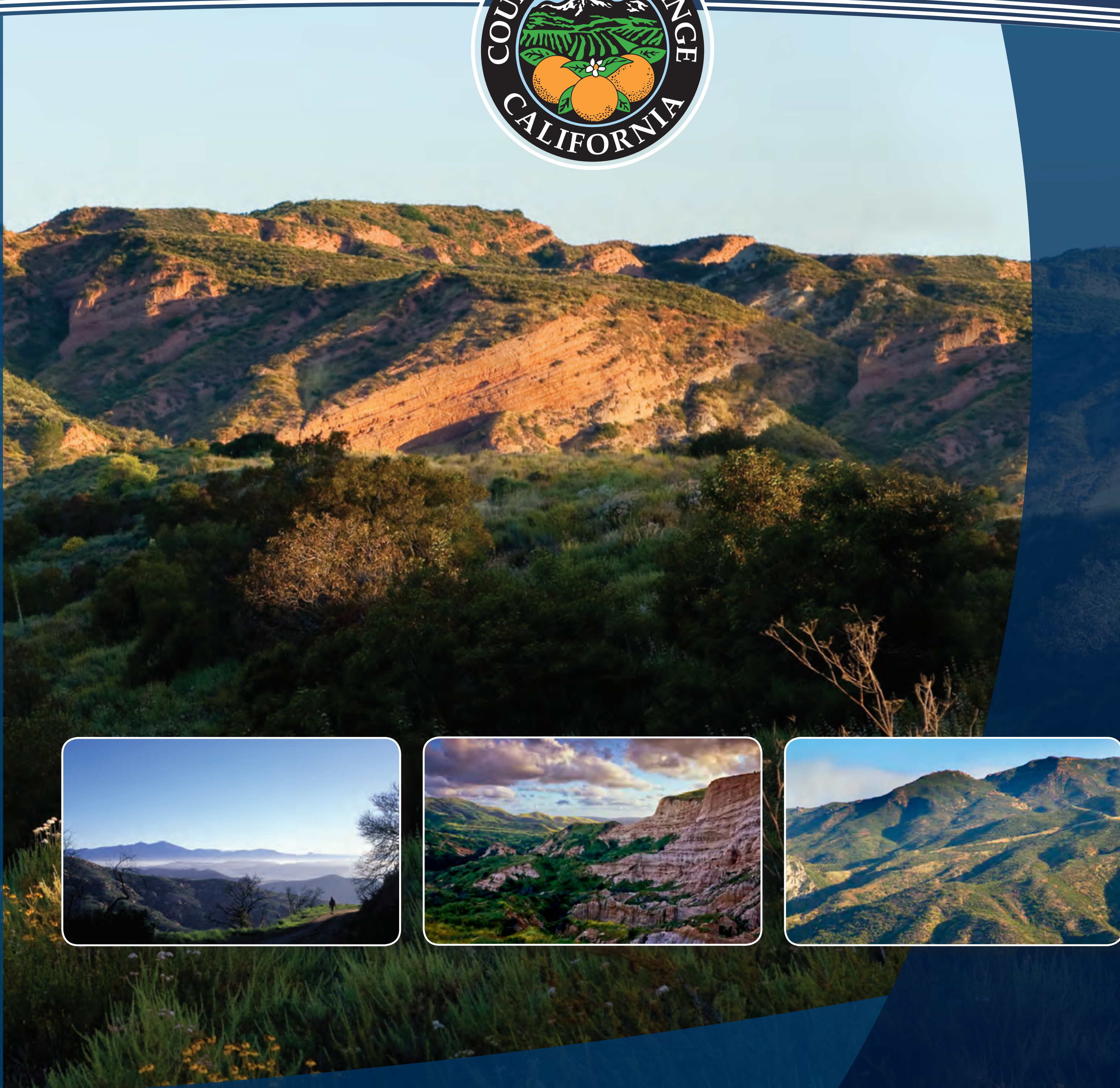
COUNTY OF ORANGE

Comprehensive Annual Financial Report
For the Year Ended June 30, 2013



Jan E. Grimes, CPA

Auditor-Controller

Limestone Canyon and Whiting Ranch Wilderness Park

This year's cover depicts Limestone Canyon and Whiting Ranch Wilderness Park which encompasses approximately 4,300 acres of riparian and oak woodland canyons, rolling grassland hills and steep slopes of coastal sage scrub and chaparral. The park is highlighted by scenic rock formations, including the beautiful Red Rock Canyon. There are three intermittent streams: Borrego, Serrano and Aliso Creek meandering through the park, each hosting an abundance of wildlife. Remnants of the former cattle ranching days can be seen throughout the park.

On June 29, 2010, the Orange County Board of Supervisors voted unanimously to accept a gift of historic proportions – 20,000 acres of protected open space donated by the Irvine Company to the County for preservation and guided recreation. Through this donation, visitors will have increased opportunities to visit and enjoy rugged canyons and scenic vistas in places like Limestone Canyon's formation called "The Sinks," considered the "Grand Canyon of Orange County."

Location:

Limestone Canyon and Whiting Ranch Wilderness Park is located in southeast Orange County adjacent to Foothill Ranch. Whiting Ranch is open 7 a.m. to sunset, year round. Limestone Canyon is available for guided access only. For more information about Limestone Canyon and Whiting Ranch Wilderness Park, please visit www.ocparks.com/whitingranch/ or call (949) 923-2245.

Acknowledgements:

Information and photos courtesy of OC Parks

Cover design by Peter Dibble, Volunteer Graphic Artist

County of Orange

State of California

Comprehensive Annual Financial Report

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Laguna Laurel – Irvine Ranch Open Space

Photo Courtesy of OC Parks

COUNTY OF ORANGE
CALIFORNIA

AUDITOR-CONTROLLER
COUNTY OF ORANGE

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January 16, 2014

The Citizens of Orange County:

The Comprehensive Annual Financial Report (CAFR) of the County of Orange, State of California (County), for the year ended June 30, 2013, is hereby submitted in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California. The report contains financial statements that have been prepared in conformity with United States generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. A comprehensive framework of internal controls has been designed and established to provide reasonable assurance that the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and changes in financial position of County funds. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatements.

The CAFR has been audited by the independent certified public accounting firm of Macias Gini & O'Connell LLP (MGO). The goal of the independent audit was to provide reasonable assurance about whether the basic financial statements of the County for the year ended June 30, 2013, 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, 2013. The independent auditor's report is located at the front of the financial section of this report.

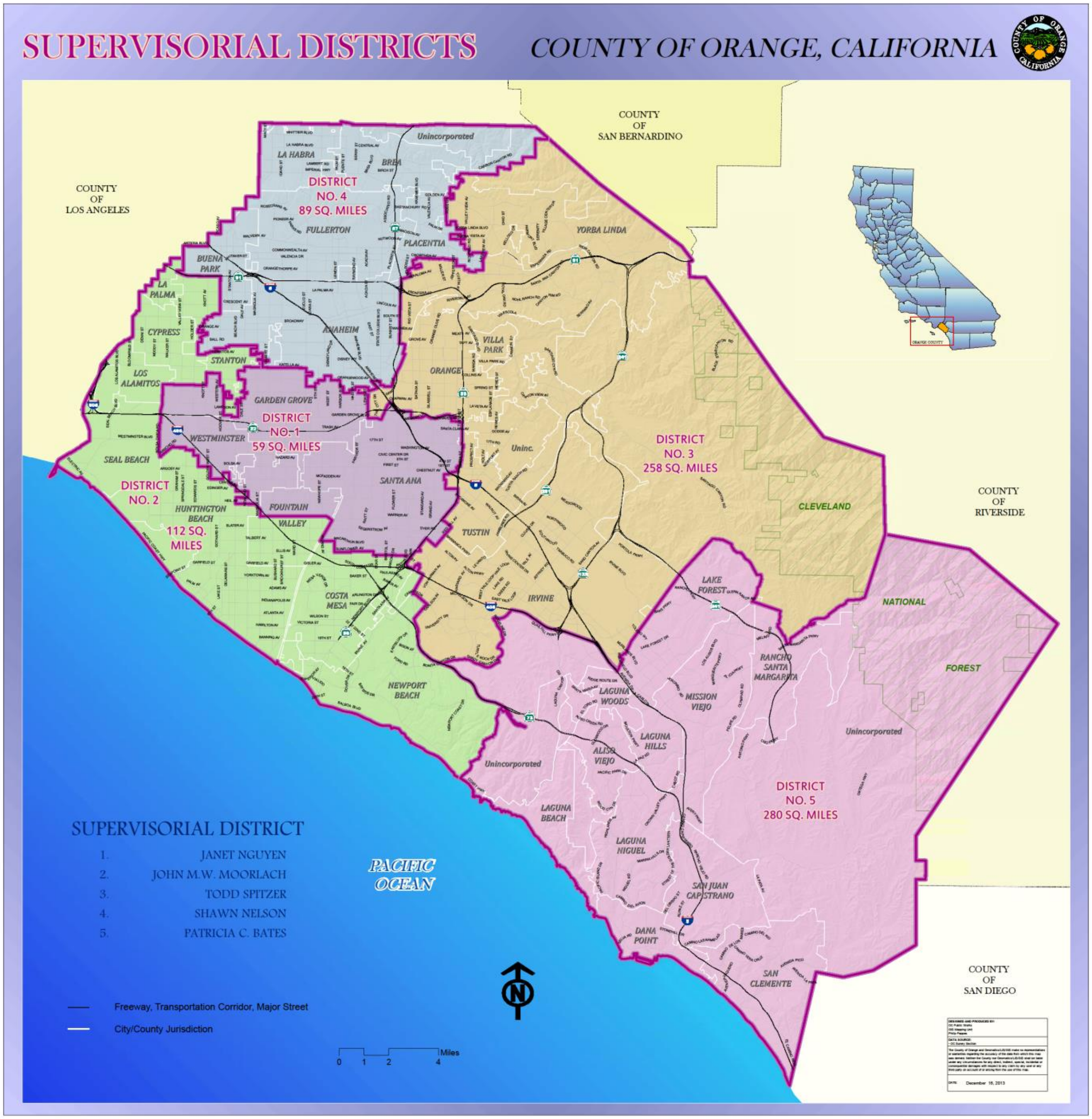
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and an analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

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

The County is a charter county as a result of the March 5, 2002, voter approval of Measure V, which provides for an electoral process to fill mid-term vacancies on the Board of Supervisors. Before Measure V, as a general law county, mid-term vacancies would otherwise be filled by gubernatorial appointment. In November 2008, voters approved Measure J, which added Article III, Section 301 to the Charter of Orange County requiring voter approval for increases in future retirement system benefits of any employee, legislative officer, or elected official of the County of Orange in the Orange County Employees Retirement System (OCERS) or any successor retirement system, with the exception of statutorily-established cost of living adjustments, salary increases, and annual leave or compensatory time cash-outs. In all other respects, the County is like a general law county. The County is governed by a five-member Board of Supervisors (the Board), who each serve four-year terms, and annually elect a Chairman and Vice-Chairman. The supervisors represent districts that are each approximately equal in population.

The district boundaries were revised effective September 6, 2011, incorporating the results of the 2010 census. A County Executive Officer (CEO) oversees nineteen county departments, and elected department heads oversee seven county departments. The Supervisorial Districts map below shows the boundaries of Orange County and the areas governed by each member of the Board.



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

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

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

Contract Services for Cities	
Animal Care & Control	Libraries
Law Enforcement	Public Works & Engineering

Source: County of Orange Facts and Figures, 2013

In addition to these services, the County is also financially accountable for the reporting of component units. Blended component units, although legally separate entities, are, in substance, part of the County's operations; and therefore, data from these units are combined with data of the County. The County has two component units, the Orange County Children and Families Commission (OCCFC) and CalOptima, which require discrete presentation in the government-wide financial statements. The following entities are presented as blended component units in the basic financial statements for the year ended June 30, 2013: the Orange County Flood Control District, Orange County Housing Authority, Orange County Public Financing Authority, South Orange County Public Financing Authority, Orange County Public Facilities Corporation, County Service Areas, Special Assessment Districts, and Community Facility Districts, and In-Home Supportive Services Public Authority. Additional information on these entities can be found in Note 1, Summary of Significant Accounting Policies, in the Notes to the Basic Financial Statements.

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the General Fund and most of the Special Revenue, Debt Service, Capital Projects and Permanent funds are included in the annual appropriated budget. The level of budgetary control (that level which cannot be exceeded without action by the Board) is at the legal fund-budget control unit level, which represents a department or an agency. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. The Budgetary Comparison Statements for the General Fund and Major Special Revenue Funds are part of the Basic Financial Statements. The Budgetary Comparison Schedules for the nonmajor Governmental Funds and major Debt Service Fund with appropriated annual budgets are presented in the Supplemental Information section for governmental funds. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered appropriations do not lapse at year-end; outstanding encumbrances are carried forward to the following year's budget. Additional information on the budgetary process can be found in Note 1, Summary of Significant Accounting Policies, in the Notes to the Basic Financial Statements.

(Dollar Amounts in Thousands)

The County of Orange eGovernment website portal at http://www.ocgov.com provides online services and extensive information about County government to Orange County residents, businesses, partners, and visitors. During Fiscal Year (FY) 2012-13, the website received over 10.9 million visits with 22% of traffic coming from mobile devices. The County's website 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 video, Board agenda public comment submissions, the ability to order birth, death and marriage certificates, search fictitious business names, find polling locations and election results, 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 Orange County economy are: how well the local economy performs relative to surrounding counties, the state and the nation (external indicators), and how well the local economy performs relative to its own historical trends (internal indicators). This section provides various external and internal indicators that describe the current and projected outlook of the Orange County economy.

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

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

According to Chapman University, Orange County's job growth is expected to increase by 2.3% in 2013 and result in approximately 31,857 new jobs relative to 2012. This compares to smaller increases of 2.1% for the State of California and 1.5% for the national level.

According to Chapman University, inflation, as measured by the Consumer Price Index (CPI) in 2013, is expected to be 2.0% for Orange County; slightly lower than for the State of California at 2.2% and slightly higher than for the U.S. at 1.7% (see Table 2).

Table 1: Unemployment Rate Comparison

Primary Government Entity	August 2013 Unemployment Rate
United States	7.3%
California	8.8%
Los Angeles County	10.2%
Orange County	**6.2%**
Riverside County	10.8%
San Bernardino County	10.0%
San Diego County	7.4%

Unemployment and Expected Job Growth Rates

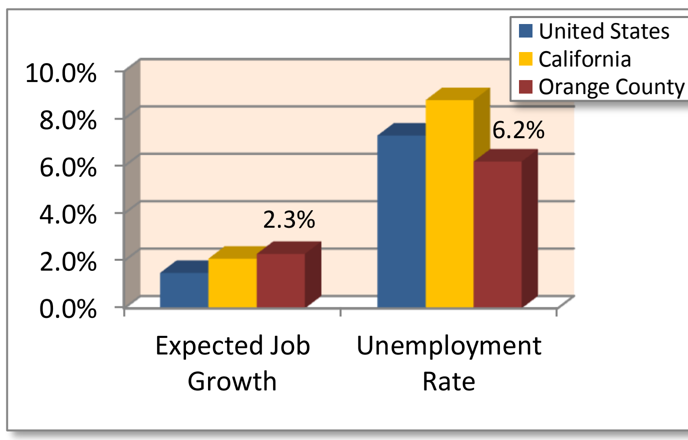


Table 2: 2013 – Projected Increase of the CPI

United States	California	Orange County
1.7%	2.2%	2.0%

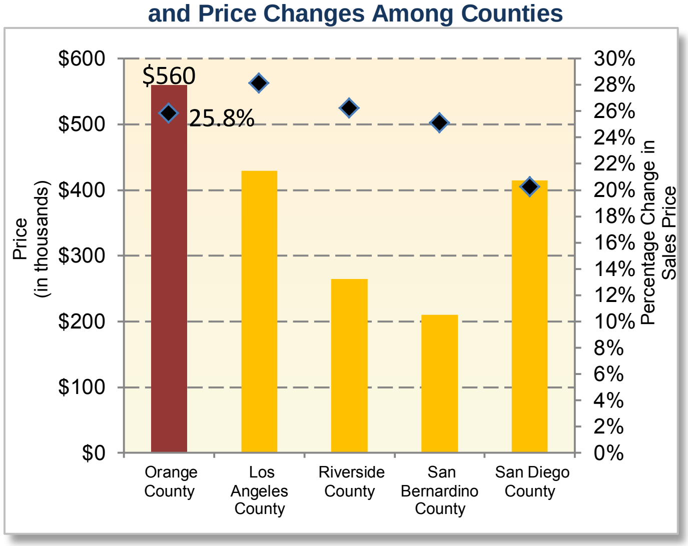
Sources: State of California, Employment Development Department
Economic & Business Review, Chapman University, June 2013

According to the Department of Housing and Urban Development, Orange County's median family income is expected to be $84,100 (absolute dollars) in 2013, compared to $85,300 (absolute dollars) in 2012. Median family incomes in Orange County continue to exceed all surrounding Southern California counties, the State of California and the nation (see Table 3).

According to DataQuick Information Systems, the median home sales price for new and existing homes in Orange County was $560,000 (absolute dollars) in August, 2013, representing a 25.8% increase relative to August, 2012. The median sales price in Orange County continues to exceed all surrounding counties (see Table 4).

In terms of internal trends, current and projected indicators suggest that the Orange County economy will continue to gradually improve with 31,857 jobs added in 2013 and 36,916 in 2014.

Comparison of Median Home Sales Price and Price Changes Among Counties

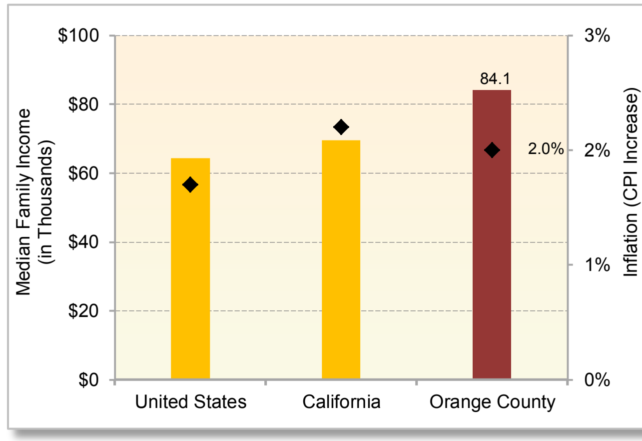


Sources: DataQuick Information Systems, September 2013

Table 3: Median Family Income Comparison

Primary Government Entity	Median Family Income (absolute dollars)
United States	$64,400
California	$69,600
Los Angeles County	$61,900
Orange County	**$84,100**
Riverside County	$62,600
San Diego County	$72,300

Comparisons of Inflation and Median Family Income



Sources: Economic & Business Review, Chapman University, June 2013
U.S. Department of Housing and Urban Development, 2013

Table 4: Median Home Sales Price Comparison – Southern California Counties – August 2013

Primary Government Entity	Median Home Sales Price Change increase	Median Home Sales Price (absolute dollars)
Los Angeles County	28.1%	$429,000
Orange County	**25.8%**	**$560,000**
Riverside County	26.2%	$265,000
San Bernardino County	25.1%	$210,250
San Diego County	20.2%	$415,000

(Dollar Amounts in Thousands)

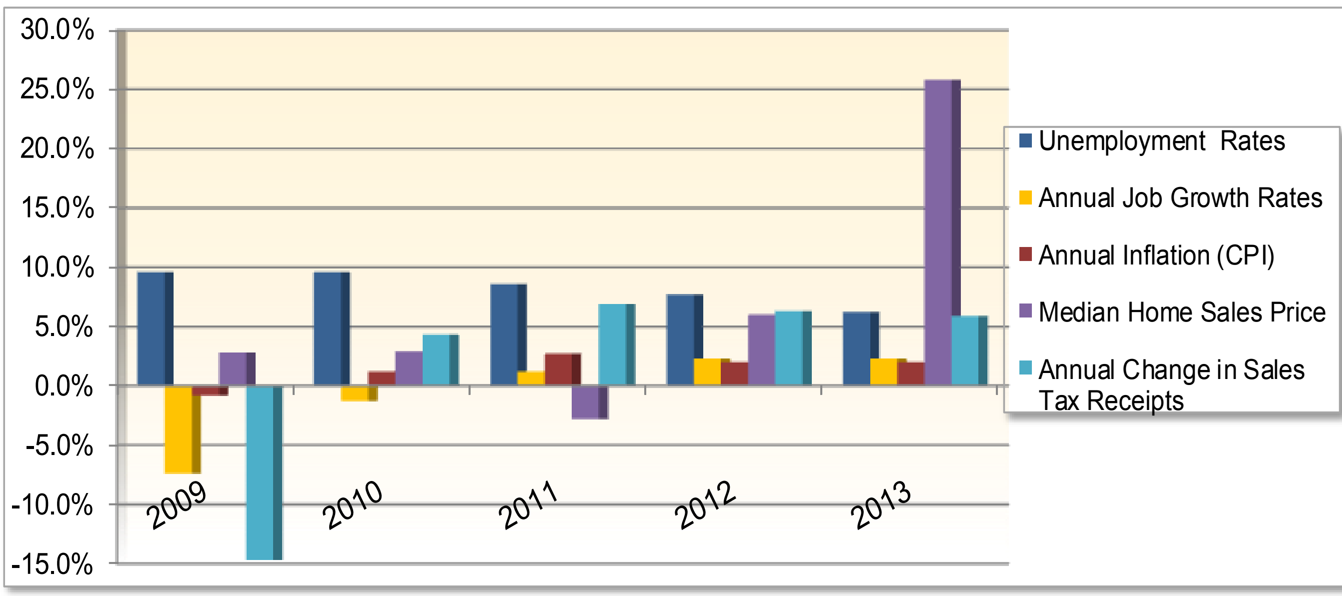
Table 5 shows various internal indicators reflecting a steady recovery of Orange County's economy. First, unemployment rates decreased to 6.2% in August 2013 relative to 7.7% in August 2012. Second, job growth is expected to remain steady at 2.3% in 2013 compared to 2.3% in 2012. Third, median home prices increased by 25.8% in August 2013 relative to 6.0% in August 2012. The only economic indicator where this trend is not stable or improving is in terms of expected sales tax receipts where a slight change in the increase of 5.9% is expected in 2013 compared to 6.3% in 2012.

Table 5: Orange County Historical Data

Historical Indicators	2009	2010	2011	2012	2013
Unemployment Rates	9.6%	9.6%	8.6%	7.7%	6.2%
Annual Job Growth	(7.4 %)	(1.3 %)	1.2%	2.3%	2.3%
Annual CPI Inflation	(0.8 %)	1.2%	2.7%	2.0%	2.0%
Median Home Sales Price increase	2.8%	2.9%	(2.8 %)	6.0%	25.8%
Annual Change in Sales Tax Receipts	(14.7 %)	4.3%	6.9%	6.3%	5.9%

Sources: State of California, Employment Development Department
Economic & Business Review, Chapman University, June 2013
DataQuick Information Systems, September 2013
Note: 2013 unemployment rate reflects average for months January through August.

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



Sources: State of California, Employment Development Department
Economic & Business Review, Chapman University, June 2013
DataQuick Information Systems, September 2013

In summary, the economy in Orange County continues to show some signs of slow but steady recovery.

Long–Term Financial Planning

Strategic Plan: In March 1997, the Board initiated a financial planning process that is a key component of the County's commitment to fiscal responsibility, accountability and efficiency. The plan includes projections of County general purpose revenues, departmental projections of operating costs, revenues and capital needs for current programs and services and anticipated caseload changes. New programs, services and capital projects are identified and prioritized on a countywide basis with financial impacts identified over the plan period. The plan covers a five-year period and includes a ten-year analysis of operating costs in cases where new programs and facilities are recommended to ensure the ability to pay for long-term operational costs.

The Board adopted the 2013 Strategic Financial Plan (SFP) on December 10, 2013. The 2013 SFP is the foundation in planning for continued financial stability and will be augmented by the monitoring and establishment of budgetary controls, via the quarterly budget reporting process and adoption of the FY 2014-15 Budget. The five-year SFP projections indicate that General Purpose Revenue growth will be in the range of 3% for the first year of the plan with growth rates of 2% to 4% in years two through five. The moderate growth rate for revenue coupled with the increasing cost of doing business will require the County to carefully manage programs and services levels. The County continues to believe that sustained job growth and reduced unemployment are the key indicators for economic recovery.

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

- The 2013 SFP reflects a modest 2% increase in FY 2014-15 Net County Cost limits
- Continuation of the policy to not backfill State budget reductions
- Elimination of vacant positions
- Internal financing program to support major capital and information technology projects
- Maintaining prudent levels of General Fund and Contingency Reserves

The County continues to move forward on several large projects identified below. In addition, the County is in the beginning stages of planning for several other projects that will require long-term financial planning including upgrade of the 800 MHz Countywide Coordinated Communications System, Central Utility Facility infrastructure replacement, and the Civic Center Master Plan.

Santa Ana River Mainstem Project: The Santa Ana River Mainstem Project (SARMP) was initiated in 1964, in partial response to a resolution of the United States House Committee on Public Works adopted May 8, 1964. A survey report was completed by the Orange County Flood Control District in 1975. The report was reviewed and submitted to Congress in September 1978. In September 1980, the United States Corps of Engineers completed the General Design Memorandum for the SARMP. Construction for the SARMP was authorized by the Water Resources Development Act of 1986. Construction for the SARMP was initiated in 1989, and completion is scheduled for 2020.

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 and Contingencies. To learn more about the SARMP, visit the Orange County Flood Control Division's website at http://www.ocflood.com.

OC Dana Point Harbor Revitalization Plan: The OC Dana Point Harbor Capital Improvement Plan includes revitalization of Dana Point Harbor. The Revitalization Project is a multi-phased project with total costs estimated at $140,000 pending final project design approvals, and anticipating a systematic long term repair and/or replacement project for the waterside as opposed to a total redesign and rebuild of the marinas. The initial phases of improvements are expected to be funded with a combination of external financing and funds on hand that have been reserved for the Harbor Improvement Plan. OC Dana Point Harbor and County Executive Office staff is expected to finalize the financial strategy for the complete Revitalization Plan concurrently with final Coastal Development Permit (CDP) issuance.

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

Relevant Financial Policies

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

General Fund Reserves Policy

The County of Orange 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 expenditure 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 set aside for Contingencies
- Fund Balance Assigned for Capital Projects
- Fund Balance Assigned – Operations (Strategic Plan)
- Reserve-like Funds
- Reserve-like Appropriations
- Department Type Reserves

All of the above are reserves normally modified at the time of budget adoption (Government Code Section 29085) or at fiscal year-end (in accordance with GASB 54 requirements). Changes to reserve amounts at other times require a 4/5 vote of the Board. A 4/5 vote is also required to make such reserves available for appropriation to expend the funds, if needed, during the FY (Government Code Section 29130).

Reserve Targets and Descriptions

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

In implementing the GFOA's best practice, the County elected to establish a funding target based upon two months of General Fund operating revenues. Analysis of the average of two months of operating revenues for FY 2009-10 through FY 2012-13, as well as FY 2013-14 adopted budgeted revenues, yielded a funding target of approximately 16.8%.

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 a key element of the SFP process.
Five-Year Capital Improvement Plan	The County's five-year Capital Improvement Plan (CIP) is a long-term list of significant projects funded by the General Fund in the Capital Projects budget. It also includes the five-year capital program for non-General Fund agencies. The CIP aids the County in its assessment of the best use of funds available in order to establish and prioritize its capital asset goals, while maintaining long-term financial stability.
Quarterly Budget Report	The County Executive Office issues quarterly budget reports that provide the Board, County departments, members of the public, and other interested parties with an overview of the current status of budgeted revenues and expenditures, total budgeted positions and various departmental issues requiring adjustments to the County's budget.
Annual Budget Policies and Guidelines	The Annual Budget reflects the County's disciplined approach to fiscal management and is consistent with the County's SFP process. Department budgets are consistent with the priorities and operations plans contained in the SFP. Departments use these planning processes, along with outcome indicators, to evaluate programs and redirect existing resources as needed for greater efficiency to reduce costs and minimize the need for additional resources.
Fund Balance Reserve Policy	The County General Fund currently contains formal and informal reserves, appropriations for contingencies, appropriated reserve-type funds, and reserves held by others. The purpose of these reserves is to protect community programs and services from temporary revenue shortfalls and provide for unpredicted, sudden and unavoidable one-time expenditures.
Contingency Planning Policy	The County 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 $90,341. This compares to the GFOA guidelines for funding contingencies at 15% or higher. The June 30, 2013 balance is $61,300, approximately $29,041 below the revised target. In addition to the Reserve for Contingencies, the County budgets an annual Appropriation for Contingencies of no less than $5,000 in the General Fund, which may be used for significant unanticipated emergencies, catastrophes, one-time expenditures and opportunities.
Debt Disclosure Practices	The County presents a set of disclosures in the County's adopted Budget document and the CAFR.

Relevant Financial Policies (Continued)	
Pay-as–you-go Capital Funding	The County's long-term practice has been to use pay-as-you-go funding for capital projects whenever possible. The use of systematic long range financial planning assists in making fiscal decisions such as debt vs. pay-as-you-go capital project financing. The SFP forecasts sources of the County's revenue and operating expenses and incorporates a list of previously identified and prioritized projects that will benefit the citizens of the County. The financial planning for capital projects considers the County's limited funding sources, the capital and operating costs, useful life of projects, and good business practices.
Credit and Debt Management Policy	The County's long-term practice has been to rapidly repay debt when practicable. The County's Credit and Debt Management Policy states that one of its most important goals and objectives is to continue efficient debt reduction strategies through refunding, defeasance, or purchase and cancellation of bankruptcy related debt to lower the financial burden on the General Fund.
Public Financing Advisory Committee	The Public Financing Advisory Committee (PFAC) is responsible for the review, approval, modification or denial of debt financing proposals. No debt financing proposal is considered by the Board unless recommended in writing by the PFAC. The PFAC membership consists of the following: five public voting members, each representing a district, and three Ex-Officio County government members (the County Executive Officer (non-voting), the elected Treasurer-Tax Collector, and the elected Auditor-Controller).
Audit Oversight Committee	The Audit Oversight Committee (AOC) oversees the quality of financial reporting activities, results of operations, internal controls, and planned and long-term commitments. The AOC also oversees and monitors County compliance with pertinent laws and regulations and applicable ethical standards, as well as conflicts of interest and fraud policies. The AOC membership consists of the following: the Chairman and Vice-Chairman of the Board, the elected Auditor-Controller, the County Executive Officer, the elected Treasurer-Tax Collector, the Performance Audit Director, and three public members from the private sector appointed by the Board. The public members shall be appointed by the Board for a term of four years and may be reappointed or removed by the Board.
Treasury Oversight Committee	The Treasury Oversight Committee (TOC) is responsible for reviewing and monitoring the annual Investment Policy Statement (IPS) prepared by the Treasurer. In addition, the TOC causes an annual audit of the Treasurer's compliance with the IPS. The TOC shall also investigate any and all irregularities in the treasury operation, which become known to the TOC. Annually, the TOC reviews the Treasurer's IPS, including all proposed amendments or modifications to the policy. The Treasurer then submits the IPS to the Board for approval, including any additions or amendments thereto. The TOC membership consists of the following: the elected Auditor-Controller or designee, the County Executive Officer or designee, the elected County Superintendent of Schools or designee, and two members of the public. The members shall be nominated by the Treasurer and confirmed by the Board.
24/7 Fraud Hotline	The Fraud Hotline is part of an ongoing fraud detection and prevention effort. The Fraud Hotline is intended for use by County employees, the general public, or vendors for reporting suspected waste, fraud, violations of County policy or misuse of County resources by vendors, contractors or County employees.

Major Initiatives

Watershed Management: The County of Orange, Orange County Flood Control District (District), and 34 cities (collectively, the “Permittees") operate water quality programs pursuant to the National Pollutant Discharge Elimination System permits, issued under a section of the federal Clean Water Act. Municipal stormwater permits are issued by each of two Regional Water Quality Control Boards for five-year terms. The County is the principal permittee under both permits. Each cycle of permits imposed stricter, more detailed, requirements than previous permits, such as expanding local regulatory oversight of the built environment, transforming land development requirements, and including additional Total Maximum Daily Loads (TMDLs).

During FY 2012-13, the San Diego Regional Water Quality Control Board adopted a new permit covering south Orange County, south Riverside County, and most of San Diego County. The permit will take effect for south Orange County in December 2014 when the current permit expires. Beyond imposing a number of additional requirements, the permit introduces further deviations from the requirements of the Santa Ana Regional Water Quality Control Board (SARWQCB). As a result, the Permittees must expend greater resources to create and implement divergent compliance programs across the county.

A multi-year effort with the SARWQCB, San Bernardino County, and Riverside County has proposed updated water quality standards that are used to determine whether beaches and streams are unsafe because of pollution reached. The SARWQCB has amended its Water Quality Control Plan to incorporate the new standards. Currently the amendment is with the State Water Resources Control Board for approval. The permittees are continuing to invest in runoff reduction and treatment programs as well as watershed scale assessment and planning initiatives.

The County also leads collaborative forums in each of three Watershed Management Areas with cities, water agencies, wastewater agencies, non-governmental organizations, and environmental advocates. These forums coordinate water resources planning and prioritize needs for capital improvements. Integrated regional water management plans were completed for the Central and South Watershed Management Areas during FY 2012-13. Over $30 million in grant funds have been awarded to various organizations to implement the highest priority projects in these plans.

Labor Agreements: Most County employees are represented by sixteen bargaining units within seven labor organizations, the principal labor organization being the Orange County Employees Association (OCEA), which consists of the Community Services, County General, Office Services, Probation Services, Probation Supervisory Management, Sheriff Special Officers and Deputy Coroner, Supervisory Management, and Health Care Professional Units. Five contracts are in the process of negotiations and County employees continue to work under the terms of their contract with no interruption.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Awards: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Orange for its CAFR for the year ended June 30, 2012. This represents the County’s 18th consecutive award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County issued its tenth consecutive Popular Annual Financial Report (PAFR) titled the “OC Citizens’ Report” for the year ended June 30, 2012. The County received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for this PAFR. The award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to be awarded, a government must publish a PAFR that reflects the program standards of creativity, presentation, understandability and reader appeal. The “OC Citizens’ Report” is available for viewing at http://ac.ocgov.com/reports/pafr.

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

Respectfully submitted,

Jan E. Grimes
Auditor-Controller

Frank Kim
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Orange

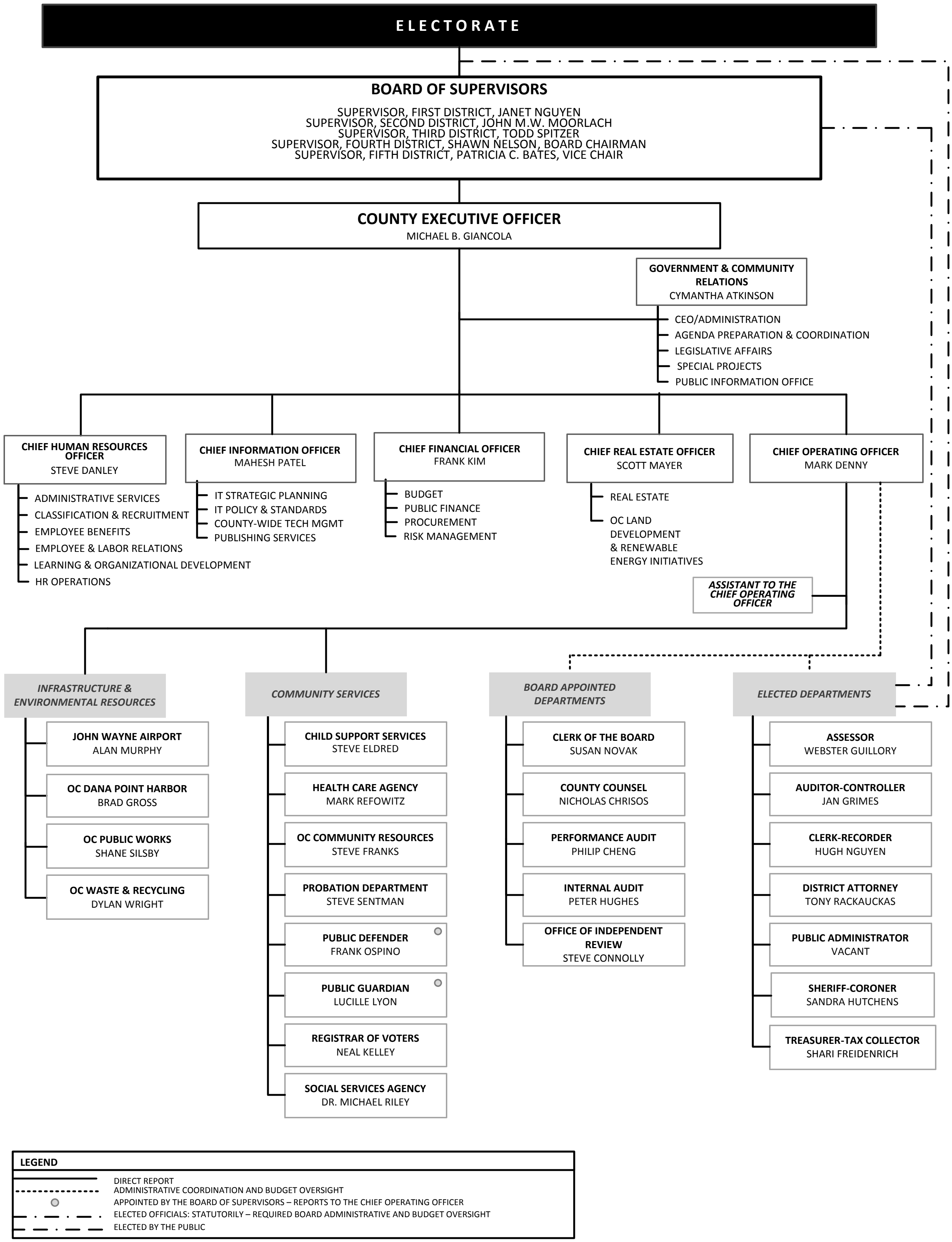
California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

ORGANIZATIONAL CHART



COUNTY OF ORANGE
CALIFORNIA

Limestone Canyon – Irvine Ranch Open Space

Photo Courtesy of OC Parks

COUNTY OF ORANGE
CALIFORNIA

MGO Certified Public Accountants.

Newport Beach
4675 MacArthur Court, Suite 600
Newport Beach, CA 92660
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Sacramento

Walnut Creek

Oakland

LA/Century City

San Diego

Seattle

INDEPENDENT AUDITOR'S REPORT

The Honorable 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 County of Orange, California (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Children and Families Commission of Orange County (CFCOC) and the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima), which collectively represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2013. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CFCOC and CalOptima, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. The financial statements of CFCOC were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Roads Fund, Flood Control District Fund, and Other Public Protection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and schedule of employer contributions on pages 18–40 and 159 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor funds 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 funds 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 Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2014 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 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 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 County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Newport Beach, California
January 16, 2014

Irvine Ranch Open Space

Photo Courtesy of OC Parks

COUNTY OF ORANGE

CALIFORNIA

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

This section of the County's Comprehensive Annual Financial Report (CAFR) provides a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2013. 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 net position increased by $110,483, or 2% as compared to last year.
- Long-term debt decreased by $36,744, or 5% during the current fiscal year.
- The County's governmental funds reported combined ending fund balances of $1,886,587, an increase of $181,252, or 11% in comparison with the prior year.
- General Fund revenues and transfers ended the year 3% below budget.
- General Fund expenditures and other financing uses ended the year 8% below budget.
- The net position for the County's newly presented discrete component unit, CalOptima, was restated by $156,855 at June 30, 2012. The restatement is required as CalOptima is a legally separate entity that is financially accountable to the County Board.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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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	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 (except for agency funds)
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter	All assets and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for others
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

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

The Statement of Net Position and the Statement of Activities distinguish functions of the County that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include (1) general government, (2) public protection, (3) public ways and facilities, (4) health and sanitation, (5) public assistance, (6) education, and (7) recreation and cultural services. The business-type activities of the County include airport, waste management, and compressed natural gas.

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

Fund Financial Statements

- **Fund** - a separate accounting entity
- 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."* 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 and capital lease obligations, which are reported in the government-wide statements but not in the fund financial statements.

In FY 2012-13, an increase of $90,687 in net position in the government-wide financial statements was reported, and an increase of $181,252 in fund balances was reported in the fund financial statements. Refer to the financial analysis of the governmental activities and governmental funds below for details on the factors contributing to these differences.

The County maintains several individual governmental funds organized according to their type (General Fund, Special Revenue, Debt Service, Capital Projects and Permanent Funds). Information is presented separately in the governmental funds' Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is always a major fund, and all other major funds. Information for nonmajor funds is presented in the aggregate in these statements. Individual fund data for each of the nonmajor governmental funds is presented elsewhere in this report. The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with the budget.

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

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Airport and Waste Management operations, which are both considered to be major funds of the County. Conversely, the Internal Service Funds are combined into a single, aggregated presentation in the proprietary funds financial statements with the individual fund data provided in combining statements, which can be found elsewhere in this report.

Fiduciary Funds - Fiduciary funds include the **Trust** and **Agency** funds and are used to account for assets held on behalf of outside parties, including other governments. Financial information for fiduciary funds is 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 elsewhere in this report.

Notes to the Basic Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At June 30, 2013, the County's combined net position (governmental and business-type activities) totaled $5,171,314, an increase of 2% from FY 2011-12.

COMPONENTS OF NET POSITION

- Net Investment in capital assets
- Restricted
- Unrestricted

The largest component of the County's net position (61%) 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. 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.

The County's **restricted** net position totals $1,487,432, which represents 29% of its net position. Restricted net position represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions. External restrictions include those imposed by grantors, contributors, laws/regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation, including those passed by the County itself.

The final component of net position is **unrestricted net position**. Unrestricted net position is resources that the County may use to meet its ongoing obligations to citizens and creditors. As of June 30, 2013, governmental activities showed $196,850 in unrestricted net position, compared to $37,790 at June 30, 2012. The increase in unrestricted net position is primarily the result of prior period adjustments for capital assets and recognition of the Vehicle License Fee Adjustment (VLFAA). For additional information regarding the prior period adjustments for capital assets, see Note 3, Prior Period Adjustments.

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

NET POSITION – Primary Government
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012*	2013	2012	2013	2012
ASSETS						
Current and other assets	$ 2,976,550	$ 2,842,352	$ 793,507	$ 774,341	$ 3,770,057	$ 3,616,693
Capital assets	2,683,927	2,687,008	818,697	826,351	3,502,624	3,513,359
Total Assets	**5,660,477**	**5,529,360**	**1,612,204**	**1,600,692**	**7,272,681**	**7,130,052**
LIABILITIES						
Long-term liabilities	1,047,579	915,449	440,487	449,641	1,488,066	1,365,090
Other liabilities	527,190	686,003	86,111	85,241	613,301	771,244
Total Liabilities	**1,574,769**	**1,601,452**	**526,598**	**534,882**	**2,101,367**	**2,136,334**
NET POSITION						
Net Investment in capital assets	2,563,976	2,699,809	587,934	574,982	3,151,910	3,274,791
Restricted	1,324,882	1,190,309	162,550	140,354	1,487,432	1,330,663
Unrestricted	196,850	37,790	335,122	350,474	531,972	388,264
Total Net Position	**$ 4,085,708**	**$ 3,927,908**	**$ 1,085,606**	**$ 1,065,810**	**$ 5,171,314**	**$ 4,993,718**

* The balances shown for FY 2012 have not been restated to include the adjustments in Note 3, Prior Period Adjustments.

As of June 30, 2013, the County's total assets increased by 2% or $142,629 during the current fiscal year. Current and other assets increased by $153,364 (4%) due primarily to an increase in due from other governmental agencies for outstanding claims submitted to the Department of Water Resources (DWR) for the Santa Ana River (SAR) subvention project. The increase in current and other assets is also attributable to an overall increase in cash and cash equivalents due to an increase in Redevelopment tax increments and an increase in prepaid costs primarily due to the issuance of the Taxable Pension Obligation Bonds, 2013 Series A, which resulted in higher contributions to OCERS. Capital assets decreased by $10,735 as a result of prior period adjustments. Refer to Note 3, Prior Period Adjustments for further information regarding the capital assets.

Total liabilities for FY 2012-13 decreased by 2% or $34,967. Other liabilities decreased by $157,943 (20%) mostly due to a decrease in notes payable as a result of converting the Teeter Plan Obligation Commercial Paper Notes Series A to three-year tax-exempt notes. In addition, the recognition of the VLFAA payment and the conversion of the Teeter Plan Notes to three-year tax-exempt notes contributed to the increase in long-term liabilities of $122,976 (9%). Partially offsetting the increase was a decrease to interest accretion on capital appreciation bonds (CABs) due to a prior period adjustment. Refer to Note 3, Prior Period Adjustments, Note 11, Short-Term Obligations, and Note 12, Long-Term Obligations for further information regarding the debt retirement and interest accretion on CABs.

(Dollar Amounts in Thousands)

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, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012*	2013	2012	2013	2012
REVENUES						
Program Revenues:						
Charges for Services	$ 511,922	$ 522,406	$ 240,202	$ 228,755	$ 752,124	$ 751,161
Operating Grants and Contributions	1,904,858	1,800,296	200	212	1,905,058	1,800,508
Capital Grants and Contributions	62,893	39,010	3,839	5,216	66,732	44,226
General Revenues:						
Property Taxes	472,131	486,828	--	--	472,131	486,828
Property Taxes in Lieu of Motor Vehicle License Fees	309,745	303,955	--	--	309,745	303,955
Other Taxes	108,430	43,568	93	134	108,523	43,702
Grants and Contributions not Restricted to Specific Programs	6,711	9,377	--	--	6,711	9,377
State Allocation of Motor Vehicle License Fees	1,659	2,667	--	--	1,659	2,667
Other General Revenues	60,037	61,354	3,348	5,038	63,385	66,392
Total Revenues	**3,438,386**	**3,269,461**	**247,682**	**239,355**	**3,686,068**	**3,508,816**
EXPENSES						
General Government	221,110	161,615	--	--	221,110	161,615
Public Protection	1,264,354	1,231,925	--	--	1,264,354	1,231,925
Public Ways and Facilities	137,651	144,382	--	--	137,651	144,382
Health and Sanitation	621,381	593,657	--	--	621,381	593,657
Public Assistance	944,230	930,348	--	--	944,230	930,348
Education	38,548	41,226	--	--	38,548	41,226
Recreation and Cultural Services	101,232	102,762	--	--	101,232	102,762
Interest on Long-Term Debt	31,269	56,765	--	--	31,269	56,765
Airport	--	--	122,568	107,120	122,568	107,120
Waste Management	--	--	94,737	94,553	94,737	94,553
Compressed Natural Gas	--	--	305	306	305	306
Total Expenses	**3,359,775**	**3,262,680**	**217,610**	**201,979**	**3,577,385**	**3,464,659**
Excess before Transfers and Extraordinary Item	78,611	6,781	30,072	37,376	108,683	44,157
Transfers	10,276	11,767	(10,276)	(11,767)	--	--
Extraordinary gain (loss)	1,800	(69,639)	--	--	1,800	(69,639)
Change in Net Position	**90,687**	**(51,091)**	**19,796**	**25,609**	**110,483**	**(25,482)**
Net Position - Beginning of the Year, as Restated	3,995,021	3,978,999	1,065,810	1,040,201	5,060,831	5,019,200
Net Position - End of the Year	**$ 4,085,708**	**$ 3,927,908**	**$ 1,085,606**	**$ 1,065,810**	**$ 5,171,314**	**$ 4,993,718**

* The balances shown for FY 2012 have not been restated to include the adjustments in Note 3, Prior Period Adjustments.

As of June 30, 2013, the County's net position increased by $110,483 during the current fiscal year. Revenues, including extraordinary gain, for the year totaled $3,687,868, an increase of $179,052 from the previous year, and expenses totaled $3,577,385, an increase of $43,087 from prior year's total expenses and extraordinary loss.

Governmental Activities

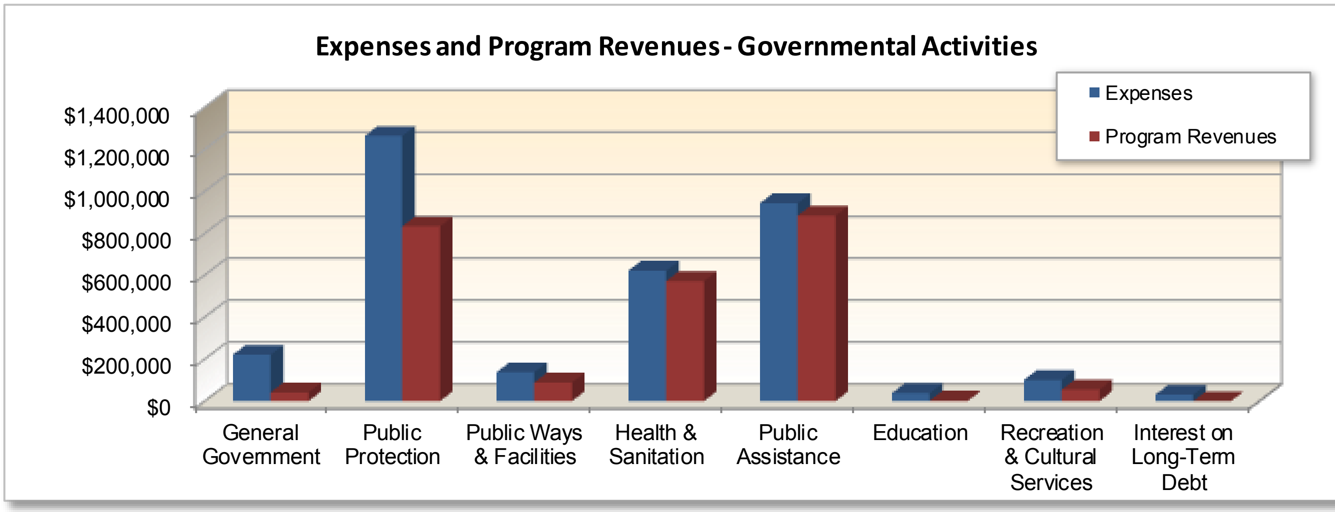
The County's governmental activities rely on several sources of revenue to finance ongoing operations. Operating grants and contributions comprised the largest revenue source for the County followed by charges for services. Operating grants and contributions are monies received from parties outside the 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 governmental agencies under contract.

At the end of FY 2012-13, total revenues for governmental activities, including an extraordinary gain and transfers from the business-type activities, were $3,450,462, an increase of $169,234 from the previous year. Expenses totaled $3,359,775, an increase of $27,456 from the prior year. During the current fiscal year, net position for governmental activities increased by $90,687 from the prior fiscal year for an ending balance of $4,085,708. In addition to the effects of grants, key elements of the change in net position are as follows:

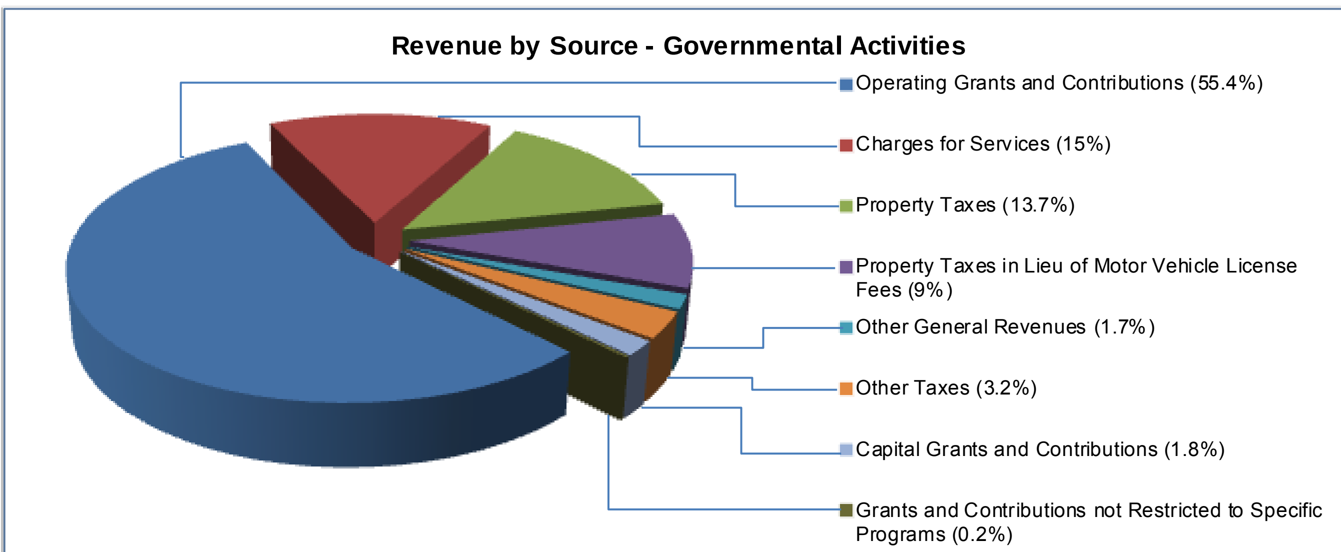
- Operating grants and contributions increased by $104,562, primarily due to an increase in revenues for the Low Income Health Program (LIHP) and Mental Health Services Act (MHSA) and an increase in AB 109 realignment revenue. Partially offsetting the increase in operating grants and contributions was a decrease in interest as a result of a lower fair value for the Fannie Mae investment for the 1996A/1997A Pension Obligation Bonds, as well as a change in the estimate in accounting for an allowance for doubtful accounts for the SB 90 mandated cost reimbursements, which are not expected to be received from the State. The allowance is accounted for as a reduction to revenue rather than a bad debt expense.
- Capital grants and contributions increased by $23,883, due primarily to an increase in revenues for outstanding claims submitted to the Department of Water Resources (DWR) for the Haster Retarding Basin and Santa Ana River subvention, as well as an increase in land donations to OC Parks from various non-County entities.
- Other taxes increased by $64,862 primarily due to an increase in the former Redevelopment Agency (RDA) residual/pass through distribution amount as a result of legislation mandates that require multiple distributions of RDA tax increment through the year. Also, the residual payment of the RDA dissolution, the transfer of unobligated Low and Moderate Income Housing funds (LMIHF), and re-categorization of the California Redevelopment Association (CRA) pass-through revenue as property tax.
- Contributing to the increase in net position was the transfer of housing related assets and obligations from the City of Seal Beach housing successor agency. As a result of the transfer an extraordinary gain of $1,800 was reported. Refer to Note 2, Extraordinary Items for further information regarding the transfer.
- An increase of $59,495 for the general government is due primarily to 1) a one-time payment to cities for Property Tax Administration Fees (PTAF) over collected between FY 2006-07 and FY 2011-12, and 2) an increase in judgments and damages recorded for the payment of the VLFAA. Partially offsetting the increase in general government expenses was the elimination of recording the SB 90 mandated cost reimbursement as a bad debt expense and the capitalization of software other than intangible assets in progress.
- An increase of $32,429 in expenses for public protection is due to an increase in 1) salaries and employee benefits (S&EB) for the Sheriff Department due to the new contract with the City of Yorba Linda, and 2) capital asset disposition due to the write-off of the Yorba Linda Spur as the County does not own the Santa Ana River Interceptor (SARI) Line. Partially offsetting the increase in public protection was a decrease in judgments and claims related to the Flood Control District and a decrease in SARI Line expense drawdowns.
- An increase of $27,724 in expenses for health and sanitation due to an overall increase in S&EB and services and supplies (S&S) contracts. Also, an increase in claims for the Medical Services Initiative (MSI) as a result of increased enrollment.
- An increase in expenses for public assistance of $13,882 is primarily due to 1) an increase in staff to meet the demands of the Affordable Care Act, 2) an increase in general relief programs for persons not eligible for Federal or State programs, and 3) an increase in housing assistance payments, veterans affairs supportive housing program, and shelter plus care program.

- Offsetting the general increase in expenses was a decline in interest on long term debt of $25,496. The primary factor contributing to this decrease was the reclassification of the interest accretion expense paid by the 1996/1997A Pension Obligation Bonds to a reduction of the liability interest accretion payable.

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

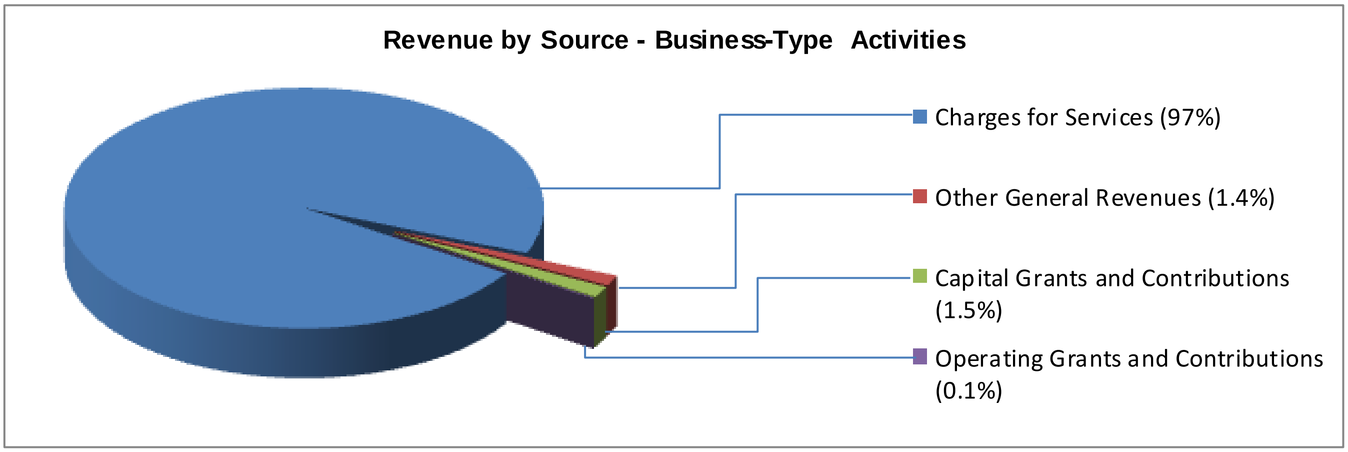


The chart below presents the percentage of total revenues by source for governmental activities:



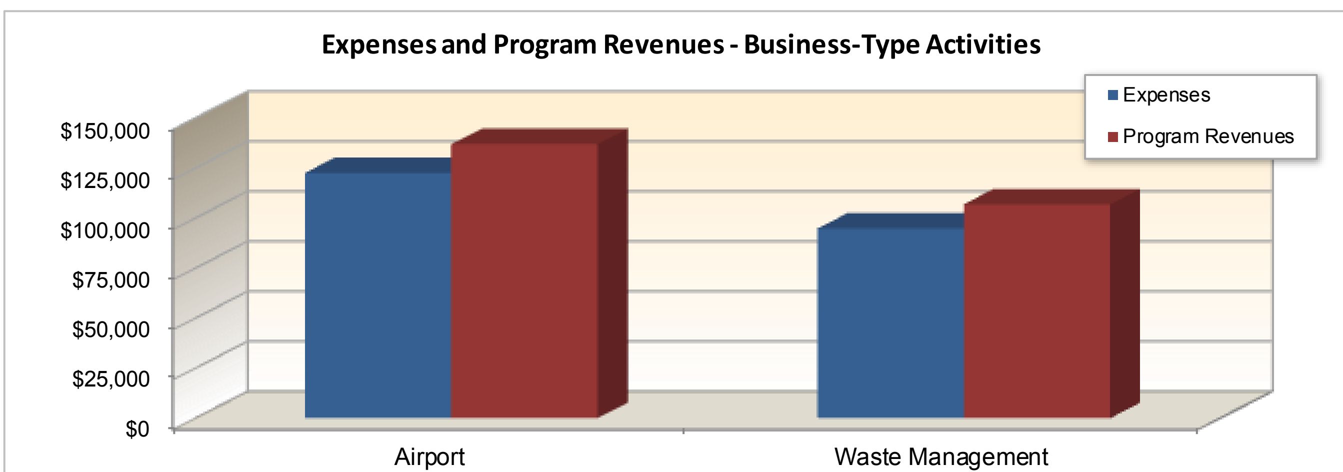
Business-Type Activities

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



At the end of FY 2012-13, the business-type activities' total revenues exceeded expenses and transfers resulting in an increase in net position of $19,796 compared to the prior year's increase of $25,609. Revenues totaled $247,682 an increase of $8,327 from the previous fiscal year, which is attributable to an increase in sanitation and landfill disposal fees collected from importation tonnage and an increase in landing fees. Partially offsetting the increase in revenues was a decrease in interest revenue as a result of declining investment yields in the County Treasurer's investment pool and a decrease in capital contributions for the donation of a Landfill Gas (LFG) Collection System from Bowerman Power, LLC in FY 2011-12. Expenses, including transfers to governmental activities, totaled $227,886, representing an increase of $14,140 from the previous year. The increase in expenses is primarily due to Airport related activities, which includes an increase in interest expense and depreciation expense for capital assets. 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):



(Dollar Amounts in Thousands)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental Funds

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

At June 30, 2013, the County's governmental funds reported total fund balances of $1,886,587, which is an increase of $181,252 in comparison with prior year ending fund balance as restated.

Comparative Analysis of Changes in Fund Balances

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

GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Years Ended June 30, 2013 and 2012

	Revenues and Other Financing Sources, and Extraordinary Gain		Expenditures, Other Financing Uses, and Extraordinary Loss		Net Change in Fund Balances	
	2013	2012	2013	2012	2013	2012
General Fund	$ 2,865,893	$ 2,666,040	$ 2,744,670	$ 2,621,311	$ 121,223	$ 44,729
Roads	59,444	89,098	80,652	124,043	(21,208)	(34,945)
Flood Control District	134,978	175,414	160,101	119,594	(25,123)	55,820
Other Public Protection	63,559	51,856	44,059	46,064	19,500	5,792
Teeter Plan Notes	73,641	17,094	15,808	12,036	57,833	5,058
Other Governmental	621,950	676,891	592,923	856,260	29,027	(179,369)
Total	**$ 3,819,465**	**$ 3,676,393**	**$ 3,638,213**	**$ 3,779,308**	**$ 181,252**	**$ (102,915)**

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 2012-13, revenues and other financing sources exceeded expenditures and other financing uses resulting in an increase in fund balances of $121,223 compared to last year's increase in fund balances of $44,729, as restated. Revenues and other financing sources increased by $199,853 and expenditures and other financing uses increased by $123,359 resulting in a net change in fund balances of $76,494 from the prior year. The following is a brief summary of the primary factors, which contributed to the increase in the net change in fund balances for the General Fund in FY 2012-13:

- Tax revenue increased by $58,326, which was comprised of (1) an increase in property taxes for new and one-time revenues related to the dissolution of the former redevelopment agencies, (2) an increase in property taxes resulting from a growth in assessed values, and (3) an increase in qualified property, supplemental, and secured taxes due to the timing of the apportionment collections. Partially offsetting the increase in tax revenues was a decrease in the Teeter Plan Delinquent apportionment paid.

- Intergovernmental revenues increased by $131,629, which was comprised of 1) an increase in the LIHP due to new claiming protocols, 2) an increase in AB 109 revenue, which mandates that individuals sentenced to non-serious, non-violent crimes will serve their sentences in County jails instead of State prison, 3) an increase in Juvenile Reentry Grant revenue and SB 678 Community Corrections Performance Incentive, and 4) an increase in 1991 Realignment revenue and Proposition 172 Public Safety sales tax revenue.
- Charges for services increased by $20,201, which was comprised of 1) reimbursements for election services for the November 6, 2012 presidential general election, 2) increase in mental health services reimbursements, and 3) an increase in law enforcement services as a result of a new contract with the City of Yorba Linda for police services. Partially offsetting the increase in revenues, was a decrease in court fees and costs due to a one-time adjustment in FY 2011-12 to implement audit findings of the State Controller's audit of court revenues for the period FY 2003-04 through FY 2011-12.
- Transfers to the General Fund declined by $28,398. Primary factors contributing to this decline were decreases in claims submitted for the OC Tobacco Settlement Revenue (TSR) and Emergency Medical Services Fund resulting in less transfers. There was a decrease in transfers from the State Criminal Alien Assistance Program (SCAAP) and Sheriff-Coroner construction and facility development funds. Also, in FY 2011-12 there were one time transfers from the residual balances from the closure of the Revenue Neutrality fund and Teeter surplus revenue, which did not occur in FY 2012-13.
- Expenditures for the general government increased by $27,048, which was attributable to a one-time payment to cities for PTAF over collected between FY 2006-07 and FY 2011-12. In November 2012, the California Supreme Court upheld the Appellate Court's ruling in the City of Alhambra vs. the County of Los Angeles in favor of the cities' position of not including the Triple Flip and VLF in the calculation of property tax administrative fees. Due to this, the Board directed the Auditor-Controller to refund over collected PTAF to all Orange County cities exclusive of interest.
- Expenditures for public protection increased by $42,479 due primarily to an increase in operational costs for the Sheriff Department in the areas of S&EB and S&S contracts as a result of new police services to the City of Yorba Linda.
- Expenditures for health and sanitation increased by $30,988, as a result of an increase in professional services and services and supplies related to the MSI claims. The MSI program has experienced a significant, unanticipated increase in the number of persons becoming eligible for the program, causing a corresponding increase in community clinic and physician claims for reimbursement. Partially offsetting the increase was a decrease in professional services of $29,911 for a prior period adjustment due to professional services under the MSI program that should have been recorded in FY 2011-12. MSI is a Federal, State, and County funded healthcare program that provides medical care for Orange County's low-income citizens. The County uses a third party administrator to process claims for MSI participants related to services provided to hospitals and clinics. Refer to Note 3, Prior Period Adjustments for further information on the adjustment.
- Expenditures for transfers increased by $19,979 due primarily to higher transfers to the Facilities Development and Maintenance Fund as a result of the Social Services Agency not invoking the option to purchase the 888 N. Main building. The funds are to be set aside until clarification is received from the State on the proper claiming for space costs, as well as to cover moving costs and unclaimable capital lease payments.

Roads

This fund accounts for the maintenance and construction of roadways, and for specialized engineering services to other governmental units and the public. At the end of FY 2012-13, fund balance decreased by $21,208 compared to last year's decrease in fund balance of $34,945. Revenues decreased by $29,654 primarily due to a decrease in intergovernmental revenues ($10,443) as a result of a misallocation and overpayment in FY 2011-12 for the Highway Users Tax (HUTA) and a reduction in reimbursements from various construction projects. In addition, charges for services decreased ($18,543) primarily due to less revenue earned from developer's deposits and interest for the Foothill Circulation Phasing Plan Road Fee program. Partially offsetting the decrease was an increase in County support costs for Antonio Parkway and Ortega Highway construction, as well as an increase in developer credits for the South County Road Improvement Program (SCRIP) for initial work done on developments. Expenditures decreased by $43,391 due to a decrease in public ways and facilities expenditures ($13,946), which was attributable to a decrease in professional services for road projects and engineering services due to a delay in the award of capital projects, as well as a decrease in direct billings for services rendered, wildlife corridor monitoring, and maintenance costs. Additionally, capital outlay expenditures decreased ($29,445), because construction was completed for the southerly segment of Alton Parkway, from Irvine Boulevard to Commerce Drive, as well as capital projects such as Cow Camp, Laguna Canyon Road, and various street improvements were deferred.

Flood Control District

This fund accounts for the planning, construction, and operation of flood control and water conservation works, such as dams, basins, and trunk channels, and for the retardation, conservation, and controlled discharge of storm waters. At the end of FY 2012-13, there was a decrease in fund balances of $25,123 compared to last year's increase in fund balances of $55,820. Revenues and other financing sources decreased by $40,436 due mainly to a decrease in intergovernmental revenues ($65,520) from the Department of Water Resources for the SARI Line project and completion of construction projects in FY 2011-12, partially offset by an increase in long term debt proceeds ($10,484) due to the unanticipated revenue from Orange County Sanitation District's third loan installment to finance the relocation of the SARI Line. Refer to Note 12 for detailed information regarding the SARI project and financing agreement. Expenditures and other financing uses increased by $40,507 due primarily to an increase in capital outlay ($45,876) due to construction costs for the SARI Line project and new construction to reinforce the East Garden Grove-Wintersburg Channel levees. Partially offsetting the increase in expenditures was a decrease in Public Protection ($2,720) for OC Flood, due to the Federal funding to the U.S. Corps of Engineers was reduced which caused a decrease in the share of contribution by OC Flood. Additionally, principal retirement expenditures decreased ($2,751) due to a reduction in loan obligation expenditures for the SARI Line project.

Other Public Protection

This group of funds is used to account for safety and law enforcement activities. Revenues consist primarily of Federal and State grants. At the end of FY 2012-13, there was an increase in fund balances of $19,500 compared to last year's increase in fund balances of $5,792. Revenues and other financing sources increased by $11,703, which was attributable to an increase in forfeitures and penalties ($11,317) in the District Attorney's Consumer Protection fund for the settlement with Toyota for the recall of more than 14 million vehicles and charges for services ($2,478) for higher than anticipated recording fee revenues as a result of a recovering housing market. Partially offsetting the increase in revenues was a decrease in intergovernmental revenues ($4,417), due to a decrease in Federal Asset Forfeiture revenue from the Sheriff-Regional Narcotics Suppression program. Expenditures and other financing uses decreased by $2,005 due to a decline in transfers ($2,671) to other funds for allocation of SCAAP funds, lower overtime costs reimbursed to the Sheriff's Narcotics Program, and a reduction in eligible expenditures reimbursement to the Clerk Recorder Special Revenue fund; partially offset by an increase in transfers to the 800 MHz Countywide Coordinated Communication System for equipment purchases, radio site development projects, and equipment replacement and maintenance projects to extend the useful life of the 800 MHz network and subscriber fleet.

Teeter Plan Notes

This fund accounts for the activities related to the Teeter Program, the funding for which was restructured in 2008 from long-term bonds to a commercial paper (CP) program. On February 1, 2013, the County issued the long-term Teeter Plan Notes for $57,935. At the end of FY 2012-13, fund balances increased by $57,833 as compared to last year's increase in fund balances of $5,058. Revenues and other financing sources increased by $56,547 due to an increase in notes issued ($57,935) related to the Teeter Plan Notes, partially offset by a decrease ($1,174) in delinquent secured tax penalties and interest collections. Expenditures and other financing uses increased by $3,772, which was caused by an increase in principal retirement ($14,449) for the partial redemption of the Teeter Plan Notes offset by a decrease in transfers out ($10,000) because there was no transfer of excess delinquent penalties and interest to the General Fund.

Other Governmental Funds

Other governmental funds encompass nonmajor funds, which include special revenue funds, debt service funds, capital projects fund, and a permanent fund. At the end of FY 2012-13, fund balances increased by $29,027 in comparison to prior year's decrease in fund balances of $179,369. Revenues, other financing sources, and extraordinary gain decreased by $54,941 due to less transfers ($45,365) to the Special Revenue funds for one-time transfers of assets and liabilities in FY 2011-12 for the dissolution of the Orange County Development Agency (OCDA), a decrease in refunding bonds issued ($34,380) due to the issuance of the Juvenile Justice Center Facility Lease Refunding Bond, Series 2012, in FY 2011-12. Also contributing to the decrease in revenues was a decrease in use of money and property ($18,775) due to a reduction in the fair value of the investments in the Debt Service fund. Partially offsetting the decrease in revenues was an increase in intergovernmental revenues ($43,127) due primarily to an increase in State allocations for the Mental Health Services Act. Also, an extraordinary gain ($1,800) was recorded as a result of various outstanding loans transferred from the City of Seal Beach Low and Moderate Income Housing Home Improvement. Expenditures, other financing sources, and extraordinary loss decreased by $263,337, primarily due to: 1) lower debt service costs related to the refunding of the Juvenile Justice Center Facility Lease Revenue Refunding Bond, Series 2002, 2) the FY 2011-12 transfer of OCDA assets and liabilities (including bond debt) to the OCDA Successor Agency, resulting in an extraordinary loss of $113,615; and 3) the deferral of new Probation projects, the Los Pinos closure project and Sheriff capital projects. The decrease in expenditures was partially offset by an increase in public assistance ($9,702) primarily due to the Low and Moderate Income Housing Fund payment of available balances for distribution to the Redevelopment Property Tax Trust fund and an increase in housing assistance payments.

The following chart shows the fund balances for governmental funds for the current and previous fiscal year, as restated:

COMPARATIVE FUND BALANCE
Governmental Funds
June 30, 2013 and 2012

	2013	2012	Increase/(Decrease) %
General Fund	$ 444,546	$ 323,323	37 %
Roads	51,037	72,245	(29)%
Flood Control District	362,869	387,992	(6)%
Other Public Protection	144,803	125,303	16 %
Teeter Plan Notes	54,817	(3,016)	1,918 %
Other Governmental Funds	828,515	799,488	4 %
Total	**$ 1,886,587**	**$ 1,705,335**	11 %

Proprietary Funds

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

Comparative Analysis of Changes in Fund Net Position

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

ENTERPRISE FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Years Ended June 30, 2013 and 2012

	Revenues, Contributions and Transfers		Expenses and Transfers		Change in Fund Net Position	
	2013	2012	2013	2012	2013	2012
Airport	$ 138,236	$ 134,872	$ 122,210	$ 105,935	$ 16,026	$ 28,937
Waste Management	108,841	103,934	104,701	105,855	4,140	(1,921)
Compressed Natural Gas	480	431	655	306	(175)	125
Total	**$ 247,557**	**$ 239,237**	**$ 227,566**	**$ 212,096**	**$ 19,991**	**$ 27,141**

Airport
This fund accounts for major construction and self-supporting aviation related activities rendered at John Wayne Airport, Orange County (JWA). At the end of FY 2012-13, there was an increase in fund net position of $16,026 compared to the prior year increase of $28,937. Revenues increased by $3,364 due primarily to an increase in auto parking, landing fees, and revenue from use of property as a result of the increase in the number of passengers, higher landing fees, and the addition of cost reimbursements for new services provided to the airlines, partially offset

by a decrease in terminal space rental as a result of a rate adjustment. Expenses and transfers increased by $16,275 due to an increase in interest expense and depreciation expense for capital assets.

Waste Management
This fund is used to account for the operation, expansion, closing of existing landfills and the opening of new landfills. Monies are collected through gate tipping fees, which users pay based primarily on tonnage. At the end of FY 2012-13, there was an increase in fund net position of $4,140 compared to the prior year decrease of $1,921. Revenues increased by $4,907, which was primarily due to an increase in sanitation and landfill disposal fees collected for waste, recycling, and importation, as well as importation tonnage. Expenses and transfers decreased by $1,154 due primarily to a decrease in pollution and remediation expenses, final payment made in FY 2011-12 for contributions to the City of Brea for the extension of operation and expansion of the Olinda Alpha Landfill, as well as a decrease in transfers to the General Fund for net imported waste revenue in support of the County Bankruptcy Recovery Plan. Offsetting the decrease in expenses and transfers was an increase in landfill site closure/postclosure care costs, and multi-discipline engineering support contracts.

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Original Revenue Budget vs. Final Amended Revenue Budget

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

Transfers In
- An increase of $5,800 due to an agreement with OC Waste & Recycling for revenue received from imported trash deposited in the County landfills, which is used to help fund the 2005 Lease Revenue Refunding Bonds budget.
- An increase of $3,200 in the Capital Projects budget due to the transfer from CEO Single Family Housing in order to facilitate the acquisition of a year-round emergency shelter and multi-service center for homeless families and individuals in Orange County.
- An increase of $4,590 in the Health Care Agency (HCA) primarily due to an increase of revenues from a supplemental payment from the Orange County Tobacco Settlement Fund and higher than expected court fine revenues in the Emergency Medical Services Fund.
- An increase of $2,000 in the Sheriff-Coroner Communications budget to allow for the reimbursement of 800 MHz Backbone Cost Sharing expenses.
- An increase of $1,992 in Sheriff-Coroner primarily to support the cost of processing and storing DNA-related evidence including the purchase of items such as evidence freezers, bar code scanners for labeling evidence, evidence drying cabinets, storage cabinets and shelving, and alternate light source kits.
- An increase of $4,057 in the Social Services Agency due to a transfer from the Facilities Development and Maintenance fund to align to State funding and to establish funding for the CalFresh program and additional positions.

Intergovernmental Revenue
- An increase of $48,380 in HCA for the LIHP. New claiming protocols have been approved, and this adjustment allows LIHP payments to be made to community health care providers including hospitals, community clinics, and physicians.

- An increase of $7,775 in the Probation Department for additional revenue received from AB109 Realignment to be used to reimburse local law enforcement agencies costs associated with the Post-Release Community Supervision program and on-going costs such as salaries and employee benefits, services and supplies, and equipment.
- An increase of $7,012 in Sheriff-Coroner due to various program revenue adjustments for police contracts and grants.
- An increase of $15,055 in the Social Services Agency is primarily due to the recognition of the 1991 realignment growth revenue for fiscal years 2007-08 through 2010-11.
- An increase of $3,224 in In-Home Supportive Services (IHSS) due to a one-time retroactive credit received during FY 2012-13 in which program changes increased the federal share from 50% to 56%.

Bond Issuance Proceeds

- An increase of $270,000 due to the anticipated proceeds from the County's issuance of the Taxable Pension Obligation Bonds, 2013 Series A. Refer to Note 11 for information regarding the Taxable Pension Obligation Bonds, 2013 Series A.

Original Expenditure Budget vs. Final Amended Expenditure Budget

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

Miscellaneous

- An increase of $15,210 comprised of the following:
  - A one-time payment to cities of PTAF over collected between FY 2006-07 and FY 2011-12. This action is in accordance with Board direction on March 19, 2013 for implementation of the City of Alhambra vs. County of Los Angeles PTAF case to refund all Orange County cities exclusive of interest.
  - An increase to Other Charges appropriations to provide for final reimbursement to the Orange County Fire Authority (OCFA) for Tolling Agreements related to underground storage tank cleanup and well abandonment at Fire Station No. 4.
  - A transfer out to the Child Support Program Development Fund for reimbursement of the excess of non-claimable principal over the claimable building depreciation expenses.
- Partially offsetting the overall increase in the Miscellaneous budget was a decrease in appropriations for contingencies to adjust for the General Fund balancing in the Assessor, Auditor-Controller, County Counsel, and Board of Supervisors.

Capital Projects

- An increase of $44,001 in appropriations primarily due to the re-budget of capital projects and deferred maintenance for critical Public Safety facilities and a transfer out to the Criminal Justice Facilities, to support the following detention facilities projects: Probation Facilities – Maintenance and Capital Projects fund, Los Pinos Camp Closure, and the Sheriff – Maintenance and Capital Projects.

Prepaid Pension Obligation

- An increase of $270,000 in appropriations for the retirement prepayments to OCERS for the County's FY 2013-14 employer contribution.

Health Care Agency

- An increase of $54,087 in appropriations to primarily allow for LIHP payments to community health care providers including hospitals, community clinics, and physicians under the extended Coverage Initiative Agreement.

Social Services Agency

- An increase of $22,023 in appropriations to recognize 1991 Realignment growth revenue for fiscal years 2007-08 through 2010-11 and to recognize the County share of the sale of the "option to purchase" title to 888 Main Street, Santa Ana.

Sheriff-Coroner

- An increase of $16,843 in appropriations primarily to offset overtime costs in the jails as a result of the implementation of AB109 and increases in the Immigration and Customs Enforcement population. As well as to offset new costs associated with providing law enforcement services to the City of Yorba Linda.

Final Amended Revenue Budget vs. Actual Revenue Amounts

The following information provides a summary of the primary factors that caused the variance in the General Fund actual revenues compared to the final amended budget revenues:

Intergovernmental Revenue

- A $4,092 negative variance in OC Watersheds primarily resulting from budgeted projects with revenue offsets that were deferred or reduced, including the San Diego Creek Basin Dredging and Bacteria Reduction program at Baby Beach, as well as an increase in vacant positions and leave of absences.
- A $21,142 negative variance in HCA primarily due to reductions in the Medical Services Initiative (MSI), a decrease in revenues for the California Children's Services Admin and Women, Infants, and Children (WIC) and reductions in State and Federal revenues. Offset by increases in revenues for the Social Services Realignment Revenue growth and HCA's share of the Sheriff AB109 reimbursement for bed days.
- A $3,737 negative variance in the Sheriff Court Operations as a result of FY 2011-12 accrual reversals for Trial Court Security Realignment revenue and prior year forecasts based on new program projections that did not materialize.
- A $5,128 negative variance in Probation due to the deferral of Juvenile Probation Camp Funds (JPCF) revenue from the State; a reduction in AB 109 Public Safety Realignment revenue, offset by increased SB 678 Community Corrections Performance Incentive revenue and 1991 Realignment revenue.
- A $10,051 negative variance in Social Services Agency due to a higher than anticipated vacancy rate and delayed IT and facility projects, lower expenditures, and decreased contract spending and delayed projects.
- A $3,099 negative variance in CalWORKs due to lower actual caseloads in FY 2012-13 than budgeted, which resulted in decreased revenues.
- A $6,906 negative variance in the General Fund due to lower than anticipated revenues from normal pass through payments that the redevelopment pays to the County. AB1484 requires the successor agencies to send back all the monies that are remaining after the pass-through payments had been made to all the taxing entities.
- Partially offsetting the overall negative variance in Intergovernmental Revenues were increases of:
  - $2,543 in the Miscellaneous Agency due to an unanticipated SB 90 reimbursement from the State.
  - $8,191 in Sheriff-Coroner due to an increase in State Proposition 172 Public Safety Sales Tax revenue and an increase in AB109 revenue.

Charges for Services

- A $4,124 negative variance in Sheriff-Coroner due to deferred spending for Federal grants, which impacts claiming; decreases from Law Enforcement Services because of retirement rebate adjustments and vacancy credits.
- An $8,960 negative variance in OC Public Works, primarily due to lower than budgeted reimbursable costs.
- A $7,003 negative variance in HCA due to delays in State claiming for the LIHP, delays in projects and start-up contract services for the Mental Health Services Act, adjustments to allocations, and program changes.
- A $2,705 negative variance in OC Community Resources due to administrative services charges being inadvertently budgeted to charges for services.
- A $1,612 negative variance in OC Watersheds due to an increase in vacant positions and leave of absences.

Transfers In

- A $3,539 negative variance in Capital Projects due to funding for a homeless shelter, which was not transferred to Capital Projects from CEO Single Family Housing fund, since the property was not purchased.
- A $5,384 negative variance in the Data Systems Development Projects due to the deferral of the Property Tax Management System (PTMS) project, which was funded by an OC Waste & Recycling (OCWR) loan.
- A $4,674 negative variance in Child Support Services resulting from lower than budgeted expenditures for salaries and benefits due to higher than anticipated vacancy rates and lower anticipated professional services, including technical support from the CEO IT/Data Center, resulting in a reduction of transfers from the Child Support Program Development fund.

- A $5,062 negative variance in District Attorney, mainly due to Excess Public Safety Sales Tax budgeted but not transferred in FY 2012-13. Due to a concerted effort to reduce and defer expenditures, transfers budgeted will be carried over to address FY 2013-14 budgetary requirements.
- A $5,057 negative variance due to eligible project expenditures that were recorded directly into the Clerk Recorder's Special Revenue Fund.
- A $3,206 negative variance in Aid To Families with Dependent Children - Foster Care due to reduced spending in Wraparound direct services contracts and other Wrap funded expenditures, as a result of lower caseloads.
- A $5,932 negative variance in Sheriff-Coroner, due to reduced revenues as a result of decreased State funding, a deferral in transfers in from other funds for construction of the U.S. Immigration and Customs Enforcement Court Modular project, and reduced revenues determined by a State audit of court revenue allocations resulting in decreased transfers from Other Public Protection special revenue and capital projects funds.
- A $35,099 negative variance in HCA, primarily due to Mental Health Services Act revenues under budget due to delays in projects and start-up of contracted services and a decrease in the tobacco settlement receipts. As a result, there was a reduction of actual transfers from the OC Tobacco Settlement Fund.
- A $20,594 negative variance in Social Services Agency, due to facility maintenance projects and other budgeted expenditures that were deferred resulting in lower actual expenditures, reduced spending in direct services contracts for Children & Family Services programs and projects, and reduced spending in Wraparound direct services contracts and other Wrap funded expenditures.

Taxes
- A $56,486 positive variance in the General Fund primarily due to an increase in secured property tax revenues, an increase in Property Tax-Vehicle License Fees (VLF) compensation from growth in assessed values, and an increase in other taxes.

Final Amended Expenditure Budget vs. Actual Expenditure Amounts

The following provides a summary of the primary factors causing the significant variance in the General Fund actual expenditures as compared to the final amended budget expenditures:

Capital Projects
- A $53,218 positive variance is primarily due to the deferral of capital projects and deferred maintenance for public safety.

Data Systems Development Projects
- A $10,271 positive variance, primarily due to a deferral for the Property Tax Management System (PTMS) and Disaster Recovery CAPS+ FS/HR projects and budgeted appropriations for debt service was not required as the loan was fully repaid in FY 2011-12.

Probation
- A $20,075 positive variance due primarily to the startup time required for the filling of positions and the implementation of the AB 109 Day Reporting Center, as well as cost containment efforts by the department to maintain vacant positions.

OC Public Works
- A $12,309 positive variance due to salary and benefit savings resulting from vacant positions, delayed or deferred building maintenance and professional expenditures, including the El Toro Water Park, and continued efforts to control and reduce costs.

Health Care Agency
- A $65,878 positive variance primarily due to:
  - Services and supplies savings, primarily due to a delay in receipt and pass-through payment of LIHP revenues, programs for Mental Health Services Act (MHSA) in start-up, and cost containment efforts due to reduced revenues.
  - Lower salaries and benefits due to pending reallocation of reassigned funded positions to needed classifications, timing of State reconciliation to actual costs, offset by reduced revenues, and reduced services provided to SSA.

(Dollar Amounts in Thousands)

Social Services Agency

- A $28,753 positive variance due to decreased salaries and benefits caused by higher than anticipated vacancy rates, decreases in contracted services, delayed IT and facility projects, and lower than anticipated supportive services for CalWORKs caseloads.

Sherriff-Coroner

- A $19,202 positive variance due to a higher vacancy factor in support functions than budgeted, a pension prepayment discount credit, as well as Homeland Security grant purchases delayed to FY 2013-14.

Capital Assets

At June 30, 2013, the County's capital assets for both the governmental and business-type activities amounted to $3,502,624 net of accumulated depreciation. The investment in capital assets includes land, structures and improvements, equipment, intangible assets, infrastructure (roads, bridges, flood channels, trails, traffic signals, and harbors), software in development and construction in progress. The total decrease in the County's investment in capital assets for the current year, as restated, was 0.1%.

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

CAPITAL ASSETS
(Net of Depreciation)
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2013	2012	2013	2012	2013	2012	% Change
Land	$ 813,921	$ 789,827	$ 38,083	$ 38,083	$ 852,004	$ 827,910	2.9 %
Structures and Improvements	611,464	631,362	523,715	510,887	1,135,179	1,142,249	(0.6)%
Equipment	68,296	70,553	24,040	26,754	92,336	97,307	(5.1)%
Software	54,240	35,379	--	--	54,240	35,379	53.3 %
Infrastructure	941,768	947,171	189,792	194,317	1,131,560	1,141,488	(0.9)%
Software in Development	19,640	28,952	842	--	20,482	28,952	(29.3)%
Land Use Rights	3,217	1,307	--	--	3,217	1,307	146.1 %
Construction in Progress	171,381	167,000	42,225	56,310	213,606	223,310	(4.3)%
Total	**$ 2,683,927**	**$ 2,671,551**	**$ 818,697**	**$ 826,351**	**$ 3,502,624**	**$ 3,497,902**	**0.1 %**

The following lists the significant expenditures for capital assets in FY 2012-13:

General Fund

- $1,488 for the replacement of boiler feed water pumps at Central Utility Facility (CUF)
- $1,481 for Homeland Security Grant Program equipment purchases
- $1,137 for the development of the Orange County Crime Lab

Roads

- $5,400 for the Antonio Parkway Widening Project, from the Ladera Planned Community to Ortega Highway
- $2,430 for the 17th Street pavement rehabilitation and landscape improvements
- $1,370 for the Antonio Parkway Landscaping Project
- $1,217 for the Moulton Parkway Smart Street Segment 3 Phase II – North of El Toro Road to North of Santa Maria

Flood Control District

- $27,441 for the Santa Ana River Interceptor Line Reallocation Project
- $23,234 for the Edinger Storm Channel Improvement
- $12,733 for the East Garden Grove Wintersburg Channel – Haster Basin Phase II
- $8,257 for the acquisition of real property rights for the construction of dikes and other protection structures for the Prado Dam Project
- $2,334 for improvement on the Edinger Storm Channel

Other Governmental Funds

- $4,202 for the replacement of a maintenance building and domestic water lines at Irvine Park
- $3,350 for the purchase of law enforcement vehicles
- $1,487 for the Laguna Niguel Library Branch expansion project

Airport

- $3,947 for the Seismic Remediation Elevated Roadway Project
- $2,181 for the construction of airline offices tenant improvements for Terminals A, B, and C

Additional information on the County's capital assets can be found in Note 6, Changes in Capital Assets.

Commitments for Capital Expenditures
At the end of FY 2012-13, significant commitments for capital expenditures included the following:

- $18,159 for the East Garden Grove Wintersburg Channel from Bolsa Chica Tide Gates to Warner Avenue
- $15,060 for the Trabuco Creek Channel Phase 7
- $12,604 for the East Garden Grove Wintersburg Channel Haster Retarding Basin Project
- $10,103 for the Santa Ana River Interceptor Line Project
- $8,193 for the Moulton Parkway Smart Street Segment 3 Phase II – North of El Toro to North of Santa Maria Avenue
- $8,182 for the Lincoln Bridge Widening over the Santa Ana River
- $7,522 for the construction of the airport maintenance building
- $6,248 for the construction on Midway City Streets and Storm Drains (Phase II)
- $6,252 for the Los Alamitos Pump Station: new pump and pump house

Additional information on the County's commitments for capital expenditures can be found in Note 16, Construction and Other Significant Commitments and Contingencies.

Long-Term Debt

At June 30, 2013, the County had total debt obligations outstanding of $633,020 excluding capital lease obligations, compensated absences and other liabilities. During the year, the County's outstanding bond obligations decreased by 5%, which is attributable to the retirement of $109,458 of bond obligations, including $34,950 of bankruptcy related debt, the addition of $57,935 of Teeter Plan Notes, and an adjustment to interest accretion on CABs. Refer to Note 3 Prior Period Adjustments for further information regarding the interest accretion on CABs.

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

(Dollar Amounts in Thousands)

The following table summarizes the County's outstanding bonds at June 30, 2013, as restated:

LONG-TERM DEBT BOND OBLIGATIONS
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total		(Decrease)
	2013	2012	2013	2012	2013	2012	% Change
Revenue Bonds	$ 153,455	$ 180,135	$ 248,762	$ 264,667	$ 402,217	$ 444,802	(10)%
Certificates of Participation	2,822	3,422	--	--	2,822	3,422	(18)%
Pension Obligation Bonds	37,925	47,523	--	--	37,925	47,523	(20)%
Recovery Bonds	34,271	50,196	--	--	34,271	50,196	(32)%
Teeter Plan Notes	43,486	--	--	--	43,486	--	--
Add: Premium/(Discount) on Bonds Payable	16,438	18,782	(1,202)	(171)	15,236	18,611	(18)%
Less: Deferred Amount on Refunding	(13,019)	(16,416)	(2)	(1,930)	(13,021)	(18,346)	(29)%
Add: Interest Accretion on CABs	110,084	123,556	--	--	110,084	123,556	(11)%
Total	**$ 385,462**	**$ 407,198**	**$ 247,558**	**$ 262,566**	**$ 633,020**	**$ 669,764**	**(5)%**

The following summarizes the County's long-term debt issuance during FY 2012-13:

Teeter Plan Notes On February 1, 2013, the County issued its three-year tax-exempt Teeter Plan Notes. The Teeter Plan Notes are authorized for a total amount of $150,000 and certain delinquent taxes, excluding penalties and interest, are pledged revenues for the Teeter Plan Notes. The Teeter Plan Notes were issued to (1) refund the outstanding Teeter Plan Commercial Paper Notes, Series A, (2) purchase tax delinquencies from the participating taxing entities, and (3) pay costs relating to the issuance of these bonds.

Additional information on the County's long-term debt activity can be found in Note 12, Long-Term Obligations.

Bond Ratings

The County maintained its issuer ratings of Aa1 from Moody's Investors Service and AA- from Standard & Poor's (S&P); currently Fitch Ratings does not provide issuer ratings. In FY 2012-13, the following change occurred in the County's underlying debt:

On February 1, 2013, the County issued its three-year tax-exempt Teeter Plan Notes. The proceeds of the initial purchase of the Teeter Plan Notes was applied to refund the outstanding Series A Notes and to pay costs of issuance of the Teeter Plan Notes. The Teeter Plan Notes are not rated.

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

LONG-TERM DEBT RATINGS June 30, 2013	Standard & Poor's	Moody's	Fitch
2005A Refunding Recovery Bonds	A+	Aa2	AA
2005 Lease Revenue Bonds	A+	Aa3	AA
1991 Parking COPs	NR	Aa3	NR
2006 Lease Revenue Bonds	A+	Aa3	AA
2012 Lease Revenue Bonds	A+	Aa3	NR
Teeter Plan Notes	NR	NR	NR
1996A Pension Obligation Bonds	NR	Aa1	AA
1997A Pension Obligation Bonds	NR	Aa1	AA
Airport 2003 Revenue Refunding Bonds	AA-	Aa3	AA-
Airport 2009A Revenue Bonds	AA-	Aa3	AA-
Airport 2009B Revenue Bonds	AA-	Aa3	AA-
Integrated Waste Management Department 1997 Revenue Refunding Bonds	NR	A1	A+

OTHER POTENTIALLY SIGNIFICANT MATTERS

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

State Legislation and Budget

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

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

The elimination of the County's VLF revenue requires the Orange County Auditor-Controller to calculate Orange County's allocation of property taxes in lieu of VLF in a manner consistent with the other 57 counties in the State. Due to the growth in property valuation since 2005, when the VLF Swap was enacted, the calculated property tax in lieu of VLF was increased by $73,500 for FY 2011-12. This amount was included in the County's budget for FY 2011-12 and $75,000 was included in FY 2012-13. In an attempt to deprive the County not only of the $54,000 in VLF revenue, but also the $73,500 of annual property tax revenue that is legally owed, the State Department of Finance initiated litigation to challenge the County's calculation of the VLFAA. Ultimately, the Court ruled in favor of the State.

The Court's ruling resulted in the loss of the $73,500 VLFAA revenue and a requirement for the County to pay $150,000 to the State ($148,575 retained in FY 2011-12 and FY 2012-13, plus interest). On September 27, 2013, Assembly Bill (AB) 701 was signed by the Governor to resolve the dispute between the State and the County. AB 701 provides for $53,000 in annual VLFAA beginning in FY 2013-14, including growth, in lieu of the $50,000 in property tax revenue previously provided by SB 8 X3, which was a flat amount with no growth. AB 701 provides stability for the County by securing the property tax revenues, including growth, and by allowing for repayment of the $150,000 over five years.

Long-Term Financial Planning

Property Tax Management System Upgrade
The County's property tax assessment, collection and allocation system processes approximately $6,700,000 annually in property taxes and special assessments for the County, cities, school districts and special districts within the County. The current system was developed in the late 1980s in an obsolete programming language. Maintenance of the system requires specialized knowledge that is hard to obtain. Under direction from the Board to rewrite the system and to respond to the Grand Jury's recommendation to replace the mainframe with an open system platform, the Auditor-Controller, Clerk of the Board, and Treasurer-Tax Collector embarked on a multi-year phased implementation of the new Property Tax Management System (PTMS).

In January 2006, a contract was awarded to Sierra Systems to conduct a needs assessment and to document the requirements of the new PTMS. This project also included documenting the business rules, identifying areas for improvement, and creating a blueprint for implementation. The needs assessment project was completed in July 2007 at a cost of $1,600.

On July 15, 2008, the Board approved a contract with Tata Consultancy Services (TCS) to develop and implement the new PTMS based on the required specifications documented during the needs assessment. In May 2010, two (2) of the system's twenty-seven (27) modules went live. Additional software development was performed during FY 2011-12 and FY 2012-13; however, due to circumstances beyond the County's control, the project was placed on hold in January 2013.

Renewal of Information Technology (IT) Services Contract
The County of Orange has contracted with several third-party suppliers to provide IT services. Xerox is a significant provider of resources under a staff augmentation model established in 2000. The contract with Xerox expired in June 2011, but was extended while the County completed the IT Sourcing Request for Proposal (RFP) process and selected a new IT sourcing provider(s) to provide services under a managed services model. The RFP included two Scopes of Work: Scope 1 includes Data Center Services, Service Desk, Desktop Support, and Applications Services. Scope 2 includes Countywide converged Data Network and Voice services.

The County awarded a contract for Scope 1 services on May 14, 2013 to Science Applications International Corporation (SAIC). The contract is valued at $74,350 over five years and includes two additional one-year options to renew.

On September 10, 2013, the County awarded a contract for Scope 2 services to Xerox, Inc. This contract is valued at $132,409 over five years and also includes two additional one-year options to renew.

Transition to the new contracts commenced on September 23, 2013.

Funding Progress of the County's Retirement System (System)
The funded ratio of the System is a measure of the ability of the System to make obligated payments to current retirees and future retirees. The funded ratio (actuarial value of plan assets divided by actuarial accrued liability) dropped from 82.76% in 2002 to 70.85 % in 2004. Since 2004, the funded ratio increased to 74.08% in 2007 before dropping to 62.52% as of December 31, 2012. The decline in funding status is caused by multiple factors, including OCERS market losses of 20.71% in 2008, changes in actuarial assumptions, changes in methodology, and enhancement of retirement benefits.

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

Reduction in OCERS Assumed Investment Rate of Return
The assumed investment rate of return is the rate of investment yield that the Plan will earn over the long-term future.

On December 5, 2012, the OCERS Board voted to reduce the assumed investment rate of return from 7.75% to 7.25%. The reduction will be phased in over a two-year period beginning July 2014 at 7.5% and further reducing to 7.25% effective July 2015. The assumed rate of return reduction will have the impact of increasing contribution rates of members and plan sponsors.

Actuarial Funding Policy (Amortization)
On June 17, 2013, the OCERS Board voted to reduce the amortization period for future Unfunded Actuarial Accrued Liability (UAAL) from 30 years to 25 years. This will allow for future UAAL to be paid off in a shorter period of time.

Requests for Information

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

Irvine Ranch Open Space

Photo Courtesy of OC Parks

COUNTY OF ORANGE

CALIFORNIA

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental OCCFC	Proprietary CalOptima
ASSETS					
Cash and Cash Equivalents (Notes 1 and 5)	$ 1,761,235	$ 456,771	$ 2,218,006	$ 69,296	$ 193,889
Restricted Cash and Cash Equivalents (Notes 1 and 5)	210,602	243,261	453,863	--	317
Investments (Notes 1 and 5)	123	20,495	20,618	--	153,436
Deposits In-Lieu of Cash	5	56,245	56,250	--	--
Internal Balances	16,350	(16,350)	--	--	--
Due from Component Unit (Note 8)	366	--	366	--	--
Due from Primary Government (Note 8)	--	--	--	1	--
Prepaid Costs (Notes 1 and 19)	388,990	8,997	397,987	243	9,257
Inventory of Materials and Supplies (Note 1)	1,856	--	1,856	--	--
Land and Improvements Held for Resale (Note 1)	145	--	145	--	--
Receivables, Net of Allowances (Note 7)					
Accounts	8,651	17,963	26,614	--	221,921
Taxes	46,260	--	46,260	4,908	--
Interest/Dividends	1,227	605	1,832	20	--
Deposits	5,104	100	5,204	5,381	--
Advances	30	--	30	--	--
Due from Other Governmental Agencies, Net (Note 7)	458,449	5,420	463,869	927	--
Notes Receivable (Note 7)	34,262	--	34,262	--	--
Net Pension Asset (Notes 12 and 19)	1,090	--	1,090	--	--
Net Other Postemployment Benefits (Note 20)	41,805	--	41,805	--	--
Capital Assets (Notes 1 and 6)					--
Not Depreciable/Amortizable	1,008,141	81,150	1,089,291	--	9,330
Depreciable/Amortizable, Net	1,675,786	737,547	2,413,333	--	41,780
Total Capital Assets	2,683,927	818,697	3,502,624	--	51,110
Total Assets	5,660,477	1,612,204	7,272,681	80,776	629,930

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

(Dollar Amounts in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental OCCFC	Proprietary CalOptima
LIABILITIES					
Accounts Payable	$ 61,391	$ 14,656	$ 76,047	$ 2,848	$ 31,665
Salaries and Employee Benefits Payable	72,408	1,817	74,225	70	8,614
Retainage Payable	7,043	1,284	8,327	1,634	--
Interest Payable	2,931	6,070	9,001	--	--
Deposits from Others	45,068	57,833	102,901	--	--
Due to Primary Government (Note 8)	--	--	--	366	--
Due to Component Unit (Note 8)	1	--	1	--	--
Due to Other Governmental Agencies	28,863	1,994	30,857	3,317	15,472
Unearned Revenue (Note 1)	41,125	2,457	43,582	--	21,317
Short-Term Bonds Payable (Note 11)	268,360	--	268,360	--	--
Long-Term Liabilities					
Due Within One Year					
SARI Line Loans (Note 12)	1,840	--	1,840	--	--
Interest Accretion on Capital Appreciation Bonds Payable (Note 12)	18,102	--	18,102	--	--
Insurance Claims Payable (Notes 1 and 17)	51,746	--	51,746	--	--
Medical Claims Payable	--	--	--	--	238,200
Capitation and Withholds	--	--	--	--	80,280
Compensated Employee Absences Payable (Notes 1 and 12)	88,351	2,358	90,709	77	--
Arbitrage Rebate Payable (Note 12)	--	231	231	--	--
Capital Lease Obligations Payable (Notes 12 and 14)	4,907	--	4,907	--	--
Bonds Payable (Note 12)	50,772	37,756	88,528	--	--
Net Other Postemployment Benefit Obligation	--	--	--		22,450
Pollution Remediation Obligation (Notes 12 and 18)	--	485	485	--	--
Landfill Site Closure/Postclosure Liability (Notes 12 and 15)	--	1,459	1,459	--	--
Due in More than One Year					
SARI Line Loans (Note 12)	58,052	--	58,052		
Estimated Liability - Litigation and Claims (Note 18)	150,000	--	150,000	--	--
Interest Accretion on Capital Appreciation Bonds Payable (Note 12)	91,982	--	91,982	--	--
Insurance Claims Payable (Notes 1 and 17)	157,478	--	157,478	--	--
Compensated Employee Absences Payable (Notes 1 and 12)	86,826	2,690	89,516	53	--
Arbitrage Rebate Payable (Note 12)	471	--	471	--	--
Capital Lease Obligations Payable (Notes 12 and 14)	62,446	--	62,446	--	--
Notes Payable (Note 12)	43,486	--	43,486	--	--
Bonds Payable (Note 12)	181,120	209,802	390,922	--	--
Pollution Remediation Obligation (Notes 12 and 18)	--	13,472	13,472	--	--
Landfill Site Closure/Postclosure Liability (Notes 12 and 15)	--	172,234	172,234	--	--
Total Liabilities	1,574,769	526,598	2,101,367	8,365	417,998
NET POSITION					
Net Investment in capital assets (Note 1)	2,563,976	587,934	3,151,910	--	51,110
Restricted for (Note 1):					
Expendable					
Pension Benefits	105,900	--	105,900	--	--
Capital Projects	11,904	--	11,904	--	--
Debt Service	31,965	58,772	90,737	--	--
Legally Segregated for Grants and Other Purposes	1,174,791	--	1,174,791	--	--
Regional Park Endowment	139		139	--	--
CalOptima	--	--	--	--	55,272
Passenger Facility Charges Approved Capital Projects	--	55,331	55,331	--	--
Replacements and Renewals	--	1,000	1,000	--	--
Landfill Closure/Postclosure	--	40,355	40,355	--	--
Landfill Corrective Action	--	6,109	6,109	--	--
Wetland	--	879	879	--	--
Prima Deshecha/La Pata Closure	--	104	104	--	--
Nonexpendable					
Regional Park Endowment	183	--	183	--	--
Unrestricted (Note 1)	196,850	335,122	531,972	72,411	105,550
Total Net Position	$ 4,085,708	$ 1,085,606	$ 5,171,314	$ 72,411	$ 211,932

			Program Revenues		
Functions/Programs	**Net Expenses**	**Indirect Expenses Allocation**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government					
Governmental Activities					
General Government	$ 267,931	$ (46,821)	$ 32,127	$ 9,839	$ 2
Public Protection	1,234,489	29,865	283,031	513,117	37,984
Public Ways and Facilities	141,111	(3,460)	39,981	40,520	8,606
Health and Sanitation	614,393	6,988	81,039	490,351	--
Public Assistance	935,477	8,753	34,780	850,167	--
Education	37,797	751	1,327	149	1,528
Recreation and Cultural Services	98,959	2,273	39,637	715	14,773
Interest on Long-Term Debt	31,269	--	--	--	--
Total Governmental Activities	3,361,426	(1,651)	511,922	1,904,858	62,893
Business-Type Activities					
Airport	121,849	719	132,941	181	3,839
Waste Management	93,767	970	106,876	19	--
Compressed Natural Gas	343	(38)	385	--	--
Total Business-Type Activities	215,959	1,651	240,202	200	3,839
Total Primary Government	$ 3,577,385	$ --	$ 752,124	$ 1,905,058	$ 66,732
Component Units					
Orange County Children and Families Commission	$ 35,047	$ --	$ --	$ 28,191	$ --
CalOptima	1,448,253	--	1,496,414	297	--
Total Component Units	$ 1,483,300	$ --	$ 1,496,414	$ 28,488	$ --

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 (Note 10)
Total General Revenues and Transfers
Extraordinary Gain
Dissolution of OCDA
Change in Net Position
Net Position - Beginning of Year, as Restated (Note 3)
Net Position - End of Year

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

(Dollar Amounts in Thousands)

Net (Expense) Revenue and Change in Net Position

Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Governmental OCCFC	Component Units: Proprietary CalOptima	Functions/Programs
					Primary Government
					Governmental Activities
$ (179,142)	$ --	$ (179,142)	$ --	$ --	General Government
(430,222)	--	(430,222)	--	--	Public Protection
(48,544)	--	(48,544)	--	--	Public Ways and Facilities
(49,991)	--	(49,991)	--	--	Health and Sanitation
(59,283)	--	(59,283)	--	--	Public Assistance
(35,544)	--	(35,544)	--	--	Education
(46,107)	--	(46,107)	--	--	Recreation and Cultural Services
(31,269)	--	(31,269)	--	--	Interest on Long-Term Debt
(880,102)	--	(880,102)	--	--	Total Governmental Activities
					Business-Type Activities
--	14,393	14,393	--	--	Airport
--	12,158	12,158	--	--	Waste Management
--	80	80	--	--	Compressed Natural Gas
--	26,631	26,631	--	--	Total Business-Type Activities
(880,102)	26,631	(853,471)	--	--	Total Primary Government
					Component Units
					Orange County Children
			(6,856)	-	and Families Commission
			-	48,458	CalOptima
			$ (6,856)	$ 48,458	Total Component Units
					General Revenues
					Taxes
313,299	--	313,299	--	--	Property Taxes, Levied for General Fund
69,321	--	69,321	--	--	Property Taxes, Levied for Flood Control District
51,550	--	51,550	--	--	Property Taxes, Levied for OC Parks
37,961	--	37,961	--	--	Property Taxes, Levied for OC Public Libraries
309,745	--	309,745	--	--	Property Taxes in-Lieu of Motor Vehicle License Fees
108,430	93	108,523	--	--	Other Taxes
6,711	--	6,711	--	--	Grants and Contributions Not Restricted to Specific Programs
1,659	--	1,659	--	--	State Allocation of Motor Vehicle License Fees
11,559	2,113	13,672	123	--	Unrestricted Investment Earnings
48,478	1,235	49,713	159	6,619	Miscellaneous
10,276	(10,276)	--	--	--	Transfers (Note 10)
968,989	(6,835)	962,154	282	6,619	Total General Revenues and Transfers
					Extraordinary Gain
1,800	--	1,800	--	--	Dissolution of OCDA
90,687	19,796	110,483	(6,574)	55,077	Change in Net Position
3,995,021	1,065,810	5,060,831	78,985	156,855	Net Position - Beginning of Year, as Restated (Note 3)
$ 4,085,708	$ 1,085,606	$ 5,171,314	$ 72,411	$ 211,932	Net Position - End of Year

	General Fund	Roads	Flood Control District
ASSETS			
Pooled Cash/Investments (Notes 1 and 5)	$ 351,100	$ 80,451	$ 374,973
Imprest Cash Funds (Note 5)	1,864	--	--
Restricted Cash and Investments with Trustee (Notes 1 and 5)	1,574	--	--
Investments (Notes 1 and 5)	--	--	--
Deposits In-Lieu of Cash	--	--	--
Receivables (Note 7)			
Accounts	9,747	512	476
Taxes (Note 1)	8,942	--	1,283
Interest/Dividends	431	67	214
Deposits	491	60	2,440
Advances	30	--	--
Allowance for Uncollectible Receivables	(4,036)	(21)	(1)
Due from Other Funds (Note 8)	50,495	2,105	1,681
Due from Component Unit (Note 8)	366	--	--
Due from Other Governmental Agencies, Net (Note 7)	335,970	11,470	100,065
Inventory of Materials and Supplies (Note 1)	655	--	316
Prepaid Costs (Note 1)	260,291	3,737	4,110
Land and Improvements Held for Resale (Note 1)	--	--	--
Advances to Other Funds (Note 8)	2,500	--	--
Notes Receivable (Note 7)	--	--	--
Total Assets	$ 1,020,420	$ 98,381	$ 485,557
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 36,223	$ 3,573	$ 7,692
Retainage payable	1,696	771	3,561
Salaries and Employee Benefits Payable	66,906	905	1,049
Interest Payable	--	--	--
Deposits from Others	1,335	20,296	6,122
Due to Other Funds (Note 8)	43,601	3,032	7,716
Due to Component Unit (Note 8)	--	--	--
Due to Other Governmental Agencies	10,903	347	1,423
Deferred Revenue (Note 1)	123,290	5,157	94,554
Unearned Revenue (Note 1)	19,642	13,263	571
Bonds Payable (Note 11)	268,360	--	--
Advances from Other Funds (Note 8)	3,918	--	--
Total Liabilities	575,874	47,344	122,688
Fund Balances (Note 1)			
Nonspendable	263,446	3,737	4,426
Restricted	34,679	47,300	358,443
Assigned	68,157	--	--
Unassigned	78,264	--	--
Total Fund Balances	444,546	51,037	362,869
Total Liabilities and Fund Balances	$ 1,020,420	$ 98,381	$ 485,557

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

(Dollar Amounts in Thousands)

Other Public Protection	Teeter Plan Notes	Other Governmental Funds	Total Governmental Funds	
				ASSETS
$ 165,106	$ 20,498	$ 594,644	$ 1,586,772	Pooled Cash/Investments (Notes 1 and 5)
--	--	61	1,925	Imprest Cash Funds (Note 5)
--	23	209,005	210,602	Restricted Cash and Investments with Trustee (Notes 1 and 5)
--	--	123	123	Investments (Notes 1 and 5)
--	--	5	5	Deposits In-Lieu of Cash
				Receivables (Note 7)
18	--	1,882	12,635	Accounts
--	34,369	1,666	46,260	Taxes (Note 1)
75	17	315	1,119	Interest/Dividends
--	--	2,113	5,104	Deposits
--	--	--	30	Advances
--	--	(153)	(4,211)	Allowance for Uncollectible Receivables
5,592	--	35,525	95,398	Due from Other Funds (Note 8)
--	--	--	366	Due from Component Unit (Note 8)
2,134	--	7,960	457,599	Due from Other Governmental Agencies, Net (Note 7)
440	--	--	1,411	Inventory of Materials and Supplies (Note 1)
1,277	--	8,866	278,281	Prepaid Costs (Note 1)
--	--	145	145	Land and Improvements Held for Resale (Note 1)
--	--	--	2,500	Advances to Other Funds (Note 8)
--	--	34,262	34,262	Notes Receivable (Note 7)
$ 174,642	$ 54,907	$ 896,419	$ 2,730,326	Total Assets
				LIABILITIES AND FUND BALANCES
				Liabilities
$ 1,875	$ 58	$ 6,421	$ 55,842	Accounts Payable
1	--	990	7,019	Retainage payable
309	--	2,502	71,671	Salaries and Employee Benefits Payable
--	30	--	30	Interest Payable
12,527	--	4,788	45,068	Deposits from Others
8,047	2	29,054	91,452	Due to Other Funds (Note 8)
--	--	1	1	Due to Component Unit (Note 8)
5,350	--	10,836	28,859	Due to Other Governmental Agencies
697	--	4,196	227,894	Deferred Revenue (Note 1)
1,033	--	6,616	41,125	Unearned Revenue (Note 1)
--	--	--	268,360	Bonds Payable (Note 11)
--	--	2,500	6,418	Advances from Other Funds (Note 8)
29,839	90	67,904	843,739	Total Liabilities
				Fund Balances (Note 1)
1,717	--	9,049	282,375	Nonspendable
143,086	54,817	753,910	1,392,235	Restricted
--	--	65,556	133,713	Assigned
--	--	--	78,264	Unassigned
144,803	54,817	828,515	1,886,587	Total Fund Balances
$ 174,642	$ 54,907	$ 896,419	$ 2,730,326	Total Liabilities and Fund Balances

The governmental funds Balance Sheet includes a reconciliation between fund balances – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. The difference in fund balances of $2,199,121 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		$ 1,886,587
Capital assets used in the operations of the County are not reported in the governmental funds financial statements because governmental funds focus on current financial resources. Such assets must be included in the Statement of Net Position for purposes of government-wide reporting. These capital assets consist of:		
Land	813,921	
Structures and Improvements	1,179,760	
Equipment	270,954	
Software	88,154	
Infrastructure	1,420,800	
Land Use Rights	3,770	
Construction/Software in Progress	189,925	
Accumulated Depreciation/Amortization	(1,301,434)	2,665,850
Other assets used in governmental activities do not consume current financial resources and therefore, are not reported in the governmental funds:		
Prepaid Costs	105,900	
Unamortized Bond Issuance Cost	1,978	107,878
Internal service funds primarily serve governmental funds and consequently the assets and liabilities of internal service funds are incorporated as part of governmental activities for purposes of government-wide financial reporting. In addition, the cumulative internal balance resulting from current year's and last year's allocation of internal service funds to business-type activities are also reported in the Statement of Net Position.		(6,183)
Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as it is earned, regardless of its availability. Deferred revenue is eliminated in the government-wide financial statements.		
Deferred Revenue		221,105

(Dollar Amounts in Thousands)

Uncollected property taxes related to prior years are recorded as deferred revenue in governmental funds. Likewise, property taxes levied in prior years are recorded as revenues in the current fiscal year as they are collected. These deferred revenues should not be included in the government-wide Statement of Net Position as they relate to prior periods and were recognized as revenues in prior years.		6,789
Governmental funds report only those liabilities that are expected to be liquidated with current available financial resources. Thus, governmental funds typically do not report any liability for the unmatured portion of long-term debt or any liability that does not consume current available financial resources. However, all liabilities must be reported in the government-wide financial statements. The adjustment to reduce net position for the unmatured long-term liabilities on the Statement of Net Position consists of the following:		
Bonds and COPs Payable, Net	(231,892)	
SARI Line Loans Payable	(59,892)	
Teeter Notes Payable	(43,486)	
Compensated Employee Absences Payable	(173,134)	
Capital Lease Obligations Payable	(67,353)	
Arbitrage Rebate Payable	(471)	
Interest Payable on Bonds	(2,901)	
Interest Accreted on Capital Appreciation Bonds	(110,084)	
Estimated Liability - Litigation and Claims	(150,000)	
County's Net Pension Asset for the Extra-Help Employees' Defined Benefit Retirement Plan	1,090	(838,123)
Governmental Accounting Standards Board (GASB) Statement No. 45, *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"* requires an employer to record a net Other Postemployment Benefits (OPEB) obligation (asset) for the difference between the annual required contribution (ARC) and the amounts actually contributed to the OPEB Plan. In FY 2012-13, the County contributed more than the ARC to the Retiree Medical Trust, increasing the net OPEB asset reported on the Statement of Net Position.		41,805
Net Position of Governmental Activities		$ 4,085,708

	General Fund	Roads	Flood Control District
Revenues			
Taxes	$ 668,819	$ --	$ 82,200
Licenses, Permits, and Franchises	13,190	548	434
Fines, Forfeitures and Penalties	36,562	9	11
Use of Money and Property	3,510	137	1,759
Intergovernmental	1,551,407	44,531	11,173
Charges for Services	389,367	13,383	13,872
Other	18,147	836	4,693
Total Revenues	2,681,002	59,444	114,142
Expenditures			
Current			
General Government	169,625	--	--
Public Protection	1,047,148	--	80,964
Public Ways and Facilities	36,614	67,789	--
Health and Sanitation	609,572	--	--
Public Assistance	749,128	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	12,459	12,863	76,414
Debt Service			
Principal Retirement	20,252	--	920
Interest	9,204	--	--
Total Expenditures	2,654,002	80,652	158,298
Excess (Deficit) of Revenues Over Expenditures	27,000	(21,208)	(44,156)
Other Financing Sources (Uses)			
Transfers In (Note 10)	184,891	--	352
Transfers Out (Note 10)	(90,668)	--	(1,803)
Debt Issued (Note 12)	--	--	20,484
Total Other Financing Sources (Uses)	94,223	--	19,033
Extraordinary Gain (Note 2)	--	--	--
Net Change in Fund Balances	121,223	(21,208)	(25,123)
Fund Balances - Beginning of Year	353,234	72,245	387,992
Prior Period Adjustment (Note 3)	(29,911)	--	--
Fund Balances - Beginning of Year, as Restated	323,323	72,245	387,992
Fund Balances - End of Year	$ 444,546	$ 51,037	$ 362,869

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

(Dollar Amounts in Thousands)

Other Public Protection	Teeter Plan Notes	Other Governmental Funds	Total Governmental Funds	
				Revenues
$ --	$ --	$ 103,568	$ 854,587	Taxes
--	--	1,041	15,213	Licenses, Permits, and Franchises
12,446	15,493	14,746	79,267	Fines, Forfeitures and Penalties
2,876	213	49,946	58,441	Use of Money and Property
23,323	--	310,253	1,940,687	Intergovernmental
10,476	--	12,126	439,224	Charges for Services
8,395	--	45,393	77,464	Other
57,516	15,706	537,073	3,464,883	Total Revenues
				Expenditures
				Current
--	1,032	15,488	186,145	General Government
29,498	--	66	1,157,676	Public Protection
--	--	7,891	112,294	Public Ways and Facilities
--	--	1,797	611,369	Health and Sanitation
--	--	183,286	932,414	Public Assistance
--	--	37,239	37,239	Education
--	--	94,051	94,051	Recreation and Cultural Services
1,428	--	19,475	122,639	Capital Outlay
				Debt Service
--	14,449	36,878	72,499	Principal Retirement
--	327	34,246	43,777	Interest
30,926	15,808	430,417	3,370,103	Total Expenditures
26,590	(102)	106,656	94,780	Excess (Deficit) of Revenues Over Expenditures
				Other Financing Sources (Uses)
6,043	--	83,077	274,363	Transfers In (Note 10)
(13,133)	--	(162,506)	(268,110)	Transfers Out (Note 10)
--	57,935	--	78,419	Debt Issued (Note 12)
(7,090)	57,935	(79,429)	84,672	Total Other Financing Sources (Uses)
--	--	1,800	1,800	Extraordinary Gain (Note 2)
19,500	57,833	29,027	181,252	Net Change in Fund Balances
125,303	(3,016)	799,488	1,735,246	Fund Balances - Beginning of Year
--	--	--	(29,911)	Prior Period Adjustment (Note 3)
125,303	(3,016)	799,488	1,705,335	Fund Balances - Beginning of Year, as Restated
$ 144,803	$ 54,817	$ 828,515	$ 1,886,587	Fund Balances - End of Year

The Net Change in Fund Balances for governmental funds of $181,252 in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Position for governmental activities of $90,687 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		$ 181,252
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	11,386	
Structures and Improvements	94,205	
Equipment	11,963	
Software	23,263	
Land Use Rights	2,100	
Other Disposals/Acquisitions of Capital Assets, net of Gains/Losses on Sale	(63,830)	
Depreciation/Amortization Expense	(84,877)	
Capital Contributions	17,290	11,500
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:		
SARI Line Loans Proceeds	(20,484)	
Teeter Notes Proceeds	(57,935)	
Arbitrage Rebate Addition	(146)	
Principal and Other Long-Term Liability Payments:		
Bonds Payable	52,803	
Teeter Notes/SARI Line Loans Payable	15,369	
Capital Lease Obligations	4,402	
Arbitrage Rebate Payable	66	(5,925)

(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	16,677	
Property Tax Revenues	(861)	15,816
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	501	
Amortization of Deferred Charges	24,836	
Debt Issuance Costs	117	
Compensated Employee Absences Expense	(414)	
OCERS Investment Income	9,296	
Net Pension Obligation for Extra-Help Defined Benefit Plan	1,030	
Estimated Litigation and Claims Expense	(138,000)	
Interest Accretion on Capital Appreciation Bonds	(12,829)	(115,463)
Internal service funds (ISF) are used by management to charge the costs of certain activities, such as insurance, transportation, and telephone services to individual governmental funds. The loss of internal service funds is eliminated in the Statement of Activities as an adjustment to the various functions to arrive at a break-even basis. Also, general or non-program revenues and expenses of the internal service funds are recorded in governmental activities.		
Allocation of ISF's Operating Loss to Governmental Activities, net of Business-Type Activities	(12,117)	
Consolidation of Nonoperating Revenues, Expenses and Transfers to Governmental Activities	9,785	(2,332)
For FY 2012-13, the Other Postemployment Benefits (OPEB) cost was $42,497 and the County contributed $48,336, which was deposited in the Retiree Medical Trust. The funded amount over the annual OPEB cost increased the net OPEB asset and was treated as a decrease to the employee benefits expense.		5,839
Change in Net Position of Governmental Activities		$ 90,687

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		$ 609,043	$ --	$ 609,043
Licenses, Permits, and Franchises		18,039	1,238	19,277
Fines, Forfeitures and Penalties		39,756	--	39,756
Use of Money and Property		6,253	--	6,253
Intergovernmental		1,495,635	90,196	1,585,831
Charges for Services		415,732	(695)	415,037
Other		253,794	6,032	259,826
Transfers In		247,540	26,281	273,821
Bond Issuance Proceeds		--	270,000	270,000
Employer Contributions		--	--	--
Total Revenues and Other Financing Sources		3,085,792	393,052	3,478,844
Expenditures/Encumbrances and Other Financing Uses				
General Government:				
Assessor	$ 336	33,229	2,249	35,814
Auditor-Controller	605	14,640	545	15,790
Board of Supervisors - 1st District	2	984	1	987
Board of Supervisors - 2nd District	3	940	(1)	942
Board of Supervisors - 3rd District	2	899	86	987
Board of Supervisors - 4th District	2	985	--	987
Board of Supervisors - 5th District	2	948	--	950
Capital Acquisition Financing	1	7,114	--	7,115
Capital Projects	2,983	10,955	44,001	57,939
CAPS Program	716	15,011	(437)	15,290
Clerk of the Board	37	3,353	--	3,390
County Counsel	191	10,104	407	10,702
County Executive Office	1,136	15,447	--	16,583
Data Systems Development Project	582	14,492	(743)	14,331
Employee Benefits	--	2,021	--	2,021
Human Resources	345	3,889	546	4,780
Internal Audit	7	2,677	1	2,685
IBM Mainframe	--	4,369	--	4,369
Miscellaneous	22	13,078	15,210	28,310
Office of Independent Review	--	447	--	447
Prepaid Pension Obligation	--	232,068	270,000	502,068
Orange County Public Guardian	86	3,789	1	3,876
Registrar of Voters	94	14,295	470	14,859
The Office of the Performance Audit	9	706	--	715
Treasurer-Tax Collector	707	12,815	--	13,522
Utilities	988	22,747	134	23,869
2005 Lease Revenue Refunding Bonds	--	28,534	5,800	34,334
2005 Refunding Recovery Bonds	--	18,435	--	18,435
Public Protection:				
Alternate Defense	166	6,889	152	7,207
Building & Safety	43	6,460	995	7,498
Child Support Services	51	58,810	--	58,861
Clerk-Recorder	277	11,631	1,127	13,035
Detention Release	--	1,483	25	1,508
District Attorney	4,410	113,870	2,596	120,876
Emergency Management Division	117	2,818	92	3,027
Grand Jury	8	514	--	522
Juvenile Justice Commission	2	166	--	168
Probation	7,614	159,635	6,877	174,126
Public Administrator	35	1,751	--	1,786
Public Defender	485	67,958	609	69,052
Sheriff-Coroner	9,782	513,811	16,843	540,436
Sheriff-Coroner Communications	603	11,458	--	12,061
Sheriff Court Operations	144	51,134	1	51,279
Trial Courts	175	65,688	--	65,863
Public Ways and Facilities:				
OC Public Works	2,461	56,348	(478)	58,331
Health and Sanitation:				
Health Care Agency	50	652,663	54,087	706,800
OC Watersheds	837	18,003	2	18,842
Public Assistance:				
Aid to Families with Dependent Children - Foster Care	882	118,225	(1,220)	117,887
Aid to Refugees	--	347	100	447
California Works Opportunities and Responsibility to Kids	--	131,061	--	131,061
OC Community Resources	446	55,802	1,538	57,786
General Relief	--	3,158	3,788	6,946
In-Home Supportive Services - IHSS	--	37,660	7,108	44,768
Social Services Agency	5,812	450,612	22,023	478,447
Total Expenditures/Encumbrances and Other Financing Uses	43,256	3,086,926	454,535	3,584,717
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(43,256)	(1,134)	(61,483)	(105,873)
Fund Balance - Beginning of Year	377,344	377,344	--	377,344
Fund Balance - End of Year	$ 334,088	$ 376,210	$ --	$ 271,471

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

(Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations	
				Revenues and Other Financing Sources
$ 667,721	$ 58,678			Taxes
18,506	(771)			Licenses, Permits, and Franchises
36,573	(3,183)			Fines, Forfeitures and Penalties
4,637	(1,616)			Use of Money and Property
1,542,762	(43,069)			Intergovernmental
388,639	(26,398)			Charges for Services
254,762	(5,064)			Other
182,834	(90,987)			Transfers In
270,000	--			Bond Issuance Proceeds
1	1			Employer Contributions
3,366,435	(112,409)			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				General Government:
35,316	498	$ 460	$ 38	Assessor
14,891	899	696	203	Auditor-Controller
953	34	16	18	Board of Supervisors - 1st District
933	9	4	5	Board of Supervisors - 2nd District
966	21	8	13	Board of Supervisors - 3rd District
888	99	6	93	Board of Supervisors - 4th District
859	91	7	84	Board of Supervisors - 5th District
5,834	1,281	1	1,280	Capital Acquisition Financing
4,721	53,218	2,571	50,647	Capital Projects
8,731	6,559	1,701	4,858	CAPS Program
3,196	194	40	154	Clerk of the Board
10,529	173	123	50	County Counsel
14,125	2,458	891	1,567	County Executive Office
4,060	10,271	860	9,411	Data Systems Development Project
1,536	485	2	483	Employee Benefits
4,493	287	99	188	Human Resources
2,560	125	31	94	Internal Audit
4,369	--	--	--	IBM Mainframe
20,816	7,494	11	7,483	Miscellaneous
416	31	--	31	Office of Independent Review
502,068	--	--	--	Prepaid Pension Obligation
3,581	295	75	220	Orange County Public Guardian
13,957	902	386	516	Registrar of Voters
506	209	12	197	The Office of the Performance Audit
12,601	921	388	533	Treasurer-Tax Collector
22,166	1,703	557	1,146	Utilities
33,666	668	--	668	2005 Lease Revenue Refunding Bonds
18,435	--	--	--	2005 Refunding Recovery Bonds
				Public Protection:
5,134	2,073	1,912	161	Alternate Defense
7,447	51	51	--	Building & Safety
54,178	4,683	22	4,661	Child Support Services
10,406	2,629	259	2,370	Clerk-Recorder
1,372	136	95	41	Detention Release
115,705	5,171	2,589	2,582	District Attorney
2,578	449	287	162	Emergency Management Division
510	12	1	11	Grand Jury
153	15	14	1	Juvenile Justice Commission
154,051	20,075	3,783	16,292	Probation
1,196	590	12	578	Public Administrator
65,315	3,737	686	3,051	Public Defender
521,234	19,202	11,512	7,690	Sheriff-Coroner
10,587	1,474	198	1,276	Sheriff-Coroner Communications
48,669	2,610	264	2,346	Sheriff Court Operations
64,705	1,158	44	1,114	Trial Courts
				Public Ways and Facilities:
46,022	12,309	2,548	9,761	OC Public Works
				Health and Sanitation:
640,922	65,878	27	65,851	Health Care Agency
9,767	9,075	466	8,609	OC Watersheds
				Public Assistance:
110,050	7,837	516	7,321	Aid to Families with Dependent Children - Foster Care
428	19	--	19	Aid to Refugees
127,475	3,586	--	3,586	California Works Opportunities and Responsibility to Kids
52,705	5,081	707	4,374	OC Community Resources
5,987	959	--	959	General Relief
41,198	3,570	--	3,570	In-Home Supportive Services - IHSS
449,694	28,753	3,495	25,258	Social Services Agency
3,294,660	290,057	$ 38,433	$ 251,624	Total Expenditures/Encumbrances and Other Financing Uses
71,775	$ 177,648			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
377,344				Fund Balance - Beginning of Year
$ 449,119				Fund Balance - End of Year

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises		$ 309	$ -	$ 309
Fines, Forfeitures and Penalties		10	-	10
Use of Money and Property		256	-	256
Intergovernmental		66,239	(4,215)	62,024
Charges for Services		33,064	13,618	46,682
Other		1,017	-	1,017
Transfers In		592	-	592
Total Revenues and Other Financing Sources		101,487	9,403	110,890
Expenditures/Encumbrances and Other Financing Uses				
Public Ways and Facilities:				
OC Road	$ 26,014	129,449	7,964	163,427
Foothill Circulation Phasing Plan	166	792	1,086	2,044
South County Roadway Improve Prog (SCRIP)	-	7,300	-	7,300
Total Expenditures/Encumbrances and Other Financing Uses	26,180	137,541	9,050	172,771
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(26,180)	(36,054)	353	(61,881)
Fund Balance - Beginning of Year	67,542	67,542	-	67,542
Fund Balance - End of Year	$ 41,362	$ 31,488	$ -	$ 5,661

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

(Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance		
		Open Encumbrances June 30, 2013	Unspent Appropriations	
				Revenues and Other Financing Sources
$ 548	$ 239			Licenses, Permits, and Franchises
9	(1)			Fines, Forfeitures and Penalties
289	33			Use of Money and Property
41,063	(20,961)			Intergovernmental
22,588	(24,094)			Charges for Services
851	(166)			Other
-	(592)			Transfers In
65,348	(45,542)			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Public Ways and Facilities:
73,438	89,989	$ 53,981	$ 36,008	OC Road
1,098	946	39	907	Foothill Circulation Phasing Plan
6,280	1,020	-	1,020	South County Roadway Improve Prog (SCRIP)
80,816	91,955	$ 54,020	$ 37,935	Total Expenditures/Encumbrances and Other Financing Uses
(15,468)	$ 46,413			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
67,542				Fund Balance - Beginning of Year
$ 52,074				Fund Balance - End of Year

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		$ 66,181	$ -	$ 66,181
Licenses, Permits, and Franchises		448	-	448
Fines, Forfeitures and Penalties		30	-	30
Use of Money and Property		2,748	-	2,748
Intergovernmental		30,252	-	30,252
Charges for Services		14,927	-	14,927
Other		2,983	-	2,983
Transfers In		-	352	352
Bond Issuance Proceeds		-	-	-
Total Revenues and Other Financing Sources		117,569	352	117,921
Expenditures/Encumbrances and Other Financing Uses				
Public Protection:				
OC Flood	$ 43,027	163,789	15,503	222,319
OC Santa Ana River	-	66	-	66
OC Flood - Capital	40,306	25,195	12,757	78,258
Total Expenditures/Encumbrances and Other Financing Uses	83,333	189,050	28,260	300,643
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(83,333)	(71,481)	(27,908)	(182,722)
Fund Balance - Beginning of Year	387,876	387,876	-	387,876
Fund Balance - End of Year	$ 304,543	$ 316,395	$ -	$ 205,154

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

(Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations	
				Revenues and Other Financing Sources
$ 81,824	$ 15,643			Taxes
434	(14)			Licenses, Permits, and Franchises
11	(19)			Fines, Forfeitures and Penalties
2,539	(209)			Use of Money and Property
13,612	(16,640)			Intergovernmental
14,005	(922)			Charges for Services
4,693	1,710			Other
352	-			Transfers In
20,484	20,484			Bond Issuance Proceeds
137,954	20,033			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Public Protection:
106,134	116,185	$ 67,725	$ 48,460	OC Flood
-	66	-	66	OC Santa Ana River
53,992	24,266	12,178	12,088	OC Flood - Capital
160,126	140,517	$ 79,903	$ 60,614	Total Expenditures/Encumbrances and Other Financing Uses
(22,172)	$ 160,550			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
387,876				Fund Balance - Beginning of Year
$ 365,704				Fund Balance - End of Year

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Fines, Forfeitures and Penalties		$ 4,300	$ -	$ 4,300
Use of Money and Property		3,368	-	3,368
Intergovernmental		20,374	638	21,012
Charges for Services		8,545	624	9,169
Other		8,757	-	8,757
Transfers In		1,657	1,346	3,003
Total Revenues and Other Financing Sources		47,001	2,608	49,609
Expenditures/Encumbrances and Other Financing Uses				
Public Protection:				
Orange County Methamphetamine Lab Investigation Team	$ -	706	652	1,358
County Automated Fingerprint Identification	35	1,405	(51)	1,389
Building and Safety	-	894	(51)	843
Narcotic Forfeiture and Seizure	19	1,041	-	1,060
Sheriff-Regional Narcotics Suppression Program	505	13,423	1,666	15,594
Motor Vehicle Theft Task Force	84	3,357	-	3,441
Clerk Recorder Special Revenue	-	12,700	2,233	14,933
Real Estate Prosecution Fund	-	1,322	520	1,842
Proposition 64 - Consumer Protection	-	2,722	-	2,722
Proposition 69 - DNA Identification	-	1,860	1,304	3,164
Juvenile Justice Reform	207	3,492	(435)	3,264
Traffic Violator	-	1,623	8	1,631
Sheriff Narcotics Program	503	7,863	(506)	7,860
Orange County Jail	-	2,085	(146)	1,939
Sheriff's State Criminal Alien Assistance Program	18	3,913	(7)	3,924
California Automated Fingerprint Identification Operational Costs	-	790	(88)	702
California Automated Fingerprint Identification Systems Costs	277	28,492	(115)	28,654
Sheriff's Supplemental Law Enforcement Services	-	1,431	(78)	1,353
District Attorney's Supplemental Law Enforcement Services	-	894	99	993
Excess Public Safety Sales Tax	-	4,437	5,984	10,421
Equitable Sharing Forfeiture Program Fund	-	1	24	25
Sheriff-Coroner Replacement and Maintenance	156	12,098	(165)	12,089
Ward Welfare	-	595	73	668
Court Facilities	37	1,315	-	1,352
Sheriff's Substations Fee Program	-	3,299	-	3,299
Jail Commissary	265	7,229	999	8,493
Inmate Welfare	72	8,728	350	9,150
Child Support Program Development	-	10,358	(135)	10,223
800 MHz County-Wide Coordinated Communications System	72	4,249	337	4,658
Delta Special Revenue	10	166	4	180
Total Expenditures/Encumbrances and Other Financing Uses	2,260	142,488	12,476	157,224
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(2,260)	(95,487)	(9,868)	(107,615)
Fund Balance - Beginning of Year	123,866	123,866	-	123,866
Fund Balance - End of Year	$ 121,606	$ 28,379	$ -	$ 16,251

(Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations	
				Revenues and Other Financing Sources
$ 4,473	$ 173			Fines, Forfeitures and Penalties
3,072	(296)			Use of Money and Property
22,597	1,585			Intergovernmental
10,476	1,307			Charges for Services
8,378	(379)			Other
7,178	4,175			Transfers In
56,174	6,565			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Public Protection:
855	503	$ -	$ 503	Orange County Methamphetamine Lab Investigation Team
1,076	313	19	294	County Automated Fingerprint Identification
4	839	-	839	Building and Safety
627	433	2	431	Narcotic Forfeiture and Seizure
7,765	7,829	534	7,295	Sheriff-Regional Narcotics Suppression Program
3,183	258	46	212	Motor Vehicle Theft Task Force
1,395	13,538	340	13,198	Clerk Recorder Special Revenue
1,792	50	-	50	Real Estate Prosecution Fund
2,661	61	-	61	Proposition 64 - Consumer Protection
1,523	1,641	-	1,641	Proposition 69 - DNA Identification
1	3,263	-	3,263	Juvenile Justice Reform
469	1,162	-	1,162	Traffic Violator
2,282	5,578	789	4,789	Sheriff Narcotics Program
1	1,938	-	1,938	Orange County Jail
2,381	1,543	18	1,525	Sheriff's State Criminal Alien Assistance Program
651	51	-	51	California Automated Fingerprint Identification Operational Costs
2,061	26,593	563	26,030	California Automated Fingerprint Identification Systems Costs
151	1,202	-	1,202	Sheriff's Supplemental Law Enforcement Services
		-	-	District Attorney's Supplemental
978	15	-	15	Law Enforcement Services
8	10,413	-	10,413	Excess Public Safety Sales Tax
-	25	-	25	Equitable Sharing Forfeiture Program Fund
171	11,918	98	11,820	Sheriff-Coroner Replacement and Maintenance
184	484	4	480	Ward Welfare
-	1,352	37	1,315	Court Facilities
3	3,296	-	3,296	Sheriff's Substations Fee Program
7,384	1,109	175	934	Jail Commissary
3,844	5,306	42	5,264	Inmate Welfare
124	10,099	-	10,099	Child Support Program Development
2,769	1,889	81	1,808	800 MHz County-Wide Coordinated Communications System
7	173	9	164	Delta Special Revenue
44,350	112,874	$ 2,757	$ 110,117	Total Expenditures/Encumbrances and Other Financing Uses
11,824	$ 119,439			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
123,866				Fund Balance - Beginning of Year
$ 135,690				Fund Balance - End of Year

	Business-Type Activities - Enterprise Funds				
	Airport	Waste Management	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current Assets					
Pooled Cash/Investments (Notes 1 and 5)	$ 85,864	$ 332,059	$ 801	$ 418,724	$ 172,400
Cash Equivalents/Specific Investments (Notes 1 and 5)	29,225	--	--	29,225	--
Cash/Cash Equivalents (Notes 1 and 5)	8,773	--	--	8,773	--
Imprest Cash Funds (Note 5)	14	35	--	49	138
Restricted Cash and Investments with Trustee (Note 5)	36,576	11,749	--	48,325	--
Restricted Pooled Cash/Investments (Note 5)	54,932	702	--	55,634	--
Deposits In-Lieu of Cash	39,492	16,753	--	56,245	--
Receivables					
Accounts (Note 7)	5,297	9,997	2	15,296	238
Passenger Facility Charges	2,332	--	--	2,332	--
Interest/Dividends	338	267	--	605	108
Deposits	--	100	--	100	--
Pollution Remediation Obligation Recoveries	336	--	--	336	--
Allowance for Uncollectible Receivables	--	(1)	--	(1)	(11)
Due from Other Funds (Note 8)	15	63	3	81	2,253
Due from Other Governmental Agencies	5,226	194	--	5,420	850
Inventory of Materials and Supplies (Note 1)	--	--	--	--	445
Prepaid Costs (Note 1)	3,019	4,464	--	7,483	2,831
Bond Issuance Costs	121	1	--	122	--
Total Current Assets	271,560	376,383	806	648,749	179,252
Noncurrent Assets					.
Restricted Cash and Investments with Trustee (Note 5)	13,821	--	--	13,821	--
Restricted Pooled Cash/Investments (Note 5)	--	35,311	--	35,311	--
Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs (Notes 1, 5, and 15)	--	90,170	--	90,170	--
Investments (Notes 1 and 5)	20,495	--	--	20,495	--
Advances to Other Funds (Note 8)	--	3,918	--	3,918	--
Capital Assets: (Notes 1 and 6)					
Land	15,678	22,405	--	38,083	--
Construction in Progress	21,348	20,877	--	42,225	1,096
Intangible Assets in Progress	418	424	--	842	--
Structures and Improvements	720,703	18,514	--	739,217	10,664
Accumulated Depreciation	(206,871)	(8,631)	--	(215,502)	(5,203)
Equipment	11,801	69,780	--	81,581	80,992
Accumulated Depreciation	(9,135)	(48,406)	--	(57,541)	(69,472)
Infrastructure	213,934	291,516	--	505,450	--
Accumulated Depreciation	(163,961)	(151,697)	--	(315,658)	--
Total Capital Assets	603,915	214,782	--	818,697	18,077
Bond Issuance Costs	1,392	--	--	1,392	--
Total Noncurrent Assets	639,623	344,181	--	983,804	18,077
Total Assets	911,183	720,564	806	1,632,553	197,329

(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				
	Airport	Waste Management	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities					
Accounts Payable	$ 6,858	$ 7,798	$ --	$ 14,656	$ 5,549
Retainage Payable	683	601	--	1,284	24
Salaries and Employee Benefits Payable	808	1,009	--	1,817	737
Unearned Revenue	2,358	99	--	2,457	--
Due to Other Funds (Note 8)	2,541	1,350	53	3,944	2,336
Due to Other Governmental Agencies	577	1,417	--	1,994	4
Insurance Claims Payable (Notes 1 and 17)	--	--	--	--	51,746
Compensated Employee Absences Payable (Notes 1 and 12)	1,061	1,297	--	2,358	974
Pollution Remediation Obligation (Notes 12 and 18)	--	485	--	485	--
Landfill Site Closure/Postclosure Liability (Notes 12 and 15)	--	1,459	--	1,459	--
Arbitrage Rebate Payable (Note 12)	196	35	--	231	--
Bonds Payable (Note 12)	30,738	7,018	--	37,756	--
Interest Payable	6,039	31	--	6,070	--
Deposits from Others	40,229	17,604	--	57,833	--
Total Current Liabilities	92,088	40,203	53	132,344	61,370
Noncurrent Liabilities					
Insurance Claims Payable (Notes 1 and 17)	--	--	--	--	157,478
Compensated Employee Absences Payable (Notes 1 and 12)	1,210	1,480	--	2,690	1,069
Pollution Remediation Obligation (Notes 12 and 18)	1,124	12,348	--	13,472	--
Landfill Site Closure/Postclosure Liability (Notes 12 and 15)	--	172,234	--	172,234	--
Bonds Payable (Note 12)	209,802	--	--	209,802	--
Total Noncurrent Liabilities	212,136	186,062	--	398,198	158,547
Total Liabilities	304,224	226,265	53	530,542	219,917
NET POSITION					
Net Investment in Capital Assets	380,168	207,766	--	587,934	18,077
Restricted for (Note 1)					
Debt Service	25,907	32,865	--	58,772	--
Passenger Facility Charges Approved Capital Projects (Note 1)	55,331	--	--	55,331	--
Replacements and Renewals	1,000	--	--	1,000	--
Landfill Closure/Postclosure	--	40,355	--	40,355	--
Landfill Corrective Action	--	6,109	--	6,109	--
Wetland	--	879	--	879	--
Prima Deshecha/La Pata Closure	--	104	--	104	--
Unrestricted (Note 1)	144,553	206,221	753	351,527	(40,665)
Total Net Position	$ 606,959	$ 494,299	$ 753	$ 1,102,011	$ (22,588)
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(195)	
Cumulative Effect of Prior Years' Internal Service Funds Allocation				(16,210)	
Net Position of Business-type Activities				$ 1,085,606	

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

	Business-Type Activities - Enterprise Funds				
	Airport	Waste Management	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
Operating Revenues					
Use of Property	$ 96,760	$ 2,703	$ --	$ 99,463	$ 3,134
Licenses, Permits, and Franchises	--	71	--	71	--
Charges for Services	17,532	104,079	385	121,996	59,519
Insurance Premiums	--	--	--	--	274,853
Other Taxes	--	--	93	93	--
Total Operating Revenues	114,292	106,853	478	221,623	337,506
Operating Expenses					
Salaries and Employee Benefits	18,645	25,222	--	43,867	17,623
Services and Supplies	24,704	21,828	278	46,810	32,048
Professional Services	36,337	15,450	26	51,813	30,372
Operating Leases	234	712	1	947	1,607
Insurance Claims and Premiums (Note 17)	--	--	--	--	264,501
Pollution Remediation Expense	--	321	--	321	--
Other Charges	--	--	--	--	532
Taxes and Other Fees	--	6,696	--	6,696	10
Landfill Site Closure/Postclosure Costs (Note 15)	--	8,095	--	8,095	--
Depreciation (Note 6)	29,709	16,406	--	46,115	3,125
Total Operating Expenses	109,629	94,730	305	204,664	349,818
Operating Income (Loss)	4,663	12,123	173	16,959	(12,312)
Nonoperating Revenues (Expenses)					
Fines, Forfeitures and Penalties	195	23	--	218	--
Intergovernmental Revenues	181	19	--	200	1,161
Interest Revenue	811	1,300	2	2,113	315
Interest Expense	(12,557)	(11)	--	(12,568)	--
Gain (Loss) on Disposition of Capital Assets	(24)	49	--	25	151
Passenger Facility Charges Revenue	18,454	--	--	18,454	--
Other Revenue, Net	464	563	--	1,027	4,135
Total Nonoperating Revenues	7,524	1,943	2	9,469	5,762
Income (Loss) Before Contributions and Transfers	12,187	14,066	175	26,428	(6,550)
Capital Grant Contributions	3,839	--	--	3,839	--
Transfers In (Note 10)	--	34	--	34	4,063
Transfers Out (Note 10)	--	(9,960)	(350)	(10,310)	(40)
Change in Net Position	16,026	4,140	(175)	19,991	(2,527)
Net Position - Beginning of Year	590,933	490,159	928		(20,061)
Net Position - End of Year	$ 606,959	$ 494,299	$ 753		$ (22,588)
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(195)	
Increase in Net Position of Business-Type Activities				$ 19,796	

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

COUNTY OF ORANGE
CALIFORNIA

	Business-Type Activities - Enterprise Funds				
	Airport	Waste Management	Compressed Natural Gas (Nonmajor)	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	$ 113,381	$ 105,027	$ 479	$ 218,887	$ 62,615
Cash Received for Premiums within the County's Entity	--	--	--	--	274,853
Payments to Suppliers for Goods and Services	(60,369)	(35,677)	(305)	(96,351)	(322,170)
Payments to Employees for Services	(19,087)	(25,321)	--	(44,408)	(17,677)
Receipts (Payments) for Interfund Services	565	(854)	36	(253)	51
Cash Payments for Interfund Services Used	--	--	--	--	(148)
Landfill Site Closure/Postclosure Care Costs	--	(1,459)	--	(1,459)	--
Taxes and Other Fees	--	(6,696)	--	(6,696)	(10)
Other Operating Receipts (Payments) - Net	886	(478)	--	408	1,754
Net Cash Provided (Used) by Operating Activities	35,376	34,542	210	70,128	(732)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	--	34	--	34	4,063
Transfers Out	--	(9,960)	(350)	(10,310)	(40)
Intergovernmental Revenues	181	19	--	200	1,161
Advances to Other Funds	--	(3,918)	--	(3,918)	--
Net Cash Provided (Used) by Noncapital Financing Activities	181	(13,825)	(350)	(13,994)	5,184
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(21,103)	(21,000)	--	(42,103)	(3,843)
Principal Paid on Bonds	(9,250)	(6,655)	--	(15,905)	--
Interest Paid on Long-Term Debt	(12,250)	(30)	--	(12,280)	--
Capital Grant Contributions	2,310	--	--	2,310	--
Passenger Facility Charges Received	18,472	--	--	18,472	--
Proceeds from Sale of Capital Assets	41	49	--	90	--
Net Cash Used by Capital and Related Financing Activities	(21,780)	(27,636)	--	(49,416)	(3,843)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	960	1,607	4	2,571	422
Sale (Purchase) of Investments	487	--	--	487	--
Decrease in Restricted Investments with Trustee	--	(186)	--	(186)	--
Net Cash Provided by Investing Activities	1,447	1,421	4	2,872	422
Net Increase (Decrease) in Cash and Cash Equivalents	15,224	(5,498)	(136)	9,590	1,031
Cash and Cash Equivalents - Beginning of Year	200,160	463,775	937	664,872	171,507
Cash and Cash Equivalents - End of Year	$ 215,384	$ 458,277	$ 801	$ 674,462	$ 172,538

(Dollar Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	Waste Management	Compressed Natural Gas (Nonmajor)	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	$ 4,663	$ 12,123	$ 173	$ 16,959	$ (12,312)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	29,709	16,406	--	46,115	3,125
Fines, Forfeitures and Penalties	195	23	--	218	--
Other Revenue	753	563	--	1,316	4,135
(Increases) Decreases In:					
Deposits In-Lieu of Cash	(2,500)	(243)	--	(2,743)	--
Accounts Receivable (Net of Allowances)	(491)	(1,673)	1	(2,163)	(1)
Deposit Receivable	--	(100)	--	(100)	--
Due from Other Funds	550	(51)	(1)	498	(456)
Due from Other Governmental Agencies	(146)	(91)	--	(237)	(279)
Inventory of Materials and Supplies	--	--	--	--	26
Prepaid Costs	(336)	458	--	122	(272)
Increases (Decreases) In:					
Accounts Payable	2,697	1,315	--	4,012	(616)
Retainage Payable	(1,792)	345	--	(1,447)	(3)
Salaries and Employee Benefits Payable	38	(12)	--	26	7
Unearned Revenue	64	26	--	90	--
Due to Other Funds	15	(803)	37	(751)	359
Due to Other Governmental Agencies	42	41	--	83	4
Insurance Claims Payable	--	--	--	--	5,612
Compensated Employee Absences Payable	(143)	(87)	--	(230)	(61)
Pollution Remediation Obligation	(84)	(269)	--	(353)	--
Deposits from Others	2,095	181	--	2,276	--
Arbitrage Rebate Payable	47	(246)	--	(199)	--
Landfill Site Closure/ Postclosure Payable	--	6,636	--	6,636	--
Total Adjustments	30,713	22,419	37	53,169	11,580
Net Cash Provided (Used) by Operating Activities	$ 35,376	$ 34,542	$ 210	$ 70,128	$ (732)
Reconciliation of Cash and Cash Equivalents to Statement of Net Position Accounts					
Pooled Cash/Investments	$ 85,864	$ 332,059	$ 801	$ 418,724	$ 172,400
Cash Equivalents/Specific Investments	29,225	--	--	29,225	--
Cash/Cash Equivalents	8,773	--	--	8,773	--
Imprest Cash Funds	14	35	--	49	138
Restricted Cash and Investments with Trustee	36,576 (1)	-- (2)	--	36,576	--
Restricted Pooled Cash/Investments	54,932	36,013	--	90,945	--
Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs	--	90,170	--	90,170	--
Total Cash and Cash Equivalents	$ 215,384	$ 458,277	$ 801	$ 674,462	$ 172,538

Schedule of Noncash Investing, Capital, and Financing Activities:
- The Internal Service Funds gained $151 on disposition of capital assets.
- John Wayne Airport lost $24 on disposition of capital assets.
- Waste Management gained $49 on disposition of capital assets.
- The Internal Service Funds' acquisition of capital assets with accounts payable is $8.
- John Wayne Airport's acquisition of capital assets with accounts payable is $3,201.
- Waste Management's acquisition of capital assets with accounts payable is $1,874.

(1) Does not include $13,821 from Airport's nonliquid Restricted Cash and Investment with Trustee.
(2) Does not include $11,749 from Waste Management's nonliquid Restricted Cash and Investment with Trustee.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

	Private-Purpose Trust Funds	Investment Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds
ASSETS				
Pooled Cash/Investments (Notes 1 and 5)	$ 52,262	$ 3,465,910	$ 8,482	$ 331,968
Cash/Cash Equivalents (Note 5)	--	--	--	245
Restricted Cash and Investments (Notes 1 and 5)				
Restricted Cash	2	--	--	--
Restricted Investments with Trustee				
Money Market Mutual Funds	2,996	--	60,630	36,532
Stable Value Fund	--	--	6,917	--
Restricted Cash with Orange County Employees Retirement System (OCERS)	--	--	147,244	--
Restricted Cash with Local Agency Investment Fund (LAIF)	--	--	--	5,075
Total Restricted Cash and Investments	2,998	--	214,791	41,607
Investments (Notes 1 and 5)	--	--	--	1,082
Deposits In-Lieu of Cash	--	--	--	12,108
Receivables				
Accounts	--	--	--	4
Taxes (Note 1)	--	--	--	291,606
Interest/Dividends	95	5,168	68	4,001
Deposits	1,224	--	--	--
Allowance for Uncollectible Receivables	--	--	--	(127,773)
Due from Other Governmental Agencies	2,301	--	2,513	6,151
Land Held for Redevelopment	618	--	--	--
Bond Issuance Costs	917	--	--	--
Notes Receivable	--	--	--	25,070
Total Assets	60,415	3,471,078	225,854	586,069
LIABILITIES				
Bonds Payable	41,240	--	--	--
Interest Payable	696	--	--	2,986
Deposits from Others	--	--	--	17,005
Monies Held for Others	--	--	--	203,853
Due to Other Governmental Agencies	2,428	312	2	40,273
Unapportioned Taxes	--	--	--	321,952
Total Liabilities	44,364	312	2	586,069
NET POSITION				
Restricted for Pension Benefits and Other Purposes	16,051	3,470,766	225,852	--
Total Net Position	$ 16,051	$ 3,470,766	$ 225,852	$ --

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

(Dollar Amounts in Thousands)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Private-Purpose Trust Funds	Investment Trust Funds	Pension and Other Employee Benefits Trust Funds
Additions:			
Contributions to Pension and Other Employee Benefits Trust:			
Employer (Notes 19 and 20)	$ --	$ --	$ 58,876
Employee (Note 19)	--	--	1,336
Contributions to Pooled Investments (Note 5)	--	7,187,453	--
Contributions to Private-Purpose Trust	64,785	--	--
Intergovernmental Revenues	12,827	--	--
Other Revenues	437	--	3
Interest and Investment Income (Note 5)	271	7,266	13,899
Less: Investment Expense (Note 5)	(84)	(2,749)	(65)
Total Additions	78,236	7,191,970	74,049
Deductions:			
Benefits Paid to Participants (Notes 19 and 20)	--	--	30,479
Distributions from Pooled Investments (Note 5)	--	6,410,419	--
Distributions from Private-Purpose Trust	66,158	--	--
Services and Supplies	15	--	--
Professional Services	297	--	--
Tax Pass-Throughs	85,335	--	--
Interest Expense	2,186	--	--
Total Deductions	153,991	6,410,419	30,479
Extraordinary Gain (Note 2)	2,301	--	--
Change in Net Position:			
Private-Purpose Trust	(73,454)	--	--
External Investment Pool (Note 5)	--	781,551	--
Employees' Pension and Other Employee Benefits (Notes 19 and 20)	--	--	43,570
Net Position, Beginning of Year	89,505	2,689,215	182,282
Net Position, End of Year	$ 16,051	$ 3,470,766	$ 225,852

COUNTY OF ORANGE

CALIFORNIA

Blackstar Canyon – Irvine Ranch Open Space

Photo Courtesy of OC Parks

COUNTY OF ORANGE

CALIFORNIA

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through an elected five-member Board of Supervisors (the Board), which, as the governing body, is responsible for the legislative and executive control of the County. The County provides a full range of general government services, including police protection, detention and correction, public assistance, health and sanitation, recreation, library, flood control, public ways and facilities, waste management, airport management, and general financial and administrative support.

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

Blended Component Units

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 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 former Orange County Development Agency, 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.

Orange County Public Facilities Corporation The Corporation has its own five member governing body appointed by the County's governing body, and provides services entirely to the primary government (the County) through the purchase, construction or leasing of land and/or facilities, which

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Orange County Public Facilities Corporation (Continued)

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 Public Authority was established by the Board to act as the employer of record for the individual providers for the IHSS program. The duties of the Public Authority include collective bargaining for the individual providers, establishing a registry of providers, investigating the background of providers and providing training to both IHSS providers and consumers. The Authority is reported in governmental fund types.

Fiduciary Component Unit

Orange County Development Agency (OCDA) Redevelopment Successor Agency Effective February 1, 2012, the Orange County Development Agency (OCDA) was dissolved in accordance with Health and Safety Code 34172. As a result, the County of Orange elected to become the Successor Agency responsible for overseeing the wind down of OCDA. For additional information related to the activities of the Successor Agency and its on-going Enforceable Obligations, please refer to its separate financial statements. Copies of the Successor Agency's financial statements can be obtained from the OC Community Resources Accounting Department.

Discretely Presented Component Units

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

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) The Board established CalOptima in 1993. The governing board of CalOptima is comprised of eleven members and includes one County board member 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), and 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

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) (Continued)

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 you can access their website at https://caloptima.org/.

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 expense, accumulated depreciation, amortization expense and accumulated 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"* as amended by GASB Statement No. 63 *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* (GASB Statement No. 34 and No. 63), mandates the presentation of two basic government-wide financial statements:

- *Statement of Net Position*
- *Statement of Activities*

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

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

The government-wide Statement of Net Position displays the financial position of the primary government, in this case the County, and its discretely presented component units. The Statement of Net Position reports the County's financial and capital resources, including infrastructure, as well as the County's long-term

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-Wide Financial Statements (Continued)

obligations. The difference between the County's assets and liabilities is its net position. Net position represents the resources that the County has available for use in providing services after its debt is settled.

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

- Net Investment in Capital Assets This amount is derived by subtracting the outstanding debts incurred by the County 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, 2013, the County's governmental activities reported restricted net position of $1,324,882 restricted for pension benefits related to the Orange County Retirement System (OCERS) Investment Account, capital projects, legally segregated funds restricted for grants and other purpose, and regional park endowment. Restricted Net Position for business-type activities amounted to $162,550 and are restricted for the use of Airport and Waste Management activities, including debt service, passenger facility charges (PFC), replacements and renewals, landfill closure/postclosure, and landfill corrective action. At June 30, 2013, the County reported $55,331 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 restricted fund that exceed the amounts required to be restricted by external parties or enabling legislation are reported as unrestricted net position.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

aggregated into a single column. GASB Statement No. 34 sets forth minimum criteria (specified minimum percentages of the assets, liabilities, 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.

Roads This fund accounts for proceeds restricted for the maintenance and construction of roadways, and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of state highway users' taxes, federal funds, and charges for engineering services provided.

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. Intergovernmental revenues, along with property taxes restricted for flood control activities, provide most of this fund's revenues.

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

Teeter Plan Notes This debt service fund accounts for the financing of the County's purchase of delinquent taxes receivable pursuant to the Teeter Plan. The Teeter Plan is an alternate secured property tax distribution plan, whereby, the County distributes 100% of the local secured levy to the taxing agencies participating in the Teeter Plan and in exchange receives the right to keep the delinquent taxes, penalties, and interest.

The County reports the following proprietary enterprise funds:

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.

Waste Management 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

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

Fiduciary Fund Types The County has a total of 352 individual trust and agency funds for FY 2012-13. These trust and agency funds are used to account for assets held on behalf of outside parties or employees, including other governments. When these assets are held under the terms of a formal trust agreement, a private-purpose trust or pension trust fund is used. An investment trust fund is used for the portion of the County investment pool representing external pool participants. Agency funds are used to account for assets that the County holds on behalf of others as their agent.

The County reports the following trust and agency funds:

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. Beginning in FY 2011-12, the County accounts for the former redevelopment agency as a fiduciary component unit for the OCDA Redevelopment Successor Agency.

Investment Trust

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

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

Pension and Other Employee Benefits Trust The County reports six Pension and Other Employee Benefits Trust funds. These trust funds are used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit and defined contribution pension and postemployment benefit plans.

Agency Funds These funds are generally used to account for assets that the County holds on behalf of others as their agent in a purely custodial capacity, such as the receipt, temporary investments, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, assets reported in the agency funds are offset by a liability for resources held on behalf of others.

C. Measurement Focus and Basis of Accounting

Governmental-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental-Wide Financial Statements (Continued)

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

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

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

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

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

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 revenue. Once the grant reimbursement is received, revenue and cash are recorded, and the receivable and deferred revenue are eliminated. Receipts that have not met all of the earning requirements are reported as unearned revenue. As of June 30, 2013, the County reported $227,894 of deferred revenue, and $41,125 of unearned revenue, in the governmental funds' Balance Sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental-Wide Financial Statements (Continued)

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

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

Proprietary Fund Financial Statements

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds are used to account for business-type activities, which are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

There are two types of proprietary funds:

- *Enterprise Funds*
- *Internal Service Funds*

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

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

Fiduciary Fund Financial Statements

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

D. Budget Adoption and Revision

No later than October 2nd of each year, after conducting public hearings concerning the recommended budget, the Board adopts a budget in accordance with Government Code Sections 29000-29144 and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

30200. The County publishes the results of this initial budgeting process in a separate report, the "Adopted Budget," which specifies all accounts established within each fund/department/budget control (a collection of account numbers necessary to fund a certain division or set of goal-related activities).

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

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

- *Roads*
- *Flood Control District*
- *Other Public Protection*

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

- Under the budgetary basis, investment income is recognized on an amortized cost basis. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pool",* all investment income, including changes in fair value (gains/losses) of investments, are recognized as interest revenue.
- Under the budgetary basis, redirected investment income is recognized as investment income in the recipient fund. In accordance with GASB Statement No. 31, investment income assigned to another fund due to management decision is recognized in the fund that reports the investment and reported as a transfer to the recipient fund in the GAAP financial statements.
- Under the budgetary basis, revenues are recorded when earned. For GAAP basis, in accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," it states that all nonexchange transactions, such as government-mandated nonexchange transactions and voluntary nonexchange transactions, can be accrued only if they are measurable and "available." "Available" has been defined by GASB Statement No. 33 as "collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period." The County has established the availability period as 60 days after the end of the fiscal year or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

August 31. 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 defer revenue for transactions that are not collected.

- GASB Statement No. 34, *“Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,”* states, “fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government’s own programs.” For the GAAP financial statements, an adjustment to record public purpose trust monies as revenue in the benefitting funds is recorded for funds which continue to be accounted for as fiduciary funds on a budgetary basis but no longer meet the definition of a fiduciary fund.
- Under the budgetary basis, intrafund transfers are recognized as other financing sources (uses). For the GAAP financial statements, intrafund transfers are eliminated to minimize the “grossing-up” of interfund transfers.
- The County reclassified to the General Fund all the activities of certain special revenue funds, which no longer meet the definition of a special revenue fund in accordance with GASB Statement No. 54, *“Fund Balance Reporting and Governmental Fund Type Definitions”* (GASB Statement No. 54).
- For budgetary purposes, the loan from Waste Management to the General Fund was recognized as other financing sources (uses). In accordance with GASB Statement No. 34, an adjustment to record the interfund loan as an interfund receivable in the lender fund and interfund payable in the borrower fund was recorded for the GAAP financial statements.
- Under the budgetary basis, interfund reimbursements or repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are recorded as revenues in the payer fund. In accordance with GASB Statement No. 34, an adjustment to eliminate interfund reimbursements is recorded for the GAAP financial statements.
- In accordance with GAAP, the County has established guidelines for recording accruals for incurred expenditures for which outflows of cash or other assets will not occur until after the end of each fiscal year. In order to reasonably ensure that accruals for current fiscal year transactions are materially accurate, the County performs a look-back analysis to identify and adjust expenditure accruals for the GAAP financial statements.
- The Health Care Agency’s (HCA) Low Income Health Program (LIHP) was effective November 1, 2010 and funded through a claiming process based on certified public expenditures. Due to a statewide administrative delay, the process for the County to submit the required claims to receive funding (revenue) was not implemented until late in FY 2011-12, at which time the final settlement for the previous FY was made in the amount of ($29,911) and was not recorded as an accrued expenditure in FY 2011-12. See Note 3, Prior Period Adjustments.
- Under the budgetary basis, bond proceeds are recognized as revenues. For the GAAP financial statements, these proceeds are reclassified as a liability for fee credits issued. A reclassification for the Foothill Circulation Phasing Plan (FCPP) Road Fee Program was required.
- Bond Issuance Proceeds that were reported on the Budgetary Comparison Statement as revenues and other financing sources are reported as a fund level liability for GAAP financial statements.
- The County bills departments for their portion of the annual required contribution to Orange County Employees Retirement System (OCERS) and reports such billings as other revenues on a budgetary basis vs. applying these resources against the Prepaid Cost for GAAP reporting.
- The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For the GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet.

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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

Revenues and Other Financing Sources	General Fund	Roads	Flood Control District	Other Public Protection
Total Revenues and Other Financing Sources from the Budgetary Comparison Statements	$ 3,366,435	$ 65,348	$ 137,954	$ 56,174
Differences- budget to GAAP:				
Change in unrealized gain/(loss) on investment (Note 5)	(798)	(257)	(1,404)	87
GASB 31 adjustment to report redirected investment income as transfers (Note 5)	--	--	--	87
GASB 33 adjustment of revenue accruals for 60 day recognition period	4,196	3,557	(1,480)	377
GASB 34 adjustment to record Public Purpose Trust Fund's monies as revenue in benefitting fund	11,561	--	41	--
Adjustment to eliminate intrafund transfers	--	--	--	(1,150)
Adjustment of Foothill Circulation Phasing Plan (FCPP) Road Fee Program	--	(9,082)	--	--
Reclassification of loan repayment from OC Waste Management to General Fund	(3,918)	--	--	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(9,542)	(122)	(133)	--
Revenues and Other Financing Sources for non- budgeted funds are excluded in the Budgetary Comparison Statements	--	--	--	7,984
Certain budgeted special revenue funds do not meet the criteria for separate reporting and are reported within the General Fund in the GAAP financial statements	8	--	--	--
Bond Issuance Proceeds that were reported on the Budgetary Comparison Statement as revenues and other financing sources are reported as a fund level liability for GAAP financial statements	(270,000)	--	--	--
The County bills departments for their portion of the annual required contribution to Orange County Employees Retirement System (OCERS) and reports such billings as other revenues on a budgetary basis vs. applying these resources against the Prepaid Cost for GAAP reporting.	(232,049)	--	--	--
Total Revenues and Other Financing Sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	$ 2,865,893	$ 59,444	$ 134,978	$ 63,559

Expenditures/Encumbrances and Other Financing Uses	General Fund	Roads	Flood Control District	Other Public Protection
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements	$ 3,294,660	$ 80,816	$ 160,126	$ 44,350
Differences- budget to GAAP:				
GASB 31 adjustment to report redirected investment income as transfers (Note 5)	--	--	--	87
Adjustment of expenditure accruals for timing	(8,528)	(42)	108	--
Adjustment to eliminate intrafund transfers	--	--	--	(1,150)
Adjustment to HCA Low Income Health Program	(29,911)	--	--	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(9,541)	(122)	(133)	--
The prepaid pension costs were reported in the Budgetary Comparison Statement for the General Fund as an expenditure. For the GAAP financial statements, the prepaid pension costs were recorded as a Prepaid Cost on the General Fund Balance Sheet.	(502,010)	--	--	--
Expenditures/Encumbrances and Other Financing Uses for non- budgeted funds are excluded in the Budgetary Comparison Statements	--	--	--	772
Total Expenditures and Other Financing Uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	$ 2,744,670	$ 80,652	$ 160,101	$ 44,059

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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

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 of Supervisors (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 or committed; intent can be expressed by the governing body (Board) or by an official or body to which the governing body delegates authority (County Executive Officer (CEO), County Department Heads, and County Purchasing Agent). The County's budget development guidelines provide the policy that is used by all County departments to determine the designation of assigned fund balance. Assigned fund balance includes the aggregation of resources for capital projects, which are expected to develop in future periods and fund balance reserved for outstanding contractual obligations for which goods and services have not yet been received, approved by the Board for appropriation in FY 2012-13, 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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

	General Fund	Roads	Flood Control District	Other Public Protection	Teeter Plan Notes	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventory	$ 655	$ -	$ 316	$ 440	$ -	$ -	$ 1,411
Prepaid costs	260,291	3,737	4,110	1,277	-	8,866	278,281
Endowment	-	-	-	-	-	183	183
Long-Term Advances to Other Funds	2,500	-	-	-	-	-	2,500
Total Nonspendable Fund Balances	$ 263,446	$ 3,737	$ 4,426	$ 1,717	$ -	$ 9,049	$ 282,375
Restricted for:							
Court Operations	9,094	-	-	-	-	-	9,094
Tobacco and CHIP Programs	104	-	-	-	-	-	104
Public Safety Realignment	25,481	-	-	-	-	-	25,481
Civic Center Parking/Maintenance	-	-	-	-	-	691	691
Roads	-	47,300	-	-	-	-	47,300
Public Libraries	-	-	-	-	-	16,523	16,523
Flood Control District	-	-	358,443	-	-	-	358,443
OC Parks	-	-	-	-	-	82,058	82,058
Service Areas, Lighting, Maintenance and Assessment Districts	-	-	-	-	-	48,500	48,500
Other Environmental Management	-	-	-	-	-	2,060	2,060
Public Safety	-	-	-	143,086	-	-	143,086
Teeter Plan Notes	-	-	-	-	54,817	-	54,817
OC Dana Point Harbor Projects	-	-	-	-	-	54,337	54,337
Community and Welfare Services	-	-	-	-	-	33,469	33,469
Low and Moderate Income Housing Program	-	-	-	-	-	33,623	33,623
Health Care Programs	-	-	-	-	-	205,675	205,675
Bankruptcy Litigation	-	-	-	-	-	5,990	5,990
Bankruptcy Recovery	-	-	-	-	-	8,681	8,681
Tobacco Settlement Programs	-	-	-	-	-	22,904	22,904
Housing Programs	-	-	-	-	-	20,107	20,107
Technological and Capital Acquisitions/Improvements	-	-	-	-	-	1,238	1,238
Endowment	-	-	-	-	-	139	139
Public Facilities Corporation Bonds, Master Lease	-	-	-	-	-	3,566	3,566
Pension Obligation Bonds	-	-	-	-	-	158,968	158,968
South OC Public Financing Authority	-	-	-	-	-	3,741	3,741
Orange County Public Financing Authority	-	-	-	-	-	40,051	40,051
Capital Projects:							
Criminal Justice Facilities Improvement	-	-	-	-	-	11,589	11,589
Total Restricted Fund Balances	$ 34,679	$ 47,300	$ 358,443	$ 143,086	$ 54,817	$ 753,910	$ 1,392,235

	General Fund	Roads	Flood Control District	Other Public Protection	Teeter Plan Notes	Other Governmental Funds	Total Governmental Funds
Assigned to:							
General Services	8,645	-	-	-	-	-	8,645
Imprest Cash	1,864	-	-	-	-	-	1,864
Public Safety	21,014	-	-	-	-	-	21,014
Public Works	2,910	-	-	-	-	-	2,910
Health Care Programs	4,956	-	-	-	-	4,500	9,456
Watershed Programs	466	-	-	-	-	-	466
Social Services Programs	4,868	-	-	-	-	-	4,868
Community Resources Programs	707	-	-	-	-	-	707
Debt Service	5,339	-	-	-	-	-	5,339
Capital Projects:							
Property Tax Software Development	731	-	-	-	-	-	731
Computer Upgrade	2,200	-	-	-	-	-	2,200
Los Pinos Land Acquisition	445	-	-	-	-	-	445
Criminal Justice Facilities	5,000	-	-	-	-	-	5,000
Central Utilities Facility	604	-	-	-	-	-	604
Animal Care Facility	4,067	-	-	-	-	-	4,067
Other Projects	4,341	-	-	-	-	-	4,341
Parking Facilities	-	-	-	-	-	492	492
OC Parks	-	-	-	-	-	11,866	11,866
Real Estate Development Programs	-	-	-	-	-	752	752
Community and Welfare Services	-	-	-	-	-	47,937	47,937
Deferred Compensation Reimbursement	-	-	-	-	-	9	9
Total Assigned Fund Balances	$ 68,157	$ -	$ -	$ -	$ -	$ 65,556	$ 133,713
Unassigned	78,264	-	-	-	-	-	78,264
Total Unassigned Fund Balances	$ 78,264	$ -	$ -	$ -	$ -	$ -	$ 78,264
Total Fund Balances	$ 444,546	$ 51,037	$ 362,869	$ 144,803	$ 54,817	$ 828,515	$ 1,886,587

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

Annually, the Board adopts a five-year Strategic Financial Plan (SFP). The County of Orange 2013 Strategic Financial Plan includes a policy for Fund Balance Available (FBA) that eliminates FBA 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 FBA are to be added to Strategic Reserves, consistent with the Board policy, and necessary to improve cash position.

F. Deposits and Investments

The County maintains two cash and investment pools: the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP), the latter of which is utilized exclusively by the County's public school and community college districts. These pools are maintained for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. In addition, the County maintains certain other non-pooled specific investments.

The County has stated required investments at fair value in the accompanying financial statements. Management contracts with outside services to provide pricing for the fair value of investments in the portfolio.

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 medium-term notes, mutual funds, investment agreements, repurchase agreements, and U.S. Government securities. Short-term debt investments are reported at amortized cost, while long-term investments, such as U.S. Government securities are stated at fair value. The trustee uses an independent service to value those securities, which are based on quoted market prices and stated at fair value.

The Pools value participants' shares using an amortized cost basis. Specifically, the Pools distribute income to participants based on their relative participation during the period. Income is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and reduced by (4) investment and administrative expenses. This method differs from the fair value method used to value investments in this statement because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the Pools' investments. The total difference between the fair values of the investments in the Pools and the values distributed to pool participants using the amortized cost method described above is reported in the equity section of the condensed statement of net position of the County Pool (see Note 5, Deposits and Investments) as undistributed and unrealized gains.

The investments in the Retiree Medical Defined Benefit Trust are managed by the Orange County Employees Retirement System (OCERS) and are reported at fair value. Refer to Note 19, Retirement Plans, to obtain OCERS stand-alone annual financial statements.

G. Inventory of Materials and Supplies

Inventories consist of expendable materials and supplies held for consumption. Inventories are valued at cost, which is determined on a moving weighted average basis. Applicable fund balances are nonspendable for amounts equal to the inventories on hand at the end of the fiscal year, as these amounts are not available for appropriation and expenditure. The costs of inventory items are recorded as expenditures/expenses when issued to user departments/agencies.

H. Prepaid Costs

The County pays for certain types of services in advance, such as pension costs and rents, and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Costs (Continued)

recognizes these costs in the period during which services are provided. Prepaid costs in the fund financial statements includes $278,281 for governmental funds and $10,314 for proprietary funds, which primarily consist of the FY 2013-14 Annual Required Contribution pre-payment of $286,970. Prepaid costs in the enterprise funds also include insurance of $98 for John Wayne Airport and a deferred charge of $786 reported for OC Waste and Recycling, representing the agreement with the City of Irvine to prepay community amenities and transportation improvement costs associated with operating the Frank R. Bowerman Landfill for the period of 2008 through 2014. In accordance with GASB Statement No. 54, fund balances are classified as nonspendable for amounts equal to the prepaid cost at the end of the fiscal year in the governmental funds.

Prepaid costs in the government-wide financial statements also include the prepaid costs reported in the fund financial statements, as well as the County's Investment Account with OCERS for future pension costs of $105,900 (see Note 19 for additional information regarding this pension investment asset for the OCERS Pension Plan).

I. Land and Improvements Held for Resale

These assets, held by the County's Community & Welfare Services fund and the OCDA Redevelopment Successor Agency, are valued at the lower of cost or estimated net realizable value.

J. Capital Assets

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

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

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

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

(Dollar Amounts in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

Structures and Improvements	10 to 50 years
Equipment	2 to 20 years
Intangibles:	
Computer Software	3 to 12 years
Land Use Rights	3 years
Infrastructure:	
Flood Channels	20 to 99 years
Roads	10 to 20 years
Bridges	50 years
Trails	20 years
Traffic Signals	15 to 20 years
Harbors	20 to 50 years
Airport – Runways, Taxis, and Aprons	15 to 45 years
Waste Management – Cell Development, Drainage Channels, Facility Improvements, Habitat, Landfill Gas/Environmental, Closure/Other Earthwork	3 to 71 years

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

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

K. Self-Insurance

The County is self-insured for general and automobile liability and workers' compensation claims, 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, community redevelopment successor agencies, independently governed special districts (not governed by the Board), special districts governed by the Board, and the County General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes (Continued)

Property taxes receivables are recorded as of the date levied in property tax unapportioned funds, which are classified as agency funds. When collected, the property taxes are deposited into the County Treasury in the property tax unapportioned funds, where they are held in the unapportioned taxes liability accounts pending periodic apportionment to the taxing agencies. The property tax unapportioned funds are included in the agency funds category of the County's fund financial statements because the unapportioned taxes are collected and held on behalf of other governmental agencies.

Property tax collections are apportioned (disbursed) to the tax-receiving agencies periodically from the tax unapportioned funds based on various factors including statutory requirements, materiality of collections received, tax delinquency dates, the type of property tax roll unapportioned fund (secured, unsecured, supplemental, delinquent secured, delinquent unsecured, delinquent supplemental, homeowners' property tax subvention, or state-assessed properties), and cash flow needs of the tax-receiving agencies.

Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due within the fiscal year and collected within 60 days after the fiscal year-end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year-end, and are collected within 60 days after the fiscal year-end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule. The County's portion of the unapportioned taxes at June 30, 2013 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 revenue in the fund-level financial statements, and recognized as revenue in the government-wide financial statements. The County uses the direct write-off method to recognize uncollectible taxes receivable.

The County maintains records of disputed property taxes, such as those properties for which the values have been appealed to the local Assessment Appeals Boards. Upon final disposition of the appeals and disputes, the amounts are either refunded to taxpayers or the tax bills are corrected. As of June 30, 2013, tax refunds and assessed value tax roll corrections resulting from property tax appeals and other disputes represented approximately 1.53% of the combined beginning secured and unsecured property tax roll charge.

The following are significant dates on the property tax calendar:

	California Revenue & Taxation Code Section
Supplemental assessments are effective on the 1st day of the month following the new construction or ownership change.	75.41
Property tax lien date is January 1.	2192
Unsecured taxes on the roll as of July 31 are delinquent August 31.	2922
Assessor delivers roll to Auditor-Controller July 1.	616, 617
Tax roll is delivered to the 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

(Dollar Amounts in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes (Continued)

Secured tax delinquent dates (last day to pay without a 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

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. Statement of Cash Flows

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

O. Indirect Costs

County indirect costs are allocated to benefiting departments in the "Indirect Expenses Allocation" column of the government-wide Statement of Activities. Allocated costs are from the County's FY 2012-13 County-Wide Cost Allocation Plan (CWCAP), which was prepared in accordance with the Code of Federal Regulation, Title 2, Part 225. The County has elected to allocate indirect costs to departments within the General Fund that are not charged through CWCAP in order to match the reimbursement of indirect costs recorded as program revenues to the same function that the related expense is recorded in.

P. Effects of New Pronouncements

The following lists recent GASB pronouncements implemented or are effective in FY 2012-13:

In November 2010, GASB issued Statement No. 60, *"Accounting and Financial Reporting for Service Concession Arrangements."* This statement addresses issues related to service concession arrangements (SCA), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which 1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and 2) the operator collects and is compensated by fees from third parties. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011, which requires the County to implement this statement in FY 2012-13. Currently, the County is not involved in these arrangements.

In November 2010, GASB issued Statement No. 61, *"The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34."* This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2012, which requires the County to implement this statement in FY 2012-13.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Effects of New Pronouncements (Continued)

In December 2010, GASB issued Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."* The objective of this statement is to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. The requirements of this statement are effective for periods beginning after December 15, 2011, which requires the County to implement this statement in FY 2012-13.

In June 2011, GASB issued Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. In addition, this statement amends the net asset reporting requirements in Statement No. 34, "*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments",* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming the measure as net position, rather than net assets. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011, which requires the County to implement this statement in FY 2012-13.

The following summarizes recent GASB Pronouncements and their impact, if any, on future financial statements:

In March 2012, GASB issued Statement No. 65, *"Items Previously Reported as Assets and Liabilities."* This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012, which requires the County to implement this statement in FY 2013-14.

In March 2012, GASB issued Statement No. 66, *"Technical Corrections—2012—An Amendment of GASB Statements No. 10 and No. 62."* This statement amends Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012, which requires the County to implement this statement in FY 2013-14.

In June 2012, GASB issued Statement No. 67, *"Financial Reporting for Pension Plans—An Amendment of GASB Statement No. 25",* which results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statements No. 25, *"Financial Reporting for*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Effects of New Pronouncements (Continued)

Defined Benefit Pension Plans," and No. 50, *"Pension Disclosures,"* as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This statement enhances note disclosures and required supplemental information (RSI) for both defined benefit and defined contribution pension plans. It also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013, which requires the County to implement this statement in FY 2013-14.

In June 2012, GASB issued Statement No. 68, *"Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*", which also results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, "*Accounting for Pensions by State and Local Governmental Employers,"* as well as the requirements of Statement No. 50, "*Pension Disclosures,*" as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. It also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014, which requires the County to implement this statement in FY 2014-15.

In January 2013, GASB issued Statement No. 69, *"Government Combinations and Disposals of Government Operations.*" This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013, which requires the County to implement this statement in FY 2014-15.

In April 2013, GASB issued Statement No. 70, *"Accounting and Financial Reporting for Nonexchange Financial Guarantees.*" This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013, which requires the County to implement this statement in FY 2013-14.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Effects of New Pronouncements (Continued)

statements for periods beginning after June 15, 2014, which requires the County to implement this statement in FY 2014-15.

Q. 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.

R. 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.

Government-Wide Statement of Net Position Line Item	***Corresponding Governmental and Proprietary Fund Balance Sheet or Statement of Net Position Line Item***
Cash and Cash Equivalents	Pooled Cash/Investments; Cash Equivalents/Specific Investments; Imprest Cash Funds; and Cash/Cash Equivalents
Restricted Cash and Cash Equivalents	Restricted Cash and Investments with Trustee; Restricted Pooled Cash/Investments; and Restricted Pooled Cash/Investments – Closure and Postclosure Care Costs
Prepaid Costs	Prepaid Costs and Bond Issuance 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; Software and Accumulated Amortization; and Infrastructure and Accumulated Depreciation

2. EXTRAORDINARY ITEMS

Extraordinary items are significant transactions or other events that are both unusual in nature and infrequent in occurrence. They are reported in a separate category in the government-wide Statement of Activities, governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Changes in Fiduciary Net Position. On February 1, 2012, redevelopment agencies in the state of California were eliminated by ABX1 26 (The Dissolution Act). As part of the final dissolution process, the County reports the following extraordinary items for the year ended June 30, 2013:

- On July 25, 2012, the City of Seal Beach elected to have Orange County Housing Authority (OCHA) as its Housing Successor Agency and adopted Resolution No OB12-05 authorizing the transfer of all assets, rights, powers, duties and obligations relating to the housing functions of the Redevelopment Agency (RDA). Subsequently, pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the County

(Dollar Amounts in Thousands)

2. EXTRAORDINARY ITEMS (Continued)

submitted a Housing Asset Transfer List to the State Department of Finance (DOF) on August 1, 2012, which contained various Notes Receivable for Low and Moderate Income Housing Home Improvement outstanding loans. On September 11, 2012, the DOF expressed they had no objections to any of the assets submitted for their review. After receipt of the actual promissory notes, a total of $1,800 has been recorded as an extraordinary gain.

- On October 4, 2011, the Board approved the use of $2,301 in former Orange County Development Agency (OCDA) funds for the purchase of 100 acres from Saddleback Vineyards 100, L.L.C. The purpose of the purchase was to enhance recreational opportunities for County residents through the creation of permanent trail access to the Cleveland National Forest. Subsequently, the State eliminated redevelopment agencies (including OCDA) and required the “Successor Agencies” to submit to the DOF a “Due Diligence Review” of the amount of cash and cash equivalents available for distribution to the affected taxing entities. On April 1, 2013, the County received a letter from the DOF directing the Successor Agency to recover the $2,301 associated with the Saddleback Vineyards purchase for remittance to the affected taxing entities. To comply with the DOF directive, OC Parks transferred $2,301 to the OCDA Redevelopment Successor Agency and recorded an extraordinary gain. To comply with HSC section 34179.6 (f), the County Successor Agency transmitted the $2,301 to the County Auditor-Controller on July 1, 2013 to apportion out to the various County taxing entities.

3. PRIOR PERIOD ADJUSTMENTS

Low Income Health Program

The Health Care Agency’s (HCA) Low Income Health Program (LIHP) was effective November 1, 2010 and funded through a claiming process based on certified public expenditures. Due to a statewide administrative delay, the process for the County to submit the required claims to receive funding (revenue) was not implemented until late in FY 2011-12, at which time the final settlement for the previous FY was made in the amount of ($29,911) and was not recorded as an accrued expenditure in FY 2011-12. LIHP revenue of $14,855 for FY 2011-12 provider reimbursements was accrued in FY 2012-13, when HCA submitted the final settlement claim to the State.

A prior period adjustment is needed in order to properly accrue this expenditure in FY 2011-12. The correction of this misstatement results in the following restatement to fund balance in the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds:

	General Fund
Fund Balance - Beginning of the Year	$ 353,234
Prior Period Adjustment	(29,911)
Fund Balance - End of the Year	$ 323,323

Additionally, a prior period adjustment is needed in order to properly accrue revenue earned but not collected within 60 days after the end of FY 2011-12. Refer to Note 1, Summary of Significant Accounting Policies for further details regarding the County’s GASB 33 policy. The correction of this misstatement results in an adjustment of $14,855 to net position at June 30, 2012.

Interest Accretion on Capital Appreciation Bonds (CABs)

In prior years, accreted interest expense for the County’s CABs had been recognized without taking into consideration the payments that had been made towards reducing the accreted interest expense and related liability. Consequently, the cumulative effect of the change on prior periods increased the beginning net position in the Governmental Activities by $57,669. Refer to Note 12, Long-Term Obligations, for further information regarding this restatement.

3. PRIOR PERIOD ADJUSTMENTS (Continued)

Capital Assets

The Governmental Activities total capital assets and net position at June 30, 2012, were adjusted by ($15,457) for the following:

- The Central Justice Center (building and land) was transferred to the State effective June 28, 2012 (FY 2011-12), the date the Certificate of Acceptance was signed by the State. The transfer was originally recorded effective July 13, 2012 (FY 2012-13), the date the Grant Deed was recorded. A prior period adjustment to beginning net position of ($41,706) is required to properly record the transfer in FY 2011-12 and adjust accumulated depreciation.

- Certain costs previously reported in Construction in Progress were for assets not owned by the County or did not improve assets owned by the County. The majority of these costs are related to infrastructure that belonged to another entity, such as a city or the state, at project completion. A prior period adjustment to beginning net position of ($37,153) is required to properly adjust these project costs.

- Certain costs were expensed in prior years (such as salaries and professional services) that relate to capital projects and should have been capitalized. Also, certain capital assets were completed or donated prior to FY 2012-13, but the project costs were not transferred to a depreciable category prior to FY 2012-13. A net prior period adjustment to beginning net position of $59,229 is required to properly recognize the capital assets and related accumulated depreciation for those projects completed or donated in prior fiscal years.

- Certain costs not previously reported in Intangible in Progress were for project costs incurred in FY 2011-12. A prior period adjustment to beginning net position of $4,173 is required to properly record these costs.

Refer to Note 6, Changes in Capital Assets, for additional information regarding this restatement.

Santa Ana River Mainstem Project (SARMP) Claim Revenue Recognition

In prior years, revenue related to the SARMP was recorded when claims were approved, not when eligible expenses were incurred. As a result, it is required to record revenue related to eligible expenses incurred, but not claimed, as of FY 2011-12 in the amount of $31,937. Additionally, revenue recognition in prior years did not include retention amounts held by the state. These amounts are released when an audit of the claims is concluded, but are considered earned. An entry is needed to record retention amounts for all claims approved as of FY 2011-12 for $8,020. Refer to Note 16, Construction and Other Significant Commitments and Contingencies for further information regarding the SARMP.

CalOptima

The net position for the County's newly presented discrete component unit, CalOptima, was restated by $156,855 at June 30, 2012. The restatement is required as CalOptima is a legally separate entity that is financially accountable to the County Board. In addition, the Board appoints a majority of the voting members, and it can impose its will on those appointed members, thus meeting the criteria of a discretely presented component unit per the requirements of GASB No. 14, "*The Financial Reporting Entity*," and GASB No. 61, "*The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No.14 and No.34.*"

(Dollar Amounts in Thousands)

3. PRIOR PERIOD ADJUSTMENTS (Continued)

The correction of the aforementioned misstatements results in the following restatement to net position at June 30, 2012 in the Government-Wide Statement of Net Position:

	Governmental Activities	Proprietary Component Unit CalOptima
Net Position at June 30, 2012	$ 3,927,908	$ -
Prior Period Adjustments:		
LIHP Accrued Expense	(29,911)	-
LIHP Accrued Revenue	14,855	
Interest Accretion on CABs	57,669	-
Capital Assets	(15,457)	-
SARMP	39,957	-
CalOptima	-	156,855
Total Prior Period Adjustments	67,113	156,855
Net Position at June 30, 2012, as Restated	$ 3,995,021	$ 156,855

4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

The Workers' Compensation Internal Service Fund (ISF) and the Property and Casualty Risk ISF reported deficit net position balances of $77,298 and $28,536, respectively. The deficits result from the amount calculated in the annual actuarial study which includes case reserves, development of known claims, incurred but not reported claims, allocated and unallocated loss adjustment expenses, and a discount for anticipated investment income. The deficit for the Workers' Compensation ISF increased by $10,768 from the previous fiscal year due to an increase in the actuarial determined liability amount and an increase in case reserves. The deficit for the Property and Casualty Risk ISF increased by $911 from the previous fiscal year due to higher claim payments. Charges to County departments have not provided sufficient cash flows to entirely fund the deficits in these ISFs. The County will continue to review charges to departments and manage the funding status of the Workers' Compensation Program and the Property and Casualty Risk Program.

Violations of Legal or Contractual Provisions

As part of required due diligence related to the upcoming issuance of refunding bonds for certain Community Facilities Districts, the County engaged a consultant to do a five year look back of continuing disclosure compliance for all County bond debt. The only significant non-compliance item identified was zero filings for the 1996 and 1997 Pension Obligations Bonds (POBs). The County's prior understanding of the requirements was that because the POBs were economically defeased, continuing disclosure filing was not required. However, this fiscal year, the County determined that interpretation was not in compliance with the requirements. The County's CAFR for the last five years have since been uploaded for the 1996 and 1997 POBs so that the County is now in compliance. The County is working to strengthen its continuing disclosure compliance procedures and also plans to engage a consultant to identify areas where internal controls over continuing disclosure compliance can be improved.

5. DEPOSITS AND INVESTMENTS

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

The Treasurer further invests pooled funds from the OCIP and OCEIP into three funds, the Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF) and the Extended Fund. On February 13, 2013, Standard & Poor's (S&P) reaffirmed an AAA Principal Stability Fund Rating (AAAm) for the OCMMF and the OCEMMF. The two money market funds are required to maintain a Net Asset Value (NAV) of between $0.995 and $1.005 to maintain a AAAm rating. Neither the Money Market nor the Extended Fund has any legally binding guarantees of share values.

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

Pursuant to Sections 27130-27137 of the CGC, 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 two public members.

The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested, with secondary emphasis on providing adequate liquidity to Pool Participants. The last goal is to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

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

Investments with the Treasurer totaled $6,457,106 as of June 30, 2013, consisting of: $3,096,729 for the OCIP, $3,309,453 for the OCEIP and $50,924 for Specific Investments.

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 Superintendent of Banks. Collateral is required for demand deposits at 110% of all deposits not covered by federal depository insurance (FDIC) if obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of the County. Obligations pledged to secure deposits must be

(Dollar Amounts in Thousands)

5. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them.

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

FDIC is provided for interest-bearing funds deposited at any one financial institution up to a maximum of $250. In addition, from July 1, 2012 through December 31, 2012, the FDIC insurance provided unlimited coverage for noninterest-bearing transaction accounts in accordance with Section 343 of the Dodd-Frank Act.

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

Total County deposits and investments at fair value as of June 30, 2013, are reported as follows:

Deposits:		
Imprest Cash	$	2,127
Deposits - Timing Difference		(108,039)
Total Deposits and Timing Differences		(105,912)
Investments:		
With Treasurer		6,457,106
With Trustee		377,615
With External Orange County Retirement System (OCERS)		147,244
With State's Local Agency Investment Fund (LAIF)		5,075
Total Investments		6,987,040
Total Deposits and Investments	$	6,881,128

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

Governmental Funds	$	1,799,422
Component Unit - OCCFC		69,296
Fiduciary Funds		4,119,345
Proprietary Funds		893,065
Total Deposits and Investments	$	6,881,128

B. Investments

The CGC Section 53601, 53635, Board ordinances and resolutions, the County's IPS, the bond indenture documents, trust agreements, and other contractual agreements govern the investments that may be purchased and may include certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality, and timing to minimize the risk of loss. The IPS adds further restrictions to permitted investments from the CGC. As of June 30, 2013, the Treasurer was in full compliance with the more restrictive IPS and therefore, was also in compliance with CGC. The following table provides a summary listing of the authorized investments as of June 30, 2013.

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Type of Investment	CGC % of Funds Permitted	Orange County IPS (%)	CGC Maximum Final Maturity	Orange County IPS Maximum Final Maturity (Long-Term-Extended Fund)	Orange County IPS Maximum Final Maturity (Short-Term – Money Market Fund)
U.S. Treasury Securities	100%	100%	5 Years	5 Years	397 Days
U.S. Government Agency Securities	100%	100% total, no more than 30% in one issuer	5 Years	5 Years	397 Days
Municipal Debt	100%	30% total, no more than 5% in one issuer except 10%- County of Orange	5 Years	5 Years	397 Days
Medium-Term Notes	30%	30% total, no more than 5% in one issuer	5 Years	5 Years	397 Days
Bankers Acceptances	40%, 30% of a single issuer	40% total, no more than 5% in one issuer	180 Days	180 Days	180 Days
Commercial Paper	40%, 10% of a single issuer	40% total, no more than 5% in one issuer	270 Days	270 Days	270 Days
Negotiable Certificates of Deposit	30%	30% total, no more than 5% in one issuer	5 Years	5 Years	397 Days
Repurchase Agreements	100%	20% total, no more than 10% in one issuer	1 Year	1 Year	1 Year
Investment Pools/Money Market Mutual Funds	20%, 10% in a single fund	20% total, no more than 10% in one fund	N/A	N/A	N/A

The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC, structured notes, structured investment vehicles, and derivatives. All investments must be United States dollar denominated. No investment may be purchased from an issuer that has been placed on credit 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” by S&P, Fitch or Moody’s.

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

Unless otherwise required in a trust agreement or other financing document, assessment districts and public school and community college districts are required by legal provisions to deposit their funds with the County Treasurer. The OCEIP consists entirely of public school and community college districts’ funds and therefore includes 100% involuntary participants. At June 30, 2013, the OCIP includes approximately 11.06% of involuntary participant deposits including funds for the Superior Court, certain assessment districts, redevelopment property tax trust funds, and certain bond related funds for public school districts.

(Dollar Amounts in Thousands)

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investment Disclosures

The following table presents a summary of the County's investments and the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2013 (NR means Not Rated).

With Treasurer:	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
County Investment Pool (2)							
U.S. Government Agencies							
FNMA Discount Notes	$ 178,784	$ 178,835	0.05 - 0.16%	7/1/13 - 10/25/13	0.193	A-1	5.78%
FNMA Bonds	514,841	515,172	0.06 - 1.31%	7/17/13 - 4/11/18	2.241	AA	16.63%
FFCB Bonds	496,890	496,960	0.10 - 0.59%	7/26/13 - 11/16/15	0.520	AA	16.05%
FHLB Discount Notes	161,750	161,758	0.05 - 0.15%	7/3/13 - 9/13/13	0.066	A-1	5.22%
FHLB Bonds	483,129	482,112	0.10 - 0.85%	7/1/13 - 5/22/18	1.221	AA	15.60%
FHLMC Discount Notes	198,914	198,950	0.05 - 0.10%	7/8/13 - 10/21/13	0.135	A-1	6.42%
FHLMC Bonds	538,053	537,809	0.09 - 0.80%	9/3/13 - 6/29/17	1.496	AA	17.38%
Negotiable Certificates of Deposit	88,969	89,000	0.13 - 0.24%	7/19/13 - 6/19/14	0.035	A-1	2.87%
Medium-Term Corporate Notes							
Corporate Notes	100,670	99,116	0.23 - 2.16%	8/15/13 - 6/24/16	1.222	AA	3.25%
Corporate Notes	40,296	38,829	0.24 - 0.65%	5/15/14 - 5/15/16	2.852	AAA	1.30%
Municipal Debt	55,511	55,471	1.55%	08/15/13	0.126	A	1.79%
U.S. Treasuries	114,967	114,870	0.16 - 0.44%	7/1/13 - 9/15/15	0.825	AA	3.71%
Money Market Mutual Funds	123,955	123,955	0.01 - 0.05%	7/20/13 - 8/22/13	0.055	AAA	4.00%
	$ 3,096,729	**$ 3,092,837**			**1.043** (6)		**100.00%**
Educational Investment Pool (2)							
U.S. Government Agencies							
FNMA Discount Notes	$ 257,709	$ 257,738	0.06 - 0.09%	7/1/13 - 9/25/13	0.104	A-1	7.79%
FNMA Bonds	511,762	511,366	0.05 - 1.31%	7/17/13 - 4/11/18	1.862	AA	15.46%
FFCB Bonds	487,910	487,960	0.07 - 0.59%	7/2/13 - 11/16/15	0.438	AA	14.74%
FHLB Discount Notes	259,390	259,400	0.05 - 0.09%	7/3/13 - 9/11/13	0.111	A-1	7.84%
FHLB Bonds	488,817	487,933	0.08 - 0.85%	7/1/13 - 5/22/18	1.024	AA	14.77%
FHLMC Discount Notes	207,489	207,502	0.05 - 0.12%	7/8/13 - 11/12/13	0.096	A-1	6.27%
FHLMC Bonds	473,457	473,098	0.06 - 0.80%	7/15/13 - 6/29/17	1.380	AA	14.31%
Negotiable Certificates of Deposit	88,888	88,900	0.24 - 0.40%	7/26/13 - 6/17/14	0.047	A-1	2.68%
Medium-Term Corporate Notes							
Corporate Notes	136,356	134,621	0.20 - 2.16%	9/27/13 - 6/24/16	0.974	AA	4.12%
Corporate Notes	45,008	43,724	0.23 - 0.65%	5/15/14 - 5/15/16	2.295	AAA	1.36%
Municipal Debt	44,562	44,529	1.55%	08/15/13	0.126	A	1.35%
U.S. Treasuries	118,364	118,130	0.06 - 0.44%	8/15/13 - 9/15/15	0.579	AA	3.58%
Money Market Mutual Funds	189,741	189,741	0.01 - 0.05%	7/20/13 - 8/22/13	0.055	AAA	5.73%
	$ 3,309,453	**$ 3,304,642**			**0.822** (6)		**100.00%**

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

With Treasurer:	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
Specific Investments (2)							
U.S. Government Agencies							
FNMA Bonds	$ 10,432	$ 10,397	0.07 - 0.25%	7/12/13 - 3/4/14	0.089	AA	20.49%
FFCB Bonds	9,070	9,045	0.09 - 0.24%	7/22/13 - 3/11/14	0.106	AA	17.81%
FHLB Bonds	11,247	11,225	0.10 - 0.19%	7/12/13 - 12/18/13	0.084	AA	22.09%
FHLMC Bonds	6,106	6,073	0.07 - 0.39%	7/15/13 - 11/15/13	0.124	AA	11.99%
GNMA Bonds	123	111	6.25%	09/20/29	16.236	AA	0.24%
Negotiable Certificates of Deposit	3,999	4,000	0.23 - 0.30%	8/13/13 - 6/24/14	0.104	A-1	7.85%
Medium-Term Corporate Notes							
Corporate Notes	5,224	5,200	0.21 - 0.28%	8/15/13 - 6/1/14	0.266	AA	10.26%
Corporate Notes	2,017	2,000	0.21 - 0.24%	9/27/13 - 5/15/14	0.874	AAA	3.96%
Repurchase Agreements	1,082	1,082	6.20%	08/15/19	6.129	AA	2.12%
Money Market Mutual Funds	1,624	1,624	0.01 - 0.05%	7/20/13 - 8/22/13	0.055	AAA	3.19%
	$ 50,924	**$ 50,757**			**0.311** (6)		**100.00%**
With Trustees:							
Restricted Investments with Trustees (2)							
U.S. Government Agencies							
FNMA Zero Coupon Bonds	$ 158,751	$ 82,821	0.00%	09/01/13-09/01/21	4.190	AA	42.04%
FNMA Discount Notes	7,413	7,205	0.00%	11/29/13	0.020	A-1	1.96%
Commercial Paper	3,737	3,734	0.00%	08/07/13	0.100	A-1	0.99%
U.S. Treasuries	16,864	16,301	0.25-9.00%	10/31/13-11/15/18	1.790	AA	4.47%
U.S. Treasury Strips	335	54	0.00%	11/15/18	5.380	AAA	0.09%
Guaranteed Investment Contracts	25,293	25,293	Variable	07/01/13-01/17/17	2.230	NR	6.70%
Money Market Deposit Accounts	12,811	12,811	Variable	07/01/13	0.003	NR	3.39%
Money Market Mutual Funds							
Money Market Mutual Funds (3)	84,864	84,864	Variable	07/01/13	0.002	AAA	22.47%
Money Market Mutual Funds	60,630	60,630	Variable	07/01/13	0.001	NR	16.06%
Stable Value Fund	6,917	6,917	Variable	07/01/13	0.003	NR	1.83%
	$ 377,615	**$ 300,630**			**1.998** (6)		**100.00%**
With External Orange County Retirement System (OCERS):							
Restricted Investments (4)	**$ 147,244**						
With State's Local Agency Investment Fund (LAIF):							
Restricted Investment (5)	**$ 5,075**				**0.762** (6)		

(1) The County obtains credit ratings from S&P, Moody's, and Fitch. The ratings indicative of the greatest degree of risk have been disclosed.
(2) Legend:
FFCB-Federal Farm Credit Bank
FNMA-Federal National Mortgage Association
FHLB-Federal Home Loan Bank
FHLMC- Federal Home Loan Mortgage Corporation
GNMA- Government National Mortgage Association
(3) Amount includes Orange County Development Agency's (OCDA) former assets that were transferred to the Successor Agency.
(4) The Retiree Medical Trust Reports $147,244 of restricted investments with OCERS. Refer to Note 19 on obtaining OCERS Financial Statements. For more information regarding investments with OCERS, refer to their most recently issued financial statements available at http://www.ocers.org/finance/finance.htm.
(5) The Law Library fund reports $5,075 of restricted investments with LAIF. For more information regarding investments with LAIF, refer to the California State Treasurer's web site at http://www.treasurer.ca.gov/pmia-laif.
(6) Portfolio weighted average maturity.

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Temporary Transfers to Orange County School Districts

In February and April 2013, the Treasurer received requests from eight Orange County school districts to make temporary transfers as required by state law and authorized by the Board's Resolution 11-195. The resolution authorizes the Treasurer to make temporary transfers to school districts to address their short-term cash flow needs. The loans are secured by tax receipts to be received by the Treasurer as the banker for the school districts and will be repaid no later than August 31, 2013. At June 30, 2013, the outstanding temporary transfers from the OCEIP totaled $183,700 and the related receivable and payable have been offset for financial reporting purposes.

Interest Rate Risk - Investments

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

The OCIP funds of $3,096,729 and the OCEIP funds of $3,309,453 portfolio at June 30, 2013, have over 43.69% and 56.12%, respectively, of the investments maturing in six months or less, 50.65% and 39.63% respectively, maturing between six months and three years and 5.66% and 4.25% respectively, maturing from three to five years.

As of June 30, 2013, variable-rate notes comprised 13% and 14% of the OCIP and OCEIP, respectively. The notes are tied to the Federal Funds rate, 90-day Treasury Bill rate, one-month and three-month London Interbank Offered Rate (LIBOR) with daily, weekly, monthly and quarterly coupon resets. The fair value of variable-rate securities is generally less susceptible to changes in value because the variable-rate coupon resets back to the market rate on a periodic basis. Effectively, at each reset date, a variable-rate investment reprices back to par value, eliminating interest rate risk at each periodic reset. For purposes of computing WAM, the maturity date of variable-rate notes is the length of time until the next reset date rather than the stated maturity.

The annual average daily investment balance of the OCIP and the OCEIP was $3,312,083 and $2,933,623, respectively, with an annual yield of 0.40% and 0.39%, respectively, for the year ended June 30, 2013.

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

At June 30, 2013, the OCMMF and the OCEMMF amounted to $1,422,436 and $1,965,411, respectively. In accordance with the Board's formally approved IPS, the Treasurer manages the Pool's exposure to declines in fair value for deposits and investments by limiting the WAM to 60 days in the Money Market Funds. At June 30, 2013, the WAM of the OCMMF was 56 days and the OCEMMF was 55 days. At the same date, the NAV of the Money Market Funds for both pools was $1.00 (in absolute dollar amounts).

Interest Rate Risk-Duration (Extended Fund)

At June 30, 2013, the Extended Fund (which includes funds from both OCIP and OCEIP) balance was $3,018,335. Of this amount, the OCIP owned 55.47% and the OCEIP owned 44.53%. In accordance with the IPS, the Treasurer manages investment related risk for deposits and investments by limiting duration to +25% of a leading 1-3 Year index (2.36). The portfolio duration for the Extended Fund as of June 30, 2013, was 1.78 years. This was computed using the Macaulay duration method, which calculates the maturity date of callable bonds using their final maturity date.

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of June 30, 2013, the Extended Fund had the following duration by investment type:

Investment Type	Fair Value (Amounts in Thousands)	Portfolio %	Macaulay Duration (In Years)
Medium-Term Corporate Notes	$ 174,739	5.79%	2.12
Municipal Debt	100,073	3.31%	0.13
U.S. Treasuries	152,942	5.07%	0.91
U.S. Government Agencies	2,590,581	85.83%	1.87
Total Fair Value	$ 3,018,335		
Portfolio Duration			1.78

Custodial Credit Risk

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

Credit Risk - Investments

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. The IPS sets forth the minimum acceptable credit ratings for investments from any two of the following NRSROs: S&P, Moody's, or Fitch. For an issuer of short-term debt, the rating must be no less than "A-1" or "SP-1" (S&P), "P-1" or "MIG 1/VMIG 1" (Moody's), or "F1" (Fitch), while an issuer of long-term debt shall be rated no less than an "A" in the Money Market Funds and "AA" in the Extended Fund. Debts issued by the U.S. Government are exempt from the above credit rating requirements. As of June 30, 2013, the County's investments were in compliance with the IPS limits.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2013, all investments were in compliance with state law and with the IPS. See the preceding table for concentrations of holdings in U. S. government agencies.

Foreign Currency Risk

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

(Dollar Amounts in Thousands)

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Condensed Financial Statements
In lieu of separately issued financial statements for the entire pools and the external portion of the pools, condensed financial statements for both pools are presented below as of and for the year ended June 30, 2013:

Entire Pool

Statement of Net Position

	County Investment Pool	Educational Investment Pool	Total
Net Position Held for Pool Participants	$ 3,098,892	$ 3,255,500	$ 6,354,392
Equity of Internal Pool Participants	$ 2,891,179	$ -	$ 2,891,179
Equity of External Pool Participants	215,266	3,262,094	3,477,360
Undistributed and Unrealized (Loss)	(7,553)	(6,594)	(14,147)
Total Net Position	$ 3,098,892	$ 3,255,500	$ 6,354,392

Statement of Changes in Net Position

	County Investment Pool	Educational Investment Pool	Total
Net Position at July 1, 2012	$ 3,126,440	$ 2,513,360	$ 5,639,800
Net Changes in Investments by Pool Participants	(27,548)	742,140	714,592
Net Position at June 30, 2013	$ 3,098,892	$ 3,255,500	$ 6,354,392

External Pool Portion

Combining Statement of Fiduciary Net Position

	County Investment Pool	Educational Investment Pool	Total
Assets			
Pooled Cash/Investments	$ 214,943	$ 3,250,967	$ 3,465,910
Receivables			
Interest/Dividends	408	4,760	5,168
Total Assets	215,351	3,255,727	3,471,078
Liabilities			
Due to Other Governmental Agencies	85	227	312
Total Liabilities	85	227	312
Net Position			
Restricted for Pool Participants	215,266	3,255,500	3,470,766
Total Net Position	$ 215,266	$ 3,255,500	$ 3,470,766

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Combining Statement of Changes in Fiduciary Net Position

	County Investment Pool	Educational Investment Pool	Total
Additions:			
Contributions to Pooled Investments	$ 425,552	$ 6,761,901	$ 7,187,453
Interest and Investment Income	131	7,135	7,266
Less: Investment Expense	(115)	(2,634)	(2,749)
Total Additions	425,568	6,766,402	7,191,970
Deductions:			
Distributions from Pooled Investments	386,157	6,024,262	6,410,419
Total Deductions	386,157	6,024,262	6,410,419
Change in Net Position Held in Trust For External Investment Pool	39,411	742,140	781,551
Net Position, Beginning of Year	175,855	2,513,360	2,689,215
Net Position, End of Year	$ 215,266	$ 3,255,500	$ 3,470,766

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 collateralized or insured by FDIC up to $250.

D. CalOptima’s Cash and Investments

Cash and investments as of June 30, 2013, consist of the following:

	2013
Cash on Hand	$ 1
Cash Deposits	81,237
Restricted Cash Deposit	317
Cash Equivalents	112,651
Investments	153,436
Total Cash and Investments	$ 347,642

Custodial Credit Risk - Deposits
Custodial credit risk is the risk that in the event of a bank failure CalOptima may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The CGC requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under the state law. At June 30, 2013, no deposits were exposed to custodial credit risk, as CalOptima has pledged collateral to cover the amounts.

(Dollar Amounts in Thousands)

5. DEPOSITS AND INVESTMENTS (Continued)

D. CalOptima's Cash and Investments (Continued)

Investments
CalOptima invests in obligations of the U.S. Treasury, other U.S. government agencies and instrumentalities, state obligations, repurchase agreements, 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 declines 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, 2013, CalOptima's investments, including cash equivalents, had the following modified duration:

	2013	
	Fair Value	Modified Duration (Years)
U.S. Treasury Notes	$ 132,741	0.365
U.S. Agency Notes	40,392	0.143
Corporate Bonds	40,725	0.022
Asset-Backed Securities	10,201	0.004
Mortgage-Backed Securities	8,846	0.061
Municipal Bonds	16,130	0.093
Money Market Funds	17,052	-
Total	$ 266,087	0.688
Cash Equivalents	$ 112,651	
Investments	153,436	
	$ 266,087	

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

	Fair Value, June 30 2013
Asset-Backed Securities	$ 10,201
Mortgage-Backed Securities	8,846

5. DEPOSITS AND INVESTMENTS (Continued)

D. CalOptima's Cash and Investments (Continued)

Credit Risk

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

As of June 30, 2013, the 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-1	A-
U.S. Treasury Notes	$ 132,741	N/A	$ 132,741	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Agency Notes	40,392	N/A	-	40,392	-	-	-	-	-
Corporate Bonds	40,725	A-	-	1,720	6,491	9,013	10,123	12,268	1,110
Asset-Backed Securities	10,201	Aa	-	10,201	-	-	-	-	-
Mortgage-Backed Securities	8,846	Aa	-	8,846	-	-	-	-	-
Municipal Bonds	16,130	A	-	1,426	10,772	1,718	2,214	-	-
Money Market Mutual Funds	17,052	AAA	-	17,052	-	-	-	-	-
Total	$ 266,087		$ 132,741	$ 79,637	$ 17,263	$ 10,731	$ 12,337	$ 12,268	$ 1,110

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of CalOptima's investment in a single issuer. CalOptima's investment policy limits to no more than 5 percent of the total fair value of investments in the securities of any one issuer, except for obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises; and no more than 10 percent may be invested in one money market mutual fund unless approved by the governing board. The investment policy also places a limit of 35 percent on the amount of investment holdings with any one government-sponsored issuer and 5 percent for all other issuers. At June 30, 2013, all holdings complied with the foregoing limitations. The following holdings exceeded 5 percent of the portfolio at June 30, 2013:

Investment Type	Issuer	Percentage of Portfolio 2013
U.S. Agency Notes	Federal Home Loan Bank, 0%–5%	7.36
U.S. Treasury Notes	United States Treasury, 0.125%–2.5%	20.57
U.S. Treasury Bill	Treasury Bill	29.31

(Dollar Amounts in Thousands)

6. 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:

	Previously Reported Balance July 1, 2012	Restatement *	Balance July 1, 2012	Increases	Decreases	Adjustments	Balance June 30, 2013
Governmental Activities:							
Capital Assets Not Depreciated/Amortized:							
Land	$ 788,352	$ 1,475	$ 789,827	$ 26,224	$ (2,133)	$ 3	$ 813,921
Land Use Rights (Permanent)	1,099	--	1,099	2,100	--	--	3,199
Construction in Progress	234,008	(67,008)	167,000	109,905	(105,524)	--	171,381
Intangible in Progress	24,779	4,173	28,952	3,863	(13,175)	--	19,640
Total Capital Assets Not Being Depreciated/Amortized:	1,048,238	(61,360)	986,878	142,092	(120,832)	3	1,008,141
Capital Assets, Depreciable/Amortizable:							
Structures and Improvements	1,221,208	(39,426)	1,181,782	21,239	(12,163)	(434)	1,190,424
Equipment	350,284	--	350,284	15,982	(14,363)	43	351,946
Software	56,090	--	56,090	32,064	--	--	88,154
Land Use Rights (Amortizable)	571	--	571	--	--	--	571
Infrastructure:							
Flood Channels	993,832	32,157	1,025,989	9,886	--	--	1,035,875
Roads	163,871	30,546	194,417	9,423	--	--	203,840
Bridges	81,972	2,836	84,808	--	--	--	84,808
Trails	43,418	--	43,418	--	--	--	43,418
Traffic signals	11,202	419	11,621	--	--	--	11,621
Harbors and Beaches	41,238	--	41,238	--	--	--	41,238
Capital Assets, Depreciable/Amortizable	2,963,686	26,532	2,990,218	88,594	(26,526)	(391)	3,051,895
Less Accumulated Depreciation/Amortization For:							
Structures and Improvements	(572,278)	21,858	(550,420)	(32,377)	3,837	--	(578,960)
Equipment	(279,731)	--	(279,731)	(17,520)	13,601	--	(283,650)
Software	(20,711)	--	(20,711)	(13,203)	--	--	(33,914)
Land Use Rights (Amortizable)	(363)	--	(363)	(190)	--	--	(553)
Infrastructure:							
Flood Channels	(259,591)	(710)	(260,301)	(11,871)	--	--	(272,172)
Roads	(96,490)	(1,745)	(98,235)	(8,580)	--	--	(106,815)
Bridges	(30,948)	(16)	(30,964)	(1,743)	--	--	(32,707)
Trails	(28,514)	--	(28,514)	(1,358)	--	--	(29,872)
Traffic signals	(10,185)	(16)	(10,201)	(155)	--	--	(10,356)
Harbors and Beaches	(26,105)	--	(26,105)	(1,005)	--	--	(27,110)
Total Accumulated Depreciation/Amortization	(1,324,916)	19,371	(1,305,545)	(88,002)	17,438	--	(1,376,109)
Capital Assets, Depreciable/Amortizable (Net)	1,638,770	45,903	1,684,673	592	(9,088)	(391)	1,675,786
Governmental Activities Total Capital Assets, Net	$ 2,687,008	$ (15,457)	$ 2,671,551	$ 142,684	$ (129,920)	$ (388)	$ 2,683,927

6. CHANGES IN CAPITAL ASSETS (Continued)

	Balance July 1, 2012	Increases	Decreases	Adjustments	Balance June 30, 2013
Business-Type Activities:					
Capital Assets Not Depreciated:					
Land	$ 38,083	$ --	$ --	$ --	$ 38,083
Construction in Progress	56,310	35,165	(49,250)	--	42,225
Intangible in Progress	--	842	--	--	842
Total Capital Assets Not Being Depreciated	94,393	36,007	(49,250)	--	81,150
Capital Assets, Depreciable:					
Structures and Improvements	701,211	37,934	--	72	739,217
Equipment	80,184	2,883	(1,413)	(73)	81,581
Infrastructure	494,478	10,972	--	--	505,450
Capital Assets, Depreciable	1,275,873	51,789	(1,413)	(1)	1,326,248
Less Accumulated Depreciation For:					
Structures and Improvements	(190,324)	(25,178)	--	--	(215,502)
Equipment	(53,430)	(5,440)	1,315	14	(57,541)
Infrastructure	(300,161)	(15,497)	--	--	(315,658)
Total Accumulated Depreciation	(543,915)	(46,115)	1,315	14	(588,701)
Capital Assets, Depreciable (Net)	731,958	5,674	(98)	13	737,547
Business-Type Activities Total Capital Assets, Net	$ 826,351	$ 41,681	$ (49,348)	$ 13	$ 818,697

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

Government Activities:	
General Government	$ 16,202
Public Protection	37,754
Public Ways and Facilities	12,856
Health and Sanitation	3,867
Public Assistance	5,395
Education	1,469
Recreation and Cultural Services	7,334
Internal Service Funds' Depreciation Expense Allocated to Various Functions	3,125
Total Governmental Activities Depreciation/Amortization Expense	88,002
Business-Type Activities:	
Airport	29,709
Waste Management	16,406
Total Business-Type Activities Depreciation Expense	46,115
Total Depreciation/Amortization Expense	$ 134,117

***** Refer to Note 3, Prior Period Adjustment for details on the restated balance.

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

$656 of accounts receivable for governmental activities is not expected to be collected within the next fiscal year. This primarily consists of $311 in expected recoveries from John Wayne Airport fixed-based operator lessees for pollution remediation costs and $154 for three waste hauling companies that were under billed and will repay the County over the next four years.

Deposits Receivable

$9,236 in deposits receivable are for governmental activities and Orange County Children and Families Commission (OCCFC) are not expected to be collected within the next fiscal year. These receivables primarily consist of $4,380 in advances to program partners of the OCCFC, the Discovery Science Center, and Orange Coast Watershed and Environmental Center. In addition, $2,883 is in operating accounts for Dana Point Harbor operators and Green River Golf Course, and $400 represents a deposit required by the vendor (Cardinal Health) per agreement with the Health Care Agency (HCA). $756 represents operating funds deposited into a management account administered by Lewis Investment Company, LLC, for payment of costs related to the entitlement of the Greenspot Property located within the City of Highland. $672 represents condemnation deposits with the court or state, and $140 is for a deposit with the U.S. Army Corps of Engineers for the regulatory permitting process on various maintenance projects.

Notes Receivable

$33,817 of notes receivable for governmental activities is not expected to be received within the next fiscal year. Of this amount, $32,107 consists of loans to build affordable, low to moderate income, and senior housing. $775 is from the sale of surplus County property. The remaining $935 is for rehabilitation loans and loans provided to first time home buyers.

Due from Other Governmental Agencies

$96,898 in due from other governmental agencies is not expected to be received within the next fiscal year, which primarily consists of $94,045 owed by the State of California to the County for various Senate Bill (SB90) mandated cost reimbursements for programs and services the State requires the County to provide. In addition, $1,901 is owed by the City of Rancho Santa Margarita for amounts due under their Revenue Neutrality Agreement; it is anticipated the amount will be collected within 3 years. $661 is owed by the State to HCA for the FY 2006-07 Mental Health Cost Report Audit Recovery and $151 is owed by contract cities for Animal Care Services.

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 to" and "advance from" balances are long-term.

8. INTERFUND RECEIVABLES AND PAYABLES (Continued)

Due to/from other funds:

	Receivable Funds									
Payable Funds	General Fund	Roads	Flood Control District	Other Public Protection	Other Governmental Funds	Airport	Waste Management	Compressed Natural Gas	Internal Service Funds	Total
General Fund	$ -	$ 252	$ 786	$ 5,589	$ 35,395	$ 15	$ 46	$ 2	$ 1,516	$ 43,601
Roads	2,178	-	846	-	1	-	4	-	3	3,032
Flood Control District	6,940	751	-	-	10	-	12	-	3	7,716
Other Public Protection	8,011	-	-	-	31	-	-	-	5	8,047
Teeter Plan Obligation Commercial Paper Program Note	2	-	-	-	-	-	-	-	-	2
Other Governmental Funds	27,768	1,102	48	2	79	-	1	-	54	29,054
Airport	1,951	-	-	1	1	-	-	-	588	2,541
Waste Management	1,271	-	-	-	1	-	-	-	78	1,350
Compressed Natural Gas	53	-	-	-	-	-	-	-	-	53
Internal Service Funds	2,321	-	1	-	7	-	-	1	6	2,336
Total	$ 50,495	$ 2,105	$ 1,681	$ 5,592	$ 35,525	$ 15	$ 63	$ 3	$ 2,253	$ 97,732

Interfund transactions between the Primary Government and Component Unit:

Receivable Entity	Payable Entity	Amount
Primary Government – General Fund	Component Unit – OC Children & Families Commission	$ 366
Component Unit – OC Children & Families Commission	Primary Government – Other Governmental Funds	1

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

Advances to/from other funds:

Receivable Entity	Payable Entity	Amount
General Fund	Other Government Funds	$ 2,500
Waste Management	General Funds	3,918

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

(Dollar Amounts in Thousands)

9. COUNTY PROPERTY ON LEASE TO OTHERS

The County has noncancelable operating leases for certain buildings, which are not material to the County's general operations. The Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires, and the Waste Management Enterprise Fund derives revenue from landfill gas lease agreements, cell tower operators and a material recovery facility. The Enterprise Funds' property under operating leases, consisting primarily of structures and improvements, at June 30, 2013, approximates $56,693, net of accumulated depreciation.

The County leases real property to others under operating lease agreements for recreational boating, retail, restaurant, and other commercial operations. Future minimum rentals to be received under these noncancelable operating leases as of June 30, 2013 are as follows:

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities
2014	$ 12,702	$ 50,721
2015	11,903	50,437
2016	10,542	38,376
2017	10,459	26,163
2018	10,319	24,816
	55,925	190,513
2019-2023	51,036	45,187
2024-2028	46,348	15,576
2029-2033	46,629	3,092
2034-2038	49,000	--
2039-2043	11,365	--
2044-2048	453	--
	204,831	63,855
Total future minimum rentals	$ 260,756	$ 254,368

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately $27,168 (Enterprise Funds), $3,437 (Other Governmental Funds), $325 (Internal Service Funds) and $256 (Flood Control District) for the year ended June 30, 2013.

10. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2013 were as follows:

	Transfer In Funds						
Transfer Out Funds	General Fund	Flood Control District	Other Public Protection	Other Governmental Funds	Waste Management	Internal Service Funds	Total
General Fund	$ -	$ 2	$ 6,040	$ 80,530	$ 34	$ 4,062	$ 90,668
Flood Control District	1,803	-	-	-	-	-	1,803
Other Public Protection	13,037	-	-	95	-	1	13,133
Other Governmental Funds	160,054	-	-	2,452	-	-	162,506
Waste Management	9,960	-	-	-	-	-	9,960
Compressed Natural Gas	-	350	-	-	-	-	350
Internal Service Funds	37	-	3	-	-	-	40
Total	$ 184,891	$ 352	$ 6,043	$ 83,077	$ 34	$ 4,063	$ 278,460

Interfund transfers reflect a flow of assets between funds and blended component units of the primary government without an equivalent flow of assets in return. Routine transfers were made in the current fiscal year to (1) relay cash/resources from contributing County funds to various debt service funds for the retirement of long-term obligations, (2) transfer Measure H Tobacco Settlement revenues and Public Safety Sales Tax (PSST) excess revenue in compliance with the specific statutory requirements, (3) provide resources for services provided within the County's Wraparound Program, (4) make available cash distributions based on the Bankruptcy Recovery Plan, (5) contribute resources to comply with Proposition 63 Mental Health Services Act and (6) transfer excess unrestricted revenues to finance various County programs based on budgetary authorizations by the Board. The details of the significant transfers are outlined below:

Routine Transfers

From the General Fund

- $35,017 was transferred to the Debt Service Fund in connection with debt service payments for various County debt issues.
- $11,338 was transferred to Other Governmental Funds to finance the County's 60 percent share of the Social Services Agency Wraparound Program.
- $8,668 was transferred to Other Governmental Funds to distribute available cash to the remaining claimants of the bankruptcy loss as part of the Bankruptcy Recovery Plan.
- $3,977 was transferred to Other Public Protection for the annual transfer of PSST excess revenue to meet future public protection needs.
- $1,943 was transferred to the Capital Projects Fund for various capital projects at the Sheriff's Department.
- $1,848 was transferred to Internal Service Funds for medical reimbursements.
- $1,439 was transferred to Other Governmental Funds to pay for operating costs and debt service obligations associated with parking facilities.

From Flood Control District

- $1,803 was transferred to the General Fund for the Watershed Management Program.

From Other Public Protection

- $4,055 was transferred to the General Fund to support the Sheriff Department's operations.
- $6,240 was transferred to the General Fund for the reimbursement of the District Attorney's programs.

10. INTERFUND TRANSFERS (Continued)

Routine Transfers (Continued)

From Other Governmental Funds

- $125,136 was transferred to the General Fund for the reimbursement of various County programs as follows:
  - $96,723 for Proposition 63, Mental Health Services Act expenses
  - $15,399 for the Social Services Agency Wraparound Program
  - $9,497 for emergency medical services
  - $3,517 for the Center for Disease Control pandemic flu H1N1 costs
- $23,736 of tobacco settlement monies were transferred to the General Fund to finance Health Care Agency's various health care programs and Sheriff Department's operational costs.
- $4,175 of bond proceeds were transferred to the General Fund for the Cogeneration Plant at the County's Central Utility Facility.
- $2,403 was transferred to a Debt Service Fund for reimbursement of debt service obligations associated with parking facilities.
- $1,367 was transferred to the General Fund for reimbursement of Juvenile Justice Center debt service payments.

From Enterprise Funds

- $9,960 was transferred to the General Fund primarily for the Recovery Certificates of Participation Lease Financing as part of the Bankruptcy Recovery Plan.

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

Non-Recurring Transfers

From the General Fund

- $21,460 was transferred to an Other Governmental Fund for deferred maintenance projects and pending relocation costs related to Social Services Agency's 888 N. Main building.
- $1,617 was transferred to an Internal Service Fund for the purchase of vehicles.
- $1,364 was transferred to the Other Public Protection Fund to reimburse Child Support Services Department for the deficit of claimable depreciation expenses over non-claimable principal for the Child IV-D Claim.

From Other Public Protection

- $2,526 was transferred to the General Fund for the Sheriff-Coroner's Backbone Cost Sharing Program.

11. SHORT-TERM OBLIGATIONS

Teeter Plan Obligation Commercial Paper Notes Series A

On August 26, 2008, the County issued its Teeter Plan Obligation Commercial Paper Notes Series A (the "CP") in the amount of $178,300. The proceeds of the CP, together with other available monies, were used to (1) retire the outstanding Orange County Special Financing Authority Teeter Plan Revenue Bonds, Series 1995 A through E on September 2, 2008, (2) redeem the 2008-2009 Teeter Notes on November 10, 2008, (3) fund a Tax Losses Reserve Fund, and (4) pay costs of issuance of the notes. The CP constitutes an obligation of the County required by law and is secured by a direct pay letter of credit for an authorized maximum stated amount of $134,247 provided by Wells Fargo Bank, National Association, certain delinquent taxes (excluding penalties and interest), and the County General Fund. The principal and interest on the CP notes are paid with the amounts drawn upon an irrevocable transferable direct-pay letter of credit issued by Wells Fargo Bank. Subject to certain requirements of CP documents, additional CP may be issued to finance the County's obligations under the Teeter Plan.

On July 13, 2012, the County redeemed $69,000 of its $118,764 CP outstanding at June 30, 2012, and issued an additional $54,209 in CP. The additional CP financed the purchase of delinquent property tax receivables associated with the Teeter Plan in the amount of $54,060 and paid $149 for the cost of issuance. Proceeds of this CP issuance paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. As of January 31, 2013, the outstanding principal amount of the CP notes was $103,973.

On February 1, 2013, $57,747 of the Teeter CP was converted to a three-year tax-exempt note. In addition, the County used $46,226 of base taxes collected to redeem the remaining balance of the CP. Therefore, at June 30, 2013, the CP had been completely redeemed. For additional information regarding the three-year tax-exempt note, refer to Note 12, Long-Term Obligations.

Taxable Pension Obligation Bonds, 2012 Series A

On January 18, 2012, the County issued Taxable Pension Obligation Bonds, 2012 Series A (the "2012 POBs") in the principal amount of $229,880. The 2012 POBs were issued in order to prepay the County's FY 2012-13 pension obligation. The 2012 POBs were issued as standard bonds, with five fixed rate tranches, and a final maturity date of June 28, 2013. The obligation of the County to pay principal and interest on the 2012 POBs is imposed by law and is absolute and unconditional. The County paid the bonds on June 28, 2013.

Taxable Pension Obligation Bonds, 2013 Series A

On January 14, 2013, the County issued Taxable Pension Obligation Bonds, 2013 Series A (the "2013 POBs") in the principal amount of $268,360. The 2013 POBs were issued in order to prepay the County's FY 2013-14 pension obligation. The 2013 POBs were issued as standard bonds, with five fixed rate tranches, and a final maturity date of June 30, 2014. The obligation of the County to pay principal and interest on the 2013 POBs is imposed by law and is absolute and unconditional. As of June 30, 2013, the outstanding principal amount of the 2013 POBs reported in the General Fund was $268,360. Refer to Note 19, Retirement Plans, for additional information.

(Dollar Amounts in Thousands)

11. SHORT-TERM OBLIGATIONS (Continued)

Description	Balance July 1, 2012	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2013	Amounts Due within One Year
County of Orange					
Teeter Plan Obligation Commercial					
Paper Notes, Series A					
Date of Original Issuance: August 26, 2008					
Interest Rate: Variable					
Original Amount: $178,300					
Various Dates of Maturity with Installments not to					
Exceed 270 Days from Date of Issuance	118,764	54,209	(172,973)	--	--
County of Orange					
Taxable Pension Obligation					
Bonds, 2012 Series A					
Date Issued: January 18, 2012					
Interest Rate: 0.75% to 0.95%					
Original Amount: $229,880					
Maturing in installments through June 28, 2013	229,880	--	(229,880)	--	--
County of Orange					
Taxable Pension Obligation					
Bonds, 2013 Series A					
Date Issued: January 14, 2013					
Interest Rate: 0.58% to 0.76%					
Original Amount: $268,360					
Maturing in installments through June 30, 2014	--	268,360	--	268,360	268,360
Total	$ 348,644	$ 322,569	$ (402,853)	$ 268,360	$ 268,360

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, 2013, the County had no net general obligation bonded debt. The County's legal debt limit for the year was $5,411,278. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIIIA, Section 1 requires the approval of 2/3 of the voters voting on the proposition.

Bankruptcy Obligations

Refunding Recovery Bonds 2005, Series A

On August 18, 2005, the County issued its $146,005 Refunding Recovery Bonds 2005 Series A (2005 Recovery Bonds) at a premium of $9,318. The proceeds of which, together with certain monies contributed by the County and other funds available to the trustee of the Recovery Refunding Bonds 1995 Series A (1995 Recovery Bonds), were used to refund and defease the outstanding 1995 Recovery Bonds and pay costs of issuance for the 2005 Recovery Bonds. As of June 30, 2013, the outstanding principal amount, including the premium of the 2005 Recovery Bonds, and interest were $37,399 and $2,591, respectively.

Lease Revenue Refunding Bonds, Series 2005

On August 16, 2005, the Orange County Public Financing Authority (OCPFA) issued its $419,755 Lease Revenue Refunding Bonds Series 2005 (Series 2005 Bonds) at a premium of $19,973. The proceeds of which, together with certain monies contributed by the County and other funds available to the trustee of the 1996 Recovery Certificates of Participation (Recovery COPs), were used to defease certain non-callable Recovery COPs, the remainder was used to fund a debt service reserve fund for the Series 2005 Bonds, and pay costs of issuance of the Series 2005 Bonds. As of June 30, 2013, the outstanding principal amount, including the premium of the Series 2005 Bonds, and interest were $114,120 and $12,401 respectively.

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

Revenue Bonds Payable and Certificates of Participation

Refunding Certificates of Participation (Civic Center Parking Facilities Project)

In December 1987, Certificates of Participation (COPs) representing the proportionate interests of the owners thereof in lease payments made by the County under lease agreements between the County and the Orange County Public Facilities Corporation were delivered. The proceeds were used to finance the acquisition, construction, and installation of two parking structures located in the City of Santa Ana. These certificates were refunded in August 1991 with the $33,579 Refunding COPs (Civic Center Parking Facilities Project), which are payable through December 2018. At June 30, 2013, the outstanding principal amount and interest of the Refunding COPs were $2,822 and $12,800, respectively.

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

12. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

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

On April 25, 2012, the South Orange County Public Financing Authority (SOCPFA) issued the Juvenile Justice Center Facility Lease Revenue Refunding Bonds, Series 2012 Bonds, in the principal amount of $34,380, payable through June 2019, with a premium of $2,927. The Lease Revenue Refunding Bonds were issued to redeem the outstanding OCPFA Juvenile Justice Center Facility Lease Revenue Refunding Bonds, Series 2002, fund a Reserve Fund, and pay costs relating to the issuance of the bonds. As of June 30, 2013, the outstanding principal amount, including the premium of the Series 2012 Bonds, and interest were $32,762 and $4,550, respectively.

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

Lease Revenue Bonds, Series 2006

On October 19, 2006, the OCPFA issued its $32,700 Lease Revenue Bonds, Series 2006 (Series 2006 Bonds) at a premium of $2,140. The Lease Revenue Bonds, payable through June 2018, were issued to finance the construction of a cogeneration conversion project at the County's central utility facility, fund a debt service reserve fund for the bonds, and pay costs relating to the issuance of the bonds. As of June 30, 2013, the outstanding principal amount, including the premium of the Series 2006 Bonds, and interest were $19,883 and $2,817, respectively.

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

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

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

On May 11, 2000, a cash tender offer of certain outstanding Pension Obligation Bonds was completed. The County purchased and canceled $288,290 (maturity value) of Pension Obligation Bonds for a cost of $179,016. On June 22, 2000, the debt service on the outstanding Pension Obligation Bonds was provided for through the deposit with the trustee of $175,492 principal amount of "AAA" rated debt securities issued by Fannie Mae, along with $9,151 in debt service funds already being held by the trustee. In accordance with irrevocable instructions, these securities, together with other cash amounts and investments held by the trustee, will be used solely to retire the remaining Pension Obligation Bonds as they mature. Because this was an economic defeasance and not a legal defeasance, this debt will be reported in the County's financial statements until it is fully redeemed. As of June 30, 2013, the outstanding principal amounts for the Series 1996A and 1997A Pension Bonds were $16,464 and $21,461, respectively.

Airport Revenue Refunding Bonds, Series 2003

On May 29, 2003, the County issued, in the principal amount of $48,680, Airport Revenue Refunding Bonds, Series 2003 (2003 Bonds), the proceeds of which, together with certain monies deposited with the Trustee, refunded and defeased the 1993 Bonds. The outstanding carrying principal amount, including premium,

12. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

Airport Revenue Refunding Bonds, Series 2003 (Continued)

and interest for the 2003 Bonds as of June 30, 2013 was $23,685 and $583, respectively. The 2003 Bonds are scheduled to be called for redemption on July 1, 2013.

The 2003 Bonds are secured by a pledge of (1) operating revenues, net of specified operating expenses, (2) interest earnings, and (3) other miscellaneous revenue. The 2003 Bonds are payable through July 2018 and can be called for redemption on July 1, 2013. For each fiscal year, the pledged net operating revenues are expected to be a minimum of 125% of the aggregate debt service requirement over the life of the bonds. For the year ended June 30, 2013, the principal and interest paid and total net revenues were $4,574 and $36,033, respectively.

Airport Revenue Bonds, Series 2009A and 2009B

On July 9, 2009, the County 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 the construction of the new Terminal C, Parking Structure C, and two new commuter/regional holdrooms at the north and south ends of the extended Terminal. As of June 30, 2013, the outstanding principal amount, including net premium, of the 2009A and 2009B Bonds were $64,170 and $152,685, respectively, and the outstanding interest were $51,961 and $90,287, respectively.

The 2009A and 2009B Bonds are secured by a pledge of (1) operating revenues, net of specified operating expenses, (2) interest earnings, (3) other miscellaneous revenue and (4) available Passenger Facility Charges (PFC) revenues. The 2009A and 2009B Bonds are payable through July 2039. For each fiscal year, the pledged net operating revenues are expected to be a minimum of 125% of the aggregate debt service requirement over the life of the bonds. For the year ended June 30, 2013, the principal and interest paid and total net revenues were $16,926 and $47,227, respectively. The total net revenues include $11,194 of PFC revenue.

Capitalization of Interest

Interest incurred during the construction phase is included as part of the capitalized value of the capital assets constructed. In the case of capital acquisitions financed by externally restricted tax-exempt debt, the amount of interest capitalized is calculated by netting interest expense on a borrowing against related interest earnings on the reinvested unexpended debt proceeds. During the year ended June 30, 2013, capital assets under construction financed by externally restricted tax-exempt debt were completed. For capital acquisitions financed by existing resources, the total interest expense incurred and the amount included as part of the cost of capital assets under construction for the year ended June 30, 2013 was $684.

Waste Management System Refunding Revenue Bonds, Series 1997

In November 1997, the OCPFA issued, in the principal amount of $77,300, Waste Management System Refunding Revenue Bonds Series 1997 in order to refund the County of Orange, California, 1988 COPs. The Waste Management System Bonds are secured by a pledge of (1) the net operating revenues; (2) all money, securities and funds in the Waste Management Enterprise Fund that are required to be held or set aside therein for any purpose other than the payment of operating expenses pursuant to the terms of the

12. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

Waste Management System Refunding Revenue Bonds, Series 1997 (Continued)

sublease, but excluding any such money, securities and funds in the (i) closure account or any other fund or account required pursuant to state or federal law to be held in trust, (ii) environmental account in an amount not exceeding $50,000, (iii) postclosure reserve account, or (iv) that were borrowed or received to pay capital costs and excluding any deposits or net incremental solid waste system revenues or any deposits that are required to be made in the rebate account; and (3) to the extent permitted by and in accordance with the procedures established under any applicable law, any rights of the County under any approvals, licenses and permits relating to the system. The bonds are payable through December 2013. The outstanding principal amount, including the premium of the Series 1997 Bonds, and interest on these bonds as of June 30, 2013, were $7,020 and $184, respectively. For each fiscal year, the pledged net operating revenues are expected to be a minimum of 120% of the aggregate debt service expense payable in such fiscal year.

Advance Refunding

In prior years, various bonds, COPs and other obligations have been advance refunded. These obligations are considered defeased and the long-term debt liability has been removed from the related governmental funds and enterprise funds. As of June 30, 2013, $14,415 of legally defeased debt remains outstanding.

Fiscal Year 2012-13 Debt Obligation Activity

During FY 2012-13, the following events concerning County debt obligations took place:

Teeter Plan Notes

On February 1, 2013, the County issued its three-year tax exempt Teeter Plan Notes with Wells Fargo Municipal Capital Strategies, LLC and Wells Fargo Bank, National Association. The Teeter Plan Notes are authorized for a total amount of $150,000 and certain delinquent taxes (excluding penalties and interest) are pledged revenues for the Teeter Plan Notes. The rate for the Teeter Plan Notes will be based on the weekly SIFMA index + 0.58%. All of the Teeter Plan Notes will be issued within three years of February 1, 2013, with a maturity date of January 29, 2016. The total amount of the notes issued was $57,935, which reflects the issuance of the Teeter Plan Notes and the establishment of a Cost of Issuance Fund in the amount of $188. On June 27, 2013, the County used all of the accumulated base taxes to redeem $14,449 of the Teeter Plan Notes, leaving an outstanding balance at June 30, 2013 of $43,486.

For information regarding the Teeter Plan Obligation CP Notes, Series A, refer to Note 11, Short-Term Obligations. For additional information regarding the Teeter Plan Notes, refer to the Subsequent Events Note 21.

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2012-13

Revenue bonds and certificates outstanding and related activity for the year ended June 30, 2013, were as follows:

Description	Balance July 1, 2012 (As Restated)	Issuances and Discount/ Premium Amortization	*Accreted Interest	Retirements/ Transfers	Balance June 30, 2013	Amounts Due within One Year
Governmental Activities:						
County of Orange						
Refunding Recovery Bonds - 2005 Series A:						
Date Issued: August 18, 2005 to Refund and Defease the Outstanding Refunding Recovery Bonds - Series 1995A						
Interest Rate: 3.00% to 5.00%						
Original Amount: $146,005						
Maturing in Installments Through June 1, 2015.	$ 54,724	$ (1,400)	$ --	$ (15,925)	$ 37,399	$ 18,227
Deferred Amount on Refunding	(3,124)	1,042	--	--	(2,082)	(1,042)
Orange County Public Financing Authority						
Lease Revenue Refunding Bonds, Series 2005:						
Date Issued: August 16, 2005 to Refund and Defease the 1996 Recovery Certificates of Participation - Series 1996A.						
Interest Rate: 3.00% to 5.75%						
Original Amount: $419,755						
FY 2012-13 Principal and Interest: $24,597						
FY 2012-13 Total Pledged Revenues: $29,952						
Maturing in Installments Through July 1, 2017.	133,819	(674)	--	(19,025)	114,120	21,294
Deferred Amount on Refunding	(11,713)	2,129	--	--	(9,584)	(2,129)
Orange County Public Facilities Corporation, Refunding Certificates of Participation: (Civic Center Parking Facilities Project)						
Date Issued: August 1, 1991 - Current Interest Rate Bonds (CIB) and Capital Appreciation Bonds (CAB) to Refund the 1987 COPs Bond Issue						
Interest Rate: CIB - 4.40% to 6.75%						
Interest Rate: CAB - 6.85% to 7.05%						
Original Amount: CIB - $24,495						
Original Amount: CAB - $9,084						
FY 2012-13 Principal and Interest: $2,605						
FY 2012-13 Total Pledged Revenues: $2,359						
Maturing in Installments Through December 1, 2018.	3,422	--	--	(600)	2,822	560
Interest Accretion on CAB	10,531	--	999	(2,005)	9,525	2,045
South Orange County Public Financing Authority Juvenile Justice Center Facility Lease Revenue Refunding Bonds - Series 2012						
Date issued: April 25, 2012 to refund the 2002 Juvenile Justice Center bond issue						
Interest Rate: 1.00% to 5.00%						
Original Amount: $34,380						
FY 2012-13 Principal and Interest: $ 5,827						
FY 2012-13 Total Pledged Revenues: $5,841						
Maturing in Installments Through June 1, 2019.	37,307	(25)	--	(4,520)	32,762	4,787
Deferred Amount on Refunding	(1,579)	226	--	--	(1,353)	(226)

* Beginning in FY 2012-13, Accreted Interest will be separately disclosed.

(Dollar Amounts in Thousands)

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2012-13 (Continued)

Description	Balance July 1, 2012 (As Restated)	Issuances and Discount/ Premium Amortization	*Accreted Interest	Retirements/ Transfers	Balance June 30, 2013	Amounts Due within One Year
Orange County Public Financing Authority						
Lease Revenue Bonds, Series 2006						
Date Issued: October 19, 2006						
Interest Rate: 4.00% to 5.00%						
Original Amount: $32,700						
FY 2012-13 Principal and Interest: $ 4,201						
FY 2012-13 Total Pledged Revenues: $29,952						
Maturing in Installments Through June 1, 2018.	$ 23,263	$ (245)	$ --	$ (3,135)	$ 19,883	$ 3,569
County of Orange						
Taxable Refunding Pension						
Obligation Bonds - Series 1996 A:						
Date Issued: June 1, 1996 - Current Interest Rate Bonds (CIB)						
Date Issued: June 12, 1996 - Capital Appreciation Bonds (CAB)						
To Refund the Taxable POBs Series 1994 A						
Interest Rate: CIB - 7.47% to 7.72%						
Interest Rate: CAB - 8.09% to 8.26%						
Original Amount: CIB - $81,680						
Original Amount: CAB - $40,000						
Maturing in Installments Through September 1, 2010 (CIB) and September 1, 2016 (CAB).	22,659	--	--	(6,195)	16,464	3,071
Interest Accretion on CAB	57,802	--	5,822	(16,580)	47,044	9,205
County of Orange						
Taxable Refunding Pension						
Obligation Bonds - Series 1997 A:						
Date Issued: January 1, 1997 - Current Interest Rate Bonds (CIB)						
Date Issued: June 14, 1997 - Capital Appreciation Bonds (CAB)						
To Refund the Taxable POBs Series 1994 A						
Interest Rate: CIB - 5.71% to 7.36%						
Interest Rate: CAB - 7.33% to 7.96%						
Original Amount: CIB - $71,605						
Original Amount: CAB - $65,318						
Maturing in Installments Through September 1, 2010 (CIB) and September 1, 2021 (CAB).	24,864	--	--	(3,403)	21,461	2,661
Interest Accretion on CAB	55,223	--	6,008	(7,716)	53,515	6,852
County of Orange						
Teeter Plan Notes						
Date of Original Issuance: February 1, 2013						
Interest Rate: SIFMA Index + 0.58%						
Original Amount: $57,935		57,935		(14,449)	43,486	--
Maturing on January 29, 2016						
Subtotal - Governmental Activities	$ 407,198	$ 58,988	$ 12,829	$ (93,553)	$ 385,462	$ 68,874

* Beginning in FY 2012-13, Accreted Interest will be separately disclosed.

12. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2012-13 (Continued)

Description	Balance July 1, 2012 (As Restated)	Issuances and Discount/ Premium Amortization	Accreted Interest	Retirements/ Transfers	Balance June 30, 2013	Amounts Due within One Year
Business-Type Activities						
Airport Revenue Refunding Bonds - Series 2003:						
Date Issued: May 29, 2003 to Refund 1993 Airport Revenue Bond Issue						
Interest Rate: 2.50% to 5.00%						
Original Amount: $48,680						
FY 2012-13 Principal and Interest: $4,574						
FY 2012-13 Total Pledged Revenues: $36,033						
Maturing in Installments Through July 1, 2018.	$ 27,755	$ (746)	$ --	$ (3,324)	$ 23,685	$ 23,685
Deferred Amount on Refunding (2003 Airport Revenue Bonds)	(1,917)	1,917	--	--	--	--
Airport Revenue Bonds - Series 2009A and 2009B:						
Date Issued: July 9, 2009						
Interest Rate: 3.00% to 5.75%						
Original Amount: $233,115						
FY 2012-13 Principal and Interest: $16,926						
FY 2012-13 Total Pledged Revenues: $47,227						
Maturing in Installments Through July 1, 2039.	223,062	(281)	--	(5,926)	216,855	7,053
Orange County Public Financing Authority Waste Management System Refunding Revenue Bonds - Series 1997:						
Date Issued: November 18, 1997 to Refund $77,445 of the OCPFC 1988 Certificate of Participation (Solid Waste Management System)						
Interest Rate: 4.375% to 5.75%						
Original Amount: $77,300						
FY 2012-13 Principal and Interest: $6,685						
FY 2012-13 Total Pledged Revenues: $19,570						
Maturing in Installments Through December 1, 2013.	13,679	(4)	--	(6,655)	7,020	7,020
Deferred Amount on Refunding (1997 Orange County Public Financing Authority Revenue Bonds)	(13)	11	--	--	(2)	(2)
Subtotal - Business-Type Activities	262,566	897	--	(15,905)	247,558	37,756
Total	$ 669,764	$ 59,885	$ 12,829	$ (109,458)	$ 633,020	$ 106,630

* Beginning in FY 2012-13, Accreted Interest will be separately disclosed.

(Dollar Amounts in Thousands)

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 fund type on an annual basis:

	Governmental Activities		Business-Type Activities		
Fiscal Year(s) Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**	**Total**
2014	$ 50,802	$ 26,841	$ 37,495	$ 11,577	$ 126,715
2015	52,053	24,144	6,995	10,603	93,795
2016	82,395	35,392	7,205	10,339	135,331
2017	54,721	35,652	7,530	9,999	107,902
2018	18,347	15,003	7,880	9,622	50,852
2019-2023	13,641	42,785	45,590	41,803	143,819
2024-2028	--	--	58,535	28,248	86,783
2029-2033	--	--	40,219	13,567	53,786
2034-2038	--	--	25,259	6,616	31,875
2039-2043	--	--	12,054	641	12,695
Total	271,959	179,817	248,762	143,015	843,553
Add: Premium/(Discount)	16,438	--	(1,202)	--	15,236
Add: Interest Accretion on CAB	110,084	--	--	--	110,084
Less: Deferred Amount on Refunding	(13,019)	--	(2)	--	(13,021)
Total	$ 385,462	$ 179,817	$ 247,558	$ 143,015	$ 955,852

Changes in Long-Term Liabilities:

Long-term liability activities for the year ended June 30, 2013, were as follows:

	Balance July 1, 2012 (As Restated)	Additions	Reductions/ Transfers	Balance June 30, 2013	Due within One Year
Governmental Activities:					
Bonds, COPs and Notes Payable:					
Revenue Bonds	$ 180,135	$ --	$ (26,680)	$ 153,455	$ 27,795
Certificates of Participation	3,422	--	(600)	2,822	560
Pension Obligation Bonds	47,523	--	(9,598)	37,925	5,732
Recovery Bonds	50,196	--	(15,925)	34,271	16,715
Teeter Plan Notes	--	57,935	(14,449)	43,486	--
Add: Premium/(Discount) on Bonds Payable	18,782	--	(2,344)	16,438	3,367
Less: Deferred Amount on Refunding	(16,416)	--	3,397	(13,019)	(3,397)
Total Bonds, COPs, and Notes Payable	283,642	57,935	(66,199)	275,378	50,772
Interest Accretion on CAB *	123,556	12,829	(26,301)	110,084	18,102
Other Long-Term Liabilities:					
Compensated Absences Payable	174,824	132,245	(131,892)	175,177	88,351
Arbitrage Rebate Payable	391	146	(66)	471	--
Capital Lease Obligations Payable	71,755	--	(4,402)	67,353	4,907
Insurance Claims Payable	203,612	121,272	(115,660)	209,224	51,746
Net Pension Obligation/(Asset)	(60)	279	(1,309)	(1,090)	--
SARI Line Loans	40,328	20,484	(920)	59,892	1,840
VLFAA Litigation **	--	150,000	--	150,000	--
Total Other Long-Term Liabilities	490,850	424,426	(254,249)	661,027	146,844
Total Long-Term Liabilities For Governmental Activities	$ 898,048	$ 495,190	$ (346,749)	$ 1,046,489	$ 215,718

* Refer to Note 3 for additional information on the adjustment to Interest Accretion on CAB.
** Refer to Note 18 for additional information regarding the increase in VLFAA Litigation.

12. LONG-TERM OBLIGATIONS (Continued)

Changes in Long-Term Liabilities (Continued)

	Balance July 1, 2012	Additions	Reductions/ Transfers	Balance June 30, 2013	Due within One Year
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	$ 264,667	$ --	$ (15,905)	$ 248,762	$ 37,495
Add: Premium/(Discount) on Bonds Payable	(171)	--	(1,031)	(1,202)	263
Less: Deferred Amount on Refunding	(1,930)	--	1,928	(2)	(2)
Total Revenue Bonds Payable, Net	262,566	--	(15,008)	247,558	37,756
Other Long-Term Liabilities:					
Compensated Absences Payable	5,278	3,777	(4,007)	5,048	2,358
Arbitrage Rebate Payable	430	120	(319)	231	231
Landfill Site Closure/Postclosure Liabilities *	167,057	8,342	(1,706)	173,693	1,459
Pollution Remediation Obligation **	14,310	376	(729)	13,957	485
Total Other Long-Term Liabilities	187,075	12,615	(6,761)	192,929	4,533
Total Long-Term Liabilities For Business-Type Activities	$ 449,641	$ 12,615	$ (21,769)	$ 440,487	$ 42,289

* 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.

Compensated Employee Absences

The estimated compensated employee absences payable for governmental activities recorded at June 30, 2013 is $175,177. Employees are entitled to be paid annual leave, compensated time, and in some cases vacation and sick time depending on job classification, length of service, and other factors. For the governmental funds, most of the compensated absences liability will ultimately be paid from the General Fund.

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

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

12. LONG-TERM OBLIGATIONS (Continued)

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

shall accrue on any such unpaid balance from July 1, 2018, at the State of California Local Agency Investment Fund interest rate in effect on July 1, 2018. To date, OCFCD received a $51,336 (60%) loan from OCSD and $8,556 (10%) from SAWPA based on the total project cost excluding contingencies. In May 2011, the Board awarded the construction contract for the SARI Yorba Linda Spur in the amount of $7,210, and the Board awarded the construction contract for the SARI Mainline in the amount of $42,000 in August 2011. As of June 30, 2013, the total outstanding loan principal was $59,892.

Special Assessment District Bonds

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

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

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

The County is acting as an agent of the assessment and community facilities districts in collecting the assessments and special taxes, forwarding the collections to other paying agents or directly to bondholders, and initiating any necessary foreclosure proceedings. Because of the County's limited obligation in connection with special assessment district and community facilities district debt; related transactions are reflected in Agency Departmental Funds. Major capital outlay expenditures relating to these bonds are accounted for in the "Service Areas, Lighting Maintenance and Assessment Districts" Special Revenue Fund. Special assessment district and community facilities district bonds outstanding as of June 30, 2013, amounted to $490,370.

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 an indebtedness or liability of the County and neither the County, the State of California nor any political subdivisions thereof is obligated in any manner for the repayment of the bonds and 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.

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

Single and Multi-Family Housing Bonds (Continued)

As of June 30, 2013, there were 33 series of bonds outstanding, with an aggregate principal amount payable of $411,407.

Orange County Development Agency (OCDA) Successor Agency Bond Debt

On December 29, 2011, the California Supreme Court issued an opinion in California Redevelopment Association (CRA) v. Matosantos, upholding the constitutionality of ABX1 26, eliminating Redevelopment Agencies (RDA) statewide effective February 1, 2012. Under ABX1 26, a successor agency was created for each dissolved RDA, including OCDA, and charged with winding down the dissolved RDA's operations and performing enforceable obligations (as defined in the law). The OCDA Successor Agency assumed the dissolved RDA's enforceable obligations, which include bond debt obligations. The FY 2011-12 Neighborhood Development and Preservation Project (NDAPP) and Santa Ana Heights Project (SAHP) Refunding Bonds debt service obligations appeared on the OCDA Successor Agency Recognized Obligation Payment Schedule (ROPS) and were approved by the successor agency oversight board, the State Department of Finance, and were paid to bondholders according to the debt service schedule.

Effective with OCDA's dissolution on February 1, 2012, the assets and liabilities (including bond debt) were transferred to and reported in a private-purpose trust fund of the County. This transfer and reporting structure reflect the custodial role accepted by the successor agency. As of June 30, 2013, the outstanding principal amount, including premium and interest on the OCDA Successor Agency bonds were $42,751 and $11,889, respectively.

The bonds do not constitute an indebtedness or liability of the County and neither the County, the State of California nor any political subdivisions thereof is obligated in any manner for the repayment of the bonds and 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

Commitments Under Operating Leases

The County is committed under various operating leases, primarily for office buildings, office equipment and other equipment. The following is an approximation of future minimum operating leases and commitments:

Fiscal Year Ending June 30	Equipment	Real Property	Total
2014	$ 1,691	$ 24,130	$ 25,821
2015	3	22,585	22,588
2016	1	20,284	20,285
2017	1	14,240	14,241
2018	--	9,691	9,691
2019 - 2023	--	26,831	26,831
2024 - 2028	--	5	5
Total	$ 1,696	$ 117,766	$ 119,462

Total expenditures for equipment rentals and building and improvements incurred for FY 2012-13 was $37,472.

(Dollar Amounts in Thousands)

14. LEASES (Continued)

Capital Leases

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

Land	$	18,798
Equipment		133
Less: Accumulated Depreciation		(36)
Structures and Improvements		74,292
Less: Accumulated Depreciation		(29,302)
Total	$	63,885

The following are the future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2013:

Fiscal Year Ending June 30		
2014	$	9,832
2015		8,574
2016		8,762
2017		8,987
2018		9,172
2019-2023		41,599
2024-2028		12,886
Total Minimum Lease Payments		99,812
Less: Amount Representing Interest		(32,459)
Present Value of Net Minimum Lease Payments	$	67,353

15. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require OC Waste & Recycling (OCWR) 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, OCWR will report a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date.

OCWR owns or operates the following waste disposal sites:

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

All active waste disposal sites, (FRB, Olinda Alpha and Prima Deshecha), are owned by OCWR. Santiago Canyon's lease with The Irvine Company was terminated in November 2002 and The Irvine Company donated the landfill, valued at $1,400, to the County. Coyote Canyon was owned by The Irvine Company and

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

leased by the County. The County accepted the conveyance of the real property from The Irvine Company, along with the real property adjacent to the landfill and certain easement rights, valued at $3,950. This action was approved by the Board of Supervisors on November 21, 2006.

The total landfill closure and postclosure care liability at June 30, 2013 was $173,693. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (27.71% for FRB, 70.50% for Olinda Alpha and 18.59% for Prima Deshecha), less actual costs disbursed related to both closure and postclosure of the Santiago and Coyote Canyon landfills. OCWR will recognize the remaining estimated cost of closure and postclosure care of $194,230 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012 dollars (using the 2012 inflation factor of 1.018). OCWR has enough landfill capacity to operate the system for a minimum of twenty-five years. However, OCWR intends to operate the landfills well beyond this period as a result of approved and planned expansions.

In compliance with Title 27- Environmental Protection of California Code of Regulations, OCWR makes annual cash contributions to its escrow funds to provide financial assurance for estimated future landfill closure costs based on the GASB Statement No. 18, "*Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs,*" formula. Also in compliance with regulations, OCWR has executed pledge of revenue agreements to provide financial assurance for estimated future landfill postclosure costs. The agreements state that OCWR pledges revenue from future gate fees deposited to pay for estimated postclosure maintenance or shall obtain alternative coverage within sixty (60) days if OCWR ceases at any time to retain control of its ability to allocate pledged revenue to pay postclosure maintenance costs. OCWR has proactively pre-funded this cost based on the state mandated formula that computes landfill capacity as a percentage of the total landfill capacity times the total estimated cost for postclosure maintenance. The estimated costs for future closure and postclosure maintenance are annually adjusted based on state provided inflation factors. The state mandated formula under which contributions to both closure and postclosure funds are calculated would provide for the accumulation of sufficient cash to cover all estimated costs when each landfill site reaches maximum capacity. If additional costs for closure or postclosure maintenance are determined due to changes in technology or higher regulatory requirements, these costs may need to be covered by increasing the amount charged to landfill customers.

As of June 30, 2013, a total of $90,170 has been set aside for estimated closure and postclosure costs and is included in the accompanying Proprietary Statement of Net Position as Restricted Pooled Cash/Investments – Closure and Postclosure Care Costs. This amount includes what OCWR has proactively prefunded for postclosure care.

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, Estimated Liability for Litigation, Claims and Pollution Remediation, for additional discussion regarding pollution remediation liabilities.

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

(Dollar Amounts in Thousands)

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Continued)

Encumbrances (Continued)

source(s) of funding, encumbrances are reported as part of restricted or assigned fund balance on the governmental funds balance sheet. In accordance with GASB Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions,"* the County's total significant encumbrances for governmental funds in the aggregate are reported as follows, at June 30, 2013:

General Fund	$	38,436
Roads		54,020
Flood Control District		79,903
Other Public Protection		2,756
Other Governmental Funds		25,318
Total Encumbrances for Governmental Funds	$	200,433

Construction Commitments

At June 30, 2013, the County's total commitments for major contracts entered into for equipment, land, and structures and improvements were as follows, listed by fund within governmental or business-type activities:

Project Title		Significant Commitments
Governmental Activities:		
Roads		
Moulton Parkway Smart Street Segment 3 Phase II - North of El Toro Road to North of Santa Maria Avenue	$	8,193
Lincoln Avenue Bridge Widening over Santa Ana River		8,182
Midway City Streets and Storm Drains (Phase II)		6,248
Edinger Avenue Bridge Widening over Santa Ana River		5,100
La Colina Drive Pavement Rehabilitation & Restoration - North Palm Street to Tustin		1,056
		28,779
Flood Control District		
East Garden Grove Wintersburg Channel from Bolsa Chica Tide Gates to Warner Avenue		18,159
Trabuco Creek Channel Phase 7		15,060
East Garden Grove Wintersburg Channel-Haster Basin Phase II		12,604
Santa Ana River Interceptor Line Project		10,103
Los Alamitos Pump Station and Pump Hose		6,252
Fletcher Channel and Retarding Basin - From Santa Ana River to upstream		2,973
Edinger Storm Channel Improvement		2,729
		67,880
Other Governmental Funds		
Mile Square Group Shelters, Prop 12		1,796
Purchase of Law Enforcement Vehicles		1,659
Irvine Ranch Safety Upgrades		1,659
James A. Musick Rehab East Kitchen		1,011
		6,125

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments (Continued)

Project Title		Significant Commitments
Business-Type Activities:		
Airport		
Construction of Maintenance Building	$	7,522
Perimeter Road West Reconstruction Phase II		5,463
Terminal Building C Gate Expansion		1,052
		14,037
Waste Management		
Frank R. Bowerman Wetlands Basin & West Channel Realignment		2,300
Frank R. Bowerman Phase 8 C Groundwater Protection Project		2,000
Frank R. Bowerman Construction Management, Construction Quality Control Slide/Buttress		1,147
		5,447
Total Commitments	$	122,268

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

The COE's estimated combined cost of all project components is $2,121,000. OCFCD's combined cost share is estimated to be $1,805,398 for the entire Santa Ana River Project. As of June 30, 2013, the OCFCD has expended about $560,049 on the entire Santa Ana River Project.

The construction of Seven Oaks Dam and most channel improvements in Riverside, San Bernardino, and Orange counties have been completed. The relocation and protection of State Route (SR) 71 adjacent to Prado Dam (a joint OCFCD and Caltrans project) and construction to raise the Prado Dam embankments and install new outlet gates is complete. Landscaping along the Santa Ana River in Orange County was completed in May 2010. Design for the construction of interior dikes in the Prado Dam reservoir, and for improvements and protection of SR-91 in the Santa Ana River canyon are also underway. The COE completed construction of the National Housing Tract Dike and Sewage Treatment Plant in 2008. Landscaping for these dikes began in September 2009 and were completed in June 2011. Several environmental mitigation studies and restoration/preservation projects are underway in all three counties. All property right acquisitions for the Seven Oaks Dam and along the lower Santa Ana River in Orange County up to Weir Canyon Road are completed. The escrow for purchase of the Green River Golf Course was closed on September 29, 2006. This property is required for construction of the protection along SR-91 and nearby mobile homes, open space/recreation mitigation and to accommodate increased flooding when the Prado

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments (Continued)

Dam outlet gates are constructed and operational. The first phase of SR-91 protection (Reach 9 Phase 2B Project) is currently under construction and is expected to be completed in October 2013. The second phase (Reach 9 Phase 3) will start construction in January 2014 and is expected to be completed in October 2014. The OCFCD awarded the construction contract on August 9, 2011 for the four miles of Santa Ana River Interceptor Line (SARI) relocation project, which is expected to be completed by March 2014. Construction of the Auxiliary Embankment (an extension of the Prado Dam) was initiated in November 2010 at a cost of $13,000 and is expected to be completed in November 2013. A contract for the construction of the Yorba-Slaughter Adobe Dike was awarded in December of 2012 at a cost of $6,000. The OCFCD continues to acquire property rights for the Prado Dam Project, subject to the availability of funding.

The project has been authorized by the State Legislature for reimbursement of up to 70% of the Local Sponsors' expenses through the State Flood Control Subvention Fund, which is administered by the Department of Water Resources (DWR). As of June 30, 2013, OCFCD has submitted $310,951 in claims, and received $274,008 in reimbursements. An additional $69,543 in claims is in the process of being prepared for submittal to the DWR; therefore, $34,129 was recognized as revenue, net of allowance in the government-wide Statement of Activities. Included in the revenue is a prior period adjustment for expenses and retention not previously recorded. 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. Refer to Note 3, Prior Period Adjustments for further information regarding the prior period adjustment.

At this time, the OCFCD will not have sufficient funds to meet its entire cost share obligation for the Project, due to estimated cost increases that were not initially or fully contemplated in the COE's prior estimates, and because of delays in receiving State Subvention Program reimbursements. If State reimbursements are more promptly received, the OCFCD should be able to complete acquisition of real property and perform relocations and meet its cost share obligations to complete the Project. Therefore, reimbursement on past expenses through the State Subvention Program is critical for Project completion.

OCFCD is also seeking deferral of a portion of its cost share obligations for the Prado Dam Project as allowed through Section 103(a)(4) of the Water Resources Development Act (WRDA) of 1986. Under this Section, OCFCD may have the ability to defer payment of a portion of its cost share obligations (those which exceed 30% of total project costs), until after project completion, and reimburse the Federal government over a period of 15 years after the project is finished. The steps necessary to exercise this Section of WRDA 1986 are being discussed between OCFCD and COE.

Contingencies

Grants

The County participates in a number of Federal and state grants programs subject to financial and compliance audits by the grantors or representatives. Audits of certain grant programs for or including the year ended June 30, 2013 have not yet been conducted or settled. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures that may be disallowed by the grantor cannot be determined at this time. The County expects such amounts, if any, to be immaterial.

Third Party Payor Agreement and the Medical Services Initiative

California's Section 1115 Medicaid Waiver (Waiver), titled the "Bridge to Health Care Reform" began in November 2010. The Waiver is intended to help sustain the state's Medicaid program (known as Medi-Cal), test new innovations to help improve care and reduce costs, and to support the safety net in advance of health reform.

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies (Continued)

Third Party Payor Agreement and the Medical Services Initiative (Continued)

Under the Waiver, the County receives payments under the Low Income Health Program (LIHP). The non-Federal share of these payments will be provided by the County's Medical Services Initiative primarily through certified public expenditures, whereby the County would expend its local funding for services to draw down the federal financial participation. The LIHP is a coverage program for low-income uninsured adults that was included as part of California's Section 1115 Medicaid Waiver. The program builds off and expands the previous Health Care Coverage Initiative (HCCI).

The LIHP covers a subset of the Medical Services Initiative (MSI) population. MSI is a State and County funded healthcare program that provides medical care for the County's low-income citizens. It provides a full range of medical services for County residents 19 through 64 years of age. All program participants are assigned to a "medical home" that coordinates all aspects of their care and assures the appropriate referral to other providers as needed.

The MSI program contracts with all of the County's key clinics and hospitals and provides integrated care through contractual relationships with surgery centers, skilled nursing facilities, urgent care facilities, "Minute Clinics" and a variety of diagnostic centers and programs. Financial eligibility is determined on a case-by-case basis however, only persons with annual incomes below 200% of the Federal Poverty Level are eligible. In applying for the program, proof of County residency and U.S. citizenship or legal residency is required. The MSI Program will end December 31, 2013 with the MSI population eligible for either the forthcoming Medi-Cal expansion or subsidized commercial insurance through the health insurance exchange. The County uses a third party administrator to process claims for LIHP and MSI participants related to services provided by all health care providers. The third party administrator invoices the County monthly for claims processed and has six months after the end of each contract year to reconcile and submit a final settlement invoice, thus final settlements may not be known until the fiscal year after services were provided. Revenues recognized under the LIHP program approximated $110,900 for the year ended June 30, 2013, which included $18,000 related to services provided in FY 2011-12. The County does not have adequate information to estimate the final settlement amount for services provided in FY 2012-13, thus these revenues and related expenses will be recognized in subsequent fiscal years.

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

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 Internal Service Funds (ISFs) where assets are set aside for claim settlements and judgments associated with such losses.

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

The Property and Casualty Risk ISF is responsible for managing losses related to torts; theft of, damage to and destruction of assets, errors and omissions, civil rights claims, and natural disasters. Tort liability is also

(Dollar Amounts in Thousands)

17. SELF-INSURANCE (Continued)

self-funded, up to $5,000. Commercial insurance is purchased for property and other risk exposures. Excess liability insurance provides up to an additional $100,000 in liability coverage. In the past three fiscal years, there was only one instance in FY 2010-11 in which the County had sustained a loss that impacted its excess insurance coverage.

Independent actuarial studies are prepared annually for the Workers' Compensation and Property and Casualty Risk ISFs. The reported unpaid claims liabilities are based on the results of those annual actuarial studies and include case reserves, development of known claims, incurred but not reported claims, allocated loss adjustment expenses and unallocated loss adjustment expenses. Unpaid claims liabilities are calculated considering inflation, claims cost trends, including frequency and payout of settlements and judgments, interest earnings, and changes in legal and economic factors. Unpaid claims liabilities have been discounted at a rate of 2.84% in the Workers' Compensation ISF and 1.93% in the Property and Casualty Risk ISF to reflect anticipated future investment earnings.

All County departments and other governmental agencies authorized by the Board to participate in the Workers' Compensation ISF are charged for their pro rata share of costs based upon employee classification rates, claims experience, and funding for the Worker's 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 pays through the State of California the standard unemployment benefits; the County self-insured PPO Health Plans ISF, which provides health plan benefits; and the Health and Other Self-Insured Benefits ISF, which provides dental and short-term disability benefits for a portion of the County's employees and accidental death and dismemberment (AD&D) benefit for Reserve Deputy Sheriffs.

The County's Premier Wellwise, Wellwise Retiree, Premier Sharewell, and Sharewell Retirees have no lifetime coverage maximums. The dental insurance coverage is up to $1,500 annually (absolute dollars) for each covered employee or dependent. The short-term disability insurance coverage is up to 12 months or when the employee returns to work, whichever comes first. Unemployment benefits covered by law is up to 26 weeks and up to an additional 63 weeks of benefits coverage through the Federal-State Extended Duration program or when the employee returns to work or no longer meets the requirements for the benefits. 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 Insurance	Total
Unpaid Claims, Beginning of FY 2011-12	$ 136,515	$ 37,880	$ 3,746	$ 10,252	$ 188,393
Claims and Changes in Estimates	37,413	22,801	(389)	63,323	123,148
Claim Payments	(27,677)	(16,003)	(1,824)	(62,425)	(107,929)
Unpaid Claims, End of FY 2011-12	146,251	44,678	1,533	11,150	203,612
Claims and Changes in Estimates	38,410	20,008	1,400	61,454	121,272
Claim Payments	(30,424)	(22,109)	(1,220)	(61,907)	(115,660)
Unpaid Claims, End of FY 2012-13	$ 154,237	$ 42,577	$ 1,713	$ 10,697	$ 209,224

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION

Estimated Liability for Litigation and Claims

There are lawsuits and claims pending against the County, which may arise during the normal course of business. To the extent the outcome of such litigation would result in a probable loss to the County, any such loss would be accrued in the accompanying financial statements.

In addition to the accrued liabilities for self-insurance claims incurred, but not reported in Note 17, and other specific litigation and claims described herein, the County is also a defendant in numerous other lawsuits and claims arising from, among other things, breach of contract and tax disputes. Although the aggregate amount asserted in such lawsuits, or claims is significant, County management believes that the ultimate outcome of these matters will not have a significant effect on the financial position or changes in financial position of the funds of the County.

The lawsuits and claims discussed below represent issues in which the financial loss to the County has been determined to be a potential liability by County Counsel.

Retired Employees Association of Orange County, Inc. v. County of Orange In late 2006, the County determined that due to a large unfunded liability, the current Retiree Medical Program needed to be changed. These changes were challenged in two separate lawsuits filed by Orange County's retirees. The first, Retired Employees Association of Orange County, Inc. (REAOC) v. County of Orange, filed in November 2007, sought declaratory and injunctive relief contesting the splitting of the pool for purposes of determining health insurance premiums. The Board authorized County Counsel to retain the law firm of Meyers Nave Riback Silver & Wilson (Meyers Nave) to handle this litigation and the Harris case discussed below.

In the REAOC case, on June 19, 2009, the Federal Court ruled in the County's favor on Cross-Motions for Summary Judgment. Plaintiff appealed that decision and oral argument was heard at the Ninth Circuit Court of Appeal on June 10, 2010.

On June 29, 2010, the Ninth Circuit issued an "Order Certifying a Question to the Supreme Court of California," asking that Court to provide an answer as to the following question:

"Whether, as a matter of California law, a California county and its employees can form an implied contract that confers vested rights to health benefits on retired county employees."

The California Supreme Court accepted that referral. Oral argument before the Court was heard on October 3, 2011 and on November 21, 2011 the Court issued its findings stating:

"In response to the Ninth Circuit's inquiry, we conclude that, under California law, a vested right to health benefits for retired employees can be implied under certain circumstances from a county ordinance or resolution. Whether those circumstances exist in this case is beyond the scope of the question posed to us by the Ninth Circuit."

Additionally, the Court found that courts must look to the legislation in question to determine the parties' contractual rights and obligations and whether any implied contract can be inferred from it. The Court found that in order to create a binding contractual right, the legislation (i.e., the resolution here) must "clearly evidence a legislative intent to create private rights of a contractual nature enforceable against the governmental body." The Court also found that "implied rights to vested benefits should not be inferred without a clear basis in the contract or convincing extrinsic evidence." Significantly, the Court reaffirmed the existence of a presumption against finding a legislative intent to create private contractual or vested rights, which the proponent of the rights asserted must overcome:

"Thus, it is presumed that a statutory scheme is not intended to create private contractual or vested rights and a person who asserts the creation of a contract with the state has the burden of overcoming that presumption." (*Walsh v. Board of Administration (1992))*.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

Retired Employees Association of Orange County, Inc. v. County of Orange (Continued)

The Ninth Circuit Court remanded the case to the District Court for further proceedings in light of the California Supreme Court's decision. On August 13, 2012, the District Court again granted summary judgment in favor of the County, ruling that no implied contract rights existed in favor of the retirees. Plaintiffs again appealed the court's decision to the Ninth Circuit. On March 22, 2013, REAOC filed its opening brief and on May 16, 2013, the County filed its responsive brief. Oral argument was held on November 4, 2013, at the Ninth Circuit Court of Appeal in Pasadena.

The outcome of the appeal cannot be predicted at this time; however, should Plaintiff succeed in its overall efforts, this lawsuit could have a significant financial impact on the County.

Gaylan Harris, et al. v. County of Orange The second case, related to the REAOC case discussed above, was filed as a class action on behalf of County retirees on January 22, 2009 by retired employee Gaylan Harris. The issues and claims in Harris are, for the most part, the same as or similar to those raised in the REAOC matter described above. Based on the Court's ruling in REAOC, the County filed a motion to dismiss the Harris action. That motion was heard on June 14, 2010. For a period of months, the Court in Harris delayed ruling on the motion in hopes of learning the outcome of the Ninth Circuit appeal in REAOC. However, because the Ninth Circuit in the REAOC case delayed its own ruling on that appeal in order to refer the issue of implied contract under California law to the California Supreme Court, the Court in Harris went forward and ruled on the County's motion for judgment on the pleadings. On March 29, 2011, the Court granted the County's motion as to all claims and judgment was entered in the County's favor.

On April 22, 2011, the Plaintiffs appealed this decision to the Ninth Circuit. After fully briefing the case, the parties argued the matter on October 11, 2011. The Ninth Circuit then requested briefing from the parties on the impact, if any, of the California Supreme Court's decision in the REAOC case described above. On January 20, 2012, the County filed its letter brief addressing the impact of the Supreme Court's ruling and responding to the question of why the Harris case should not also be remanded to the district court for further proceedings in coordination with the REAOC matter.

On June 8, 2012, the Court issued its ruling reversing and remanding the case to the District Court for further proceedings. On remand, Plaintiffs filed an amended complaint. The County responded with a motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6). That motion was heard by the Court on January 28, 2013 and on January 31, 2013, the Court issued its decision. The Court granted the County's motion and dismissed all claims, except that it permitted plaintiffs to file an amended pleading with respect to only the California Fair Employment and Housing Act (FEHA) age discrimination claim. The Court invited another motion to dismiss, with a request for more thorough briefing on the FEHA issue. On March 4, 2013, Plaintiffs filed both (1) a motion for reconsideration of the Court's order granting the motion to dismiss the claims related to the Retiree Medical Grant and (2) a third amended complaint that amended the age claim and re-pled the claims that had been dismissed without leave to amend. On March 18, 2013, the County filed a Rule 12(b)(6) motion to dismiss the age claim and a motion to strike the claims that have already been dismissed without leave to amend. Hearing on those motions was held on April 29, 2013.

On May 31, 2013, the County was notified that the Court granted the County's motion to dismiss the Plaintiff's Fourth Amended Complaint and denied the Plaintiffs' motion for reconsideration of the prior order. On June 6, 2013, the Court entered a judgment in the County's favor. Plaintiffs again appealed the Court's decision to the Ninth Circuit. Plaintiffs filed the opening brief on August 9, 2013. The County filed its answering brief on October 24, 2013. An argument is scheduled for February 6, 2014.

Given the fact that the judgment in the related REAOC matter is not yet final, it is difficult to predict the County's potential liability in the two cases at this time, but should the Plaintiffs prevail, these lawsuits could have significant financial impact on the County.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

Morrison Pump Company, Inc., v. SSC Construction, Inc.; Cross-complaint by SSC Construction, Inc. against OCFCD, County, and OC Public Works On June 26, 2007, as the governing body of the Orange County Flood Control District (District), the Board awarded a contract to SSC Construction, Inc. (SSC) in the amount of $21,707 for the construction of the Los Alamitos Pump Station Project (Project). The Project is still ongoing after having encountered a number of complications, which were by and large unforeseeable to OC Public Works (OCPW). Such complications have caused major delays in the construction schedule. In the above referenced litigation and in Government Code claims filed with the County, SSC asserts that it was not responsible for any of the delays and that it has suffered substantial delay costs for which it alleges a right to be compensated by the District.

SSC filed its first claim for the initial period of delay on July 13, 2009. In that claim, SSC asserted the right to recover delay damages for the period covered by the claim in the amount of $1,050. OCPW has reviewed the claim and disputes significant portions of SSC's alleged damages. In August 2009, the District denied the claim. Then on November 9, 2010, SSC filed an amendment to its prior claim. The second claim addressed a specific issue regarding the installation of steel impellers, totaling $250. SSC had recently been sued in the above referenced lawsuit by its subcontractor, Morrison Pump, for SSC's alleged failure to pay for the impellers. SSC filed the amendment to the claim against the County shortly thereafter in order to assert claims relating to the Morrison Pump matter. On December 23, 2010, the County denied that second claim.

Meanwhile, on November 29, 2010, SSC served the District with a cross-complaint in the Morrison Pump lawsuit. SSC's cross-complaint alleges damages in excess of $1,300 (which is the combined amount of its two claims). In the cross-complaint, SSC also asserts additional claims, including claims for indemnity and contribution in which SSC claims that its failure to pay its subcontractor, Morrison Pump, is a result of the District's refusal to pay SSC until the impellers are modified to meet the Project plans and specifications.

Settlement discussions occurred from January through April 2011. The goal of those discussions was to reach a partial settlement of the portion of SSC's delay claims that are not subject to reasonable dispute. Although no agreement could be reached with SSC as to a partial settlement, on May 17, 2011, the Board approved the issuance of a unilateral change order for additional payment to SSC in the amount of $778. That payment was made and should satisfy the undisputed portion of SSC's delay claims for the approximate 8-month period of delay ending July 31, 2008 and should mitigate the District's exposure to late payment claims, costs and fees relating to those delay claims. The partial settlement does not cover, and leaves for litigation, SSC's claims for extended home office overhead and delay claims relating to Morrison Pump's delivery of non-conforming impellers.

In early 2012, SSC served on the County a new claim, asserting the right to recover more than $2,700 in additional compensation on the project through August 2011, about half of which is composed of asserted home office overhead costs incurred through August 2011. County Counsel anticipates this claim and any others that arise during the remainder of SSC's involvement in the project will be pursued through the pending lawsuit.

Pretrial discovery and preparation are ongoing. The previously scheduled trial date of June 4, 2012 was vacated. A new trial date will likely be scheduled once SSC's role on the project is finished.

During recent discovery, counsel for the District learned that Morrison Pump informed SSC of Morrison's position that the pumps as installed by SSC have a high probability of being damaged or failing during critical flood control pumping. This created an additional issue, which may require consideration of expensive mitigation measures on the District's part to test and perhaps even replace the pumps if they are found to be defective. After learning of that assertion by Morrison, District staff repeatedly demanded that SSC address the claims regarding the reliability of the pumps and provide satisfactory assurances to the District. SSC failed to provide a plan of action and failed to adequately accept responsibility for establishing the reliability and soundness of the pumps.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

Morrison Pump Company, Inc., v. SSC Construction, Inc.; Cross-complaint by SSC Construction, Inc. against OCFCD, County, and OC Public Works (Continued)

On December 12, 2012, the District gave notice to SSC and its surety that the District was terminating SSC's right to proceed with the incomplete portions of work for the Main Pumps (Bid Item No. 42) -- including inspection and testing of the pumps -- in accordance with Section 21.A. "Termination for Cause" of SSC's construction agreement. In March 2013, the District terminated the remaining portion of SSC's work under the contract and is taking steps to obtaining a replacement contractor with the Board of Supervisors' approval.

On November 27, 2012, the District received a new monetary claim in an unspecified amount filed by SSC. The new claim asserted that the District failed to fully compensate SSC for work that SSC alleges constituted recoverable "extra work" in connection with the heat exchangers installed on the Project, and that SSC incurred additional costs and sustained delay damages arising from the District's refusal to accept the cooling system SSC originally proposed to install. On February 14, 2013, the District was served with a cross-complaint filed by SSC against the District in connection with this claim for additional compensation for the heat exchangers.

SSC's cross-complaint against the County was filed in a new action in connection with the Project filed by one of SSC's suppliers, Valley Power, which claims SSC owes it $807 for the engines, heat exchangers, and related equipment and services for the Project. SSC cross-complained for indemnity against the County. On April 19, 2013, the County answered SSC's cross-complaint and filed its own cross-complaint for breach of contract against SSC for its failure to supply heat exchangers that comply with requirements of the contract.

The Orange County Superior Court transferred the Valley Power case to the same judge, who was also presiding over the Morrison Pump case. The judge granted leave to the District to file an amended cross-complaint against SSC and its performance bond surety, seeking damages associated with the replacement of the main pumps, the completion of the project, the fraudulent conduct in connection with the pumps, and violations of the False Claims Act. The judge also granted leave to SSC to file a cross-complaint against Morrison. These recent pleadings include claims associated with the District's termination of SSC's right to complete the Project. The District also filed a motion to consolidate the Valley Power action with the Morrison Pump case, which was granted by the court.

On October 28, 2013, a status conference was held by the court. The parties reported to the court that they intend to engage in mediation in an attempt to settle all of the related disputes. The parties have agreed to a mediation date of February 13, 2014, before a mediator of the Judicial Arbitration & Mediation Services.

Given the breadth and complexity of the claims by and against SSC and the District, as well as the stage of the litigation, it is not possible to estimate the likelihood of the District's success in the action or the amount of its exposure. County Counsel and the law firm of Sheppard Mullin Richter & Hampton are representing the County in this action.

County of Orange v. Horizons Construction Co. and First National Insurance In January 2009, the Board of Supervisors awarded a contract (the Agreement) for $3,655 to Horizons Construction Co. International, Inc. (Horizons) to construct the Prima Deshecha Landfill Office Building (the Project). The Project consists of constructing a 10,200 square foot "green" office building as well as certain exterior paving, landscaping, and related site work. The Project is managed through OC Waste and Recycling (OCWR). Horizons fell behind during construction and made numerous requests for extensions of the completion date. OCWR determined that certain delays were not the fault of contractor, and extended the completion date by 50 additional days but denied other requests by Horizons' for additional time. With the additional time granted Horizons, all work should have been completed no later than September 30, 2010. Horizons failed to meet this deadline.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

County of Orange v. Horizons Construction Co. and First National Insurance (Continued)

Horizons blames the delays on OCWR and continues to assert that they are entitled to be compensated for delay related damages.

Horizons also submitted numerous change order requests asserting that it was entitled to additional compensation for work that it asserts was additional work not adequately described in the plans and specifications for the Project or work it asserts constituted unknown conditions. The vast majority of those change order requests were denied by OCWR on the recommendation of the OCWR's construction management firm as unjustified. Horizons continues to assert it is entitled to additional compensation for these rejected change order requests.

Significant aspects of Horizons' work have been substandard. Horizons' substandard work includes a misapplied stain to the concrete floors, cracking in concrete; significant water leakage in the building through unprotected openings at the roof line, defective grout and control joints in the concrete block walls, improperly applied waterproofing and improperly sealed window openings. Horizons' poor construction resulted in severe mold growth resulting in substantial remediation costs to OCWR. Further there are missing HVAC control panels, incomplete sliding door assemblies and many more items of defective or incomplete work by Horizons.

In addition to the poor construction, Horizons failed to meet key deadlines in their own schedule, which further delayed the project, ultimately resulting in OCWR terminating Horizons performance of certain portions of the exterior site work and taking over those portions of work.

On June 7, 2011, the Board authorized County Counsel and outside counsel at the firm of Sheppard Mullin Richter & Hampton, LLP to file suit against Horizons and its surety, First National. On November 4, 2011, the County filed its Complaint for (1) Recovery on Performance Bond; (2) Breach of Contract; and (3) Negligence in Superior Court for the County of Los Angeles against Horizons and First National. All parties were served with the complaint on November 7, 2011.

On November 7, 2011, Horizons delivered its own claim to OCWR and the Clerk of the Board. The claim asserted a right to recover more than $1,900 in claimed damages. The County prepared a detailed response, denying the claim in its entirety.

Then, in June 2012, when Horizons filed its answer to the County's complaint, Horizons also filed a cross-complaint against the County, in which it claims it is entitled to recover more than $2,700 in damages. Horizons also cross-complained against three of its subcontractors for indemnity. Horizons alleges that if it is found liable to the County for any amount, then the subcontractors are liable to Horizons for that amount. At the same time, several subcontractors have filed separate actions against Horizons (and the County under the stop notice procedures) for collection of alleged unpaid amounts. Those actions have now been consolidated into the main action.

In September 2012, counsel for the County filed a cross-complaint against Horizons for filing false claims, which affect two or more of the claims presented in the case by Horizons. Now that the pleadings are set in the case, outside counsel is now in the process of engaging expert trial consultants, having them analyze the County's damages in the case, conducting discovery and analysis of the claims and defenses of Horizons and its surety. On May 29, 2013, the County, through outside counsel, gave all parties the opportunity to visit the site and to conduct their own inspections and testing of the existing building. Horizons recently amended its cross-complaint for indemnity to bring several additional subcontractors into the case as cross-defendants.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

County of Orange v. Horizons Construction Co. and First National Insurance (Continued)

At the urging of the court, the parties have agreed to engage in mediation in an effort to resolve the related disputes. The mediation will likely occur in January or February 2014. As this case is still in the discovery stage, the County's exposure to liability and its chances of obtaining significant recovery of its own against Horizons and its surety are difficult to estimate.

Stueve Bros. Farms, LLC v. County of Orange, Orange County Flood Control District, and Board of Supervisors. This inverse condemnation action was first served on the Clerk of the Board on January 24, 2012. The action was then dismissed without prejudice to provide the parties with an opportunity to explore settlement, subject to a tolling agreement entered into between the parties. The settlement discussions were not fruitful and on March 22, 2013, counsel for Stueve gave 30-day notice of termination of the tolling agreement. On May 15, 2013, Stueve's counsel served upon the County a re-filed action for inverse condemnation naming the County, the Orange County Flood Control District and the Board of Supervisors as defendants.

This inverse condemnation action arises from the Orange County Flood Control District's (OCFCD) Prado Dam Project (Project). The property that is the subject of the action is a former dairy property that lies within the current Project boundaries and within the projected inundation area once the Project is completed and the elevation of the dam and spillway is raised, if current plans are followed. The owner of the subject property, Stueve Bros. Farms, LLC (Stueve) founded the Alta Dena Dairy. The Stueve Property consists of approximately 270 acres, 129 of which are already burdened by an existing flowage easement held by the U.S. Government (i.e., the Corps of Engineers). Stueve claimed in the complaint that the ongoing Project and OCFCD's alleged delays in pursuing acquisition of the subject property impaired its use and development of the property in a way that amounts to an unconstitutional "taking," resulting in so-called "precondemnation damages" and severance damages, among other allegations. Stueve is seeking a judgment against OCFCD and the County for damages totaling $60,000.

The County's outside counsel filed a demurrer to Stueve's complaint, which was intended to eliminate or greatly narrow the scope of the action. The hearing on the demurrer was held on September 27, 2013. The Court sustained OCFCD's demurrer to all causes of action without leave to amend. This ruling will result in a judgment of dismissal of the action in favor of the District. We expect Stueve to appeal that judgment.

County of Colusa, et al. v. Toby Douglas, et al. On October 18, 2011, the Board of Supervisors authorized the firm of Remcho, Johansen & Purcell (Remcho) to file litigation on the behalf of Orange County and other participating counties to challenge the State of California Department of Mental Health's (DMH) actions purporting to transfer to counties financial responsibility to pay for ancillary services provided to patients in Institutions for Mental Diseases (IMD).

On February 2, 2012, the Remcho firm filed suit in Sacramento Superior Court on behalf of twenty counties, including the County of Orange.

To date, the County has not been required to pay for these ancillary services; however, if billed for these charges, the County could be required to retroactively (and prospectively) pay for millions of dollars in associated medical ancillary services. Counties allege in their suit that the State's action is invalid because they (1) conflict with state law, and (2) constitute invalid underground regulations. The Superior Court rejected the counties' claims and entered judgment in favor of the State. The counties have appealed the Superior Court's ruling, and briefing is expected to be complete by the end of January 2014.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

County of Colusa, et al. v. Toby Douglas, et al. (Continued)

It is reasonably possible that the counties will not prevail on one or both of their claims. If the counties do not prevail, and the State chooses to proceed with enforcing its directives, as it would be expected to do, the counties would become financially liable for the ancillary services provided to certain patients in IMDs. It is not possible to determine the specific amount of the County's potential losses, but state-level estimates suggest that state-wide annual costs have reached at least $12,000, though that amount could increase or decrease year-to-year. The State has indicated that it will seek repayment for state expenditures in fiscal year 2008-09 in the amount of $12,000. However, the counties could file test claims with the California Commission on State Mandates alleging that the directives impose a reimbursable state mandate program upon local governments.

California Department of Finance, et al. v. Jan Grimes, etc. The State of California Department of Finance (DOF) and the Chancellor of the State Community College District system (Petitioners) filed suit in late April 2012, seeking a writ of mandate and injunction to compel the County's Auditor-Controller (A-C) to revert to the calculation of the Vehicle License Fee Adjustment Amount (VLFAA) that included the historical offset or reduction of the County's share of VLFAA by the amount of Vehicle License Fee (VLF) revenues that had been set aside for the County in 1995 under AB 1096. The method of calculating VLFAA that was implemented by the former A-C in January 2012 (at the Board's request) results in an increase in the County's share of VLFAA of approximately $73,500 per year.

The original parties to the case stipulated to allow the County and the local community college districts to intervene in the case. The County filed a complaint in intervention. The case was assigned for all purposes to Orange County Superior Court.

The court conducted the hearing on the merits on January 29, 2013. On May 7, 2013, the court issued a tentative ruling in favor of the DOF and against the County. The ruling directed the A-C to calculate future VLFAA without the added $73,500 adjustment in VLFAA. Specifically, the ruling states that the A-C must include "an offset for the VLF funds previously received by the County of Orange, with the A-C to pay any scheduled Education Revenue Augmentation Fund (ERAF) contributions due as a result of such recalculations for the present fiscal year." Thus, the court's ruling will have the effect of reducing the County's VLFAA revenues and increasing County allocations to the County ERAF, which is distributed to schools in order to reduce the State's Proposition 98 funding obligations.

On August 30, 2013, the trial court issued a judgment and final statement of decision that required the A-C to calculate future VLFAA without the added $73,500 adjustment in VLFAA. The judgment further required the County to repay $148,575 in VLFAA previously allocated to the County under the disputed methodology, plus interest at the Local Agency Investment Fund rate, for the three consecutive fiscal years beginning in fiscal year 2013-2014 and ending in fiscal year 2015-16.

On September 27, 2013, the Governor signed Assembly Bill 701 (AB 701), which implemented a legislative solution to the issues underlying the lawsuit. Under AB 701, the County's base VLFAA was increased by $53,000 in fiscal year 2013-14, as opposed to $73,500 in fiscal year 2011-12 as the County originally contended, and the County's annual allocation of $50,000 in property tax pursuant to Revenue and Taxation Code section 97.80 was repealed. AB 701 also set forth a proposed payment schedule for the amounts that the County was required to pay under the Judgment:

FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	Total
$0	$5,000	$15,000	$25,000	$50,000	$ 55,000	$150,000

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

California Department of Finance, et al. v. Jan Grimes, etc. (Continued)

The payments are to be made through deposits into the County's ERAF and through deposits into a separate account for the benefit of California community colleges. The County's total payments shall not exceed $150,000 and no interest is payable. The Petitioners and intervening community college districts also agreed to release all claims against the A-C and County related to the dispute over the calculation of the VLFAA, and to waive any claim for attorneys' fees and costs.

On November 13, 2013, the parties fully executed a settlement agreement, which adopted the above referenced payment schedule in place of the payment schedule set forth in the judgment, and which requires the parties to waive their right to appeal the judgment. On November 14, 2013, A-C and the County of Orange filed a Notice of Abandonment of Appeal pursuant to the terms of the settlement agreement**.**

County of Orange vs. RxAmerica On December 5, 2012, the County filed an action against a subsidiary of CVS/Caremark, RxAmerica, LLC (RXA). The purpose of the litigation is to recover more than $5,600 in overbillings and/or impermissible charges from 2007 through June 30, 2012 by RXA for prescription services provided by RXA under a contract with the County's Health Care Agency (HCA) pertaining to HCA's Medical Services for Indigents program and Behavioral Health Services program. As part of the contract, RXA and HCA had agreed to a medication formulary that listed the agreed-upon services and the condition to fill prescriptions outside this formulary. The contract also required RXA to submit to an independent annual audit, performed by a HCA contract auditor. The audit findings for the period July 1, 2007 to June 30, 2012 revealed that RXA did not follow its contractual obligations, resulting in an overcharge of approximately $5,600 over the contract period.

Despite repeated efforts by HCA to resolve the outstanding audits, RXA did not clear the findings. Consequently, HCA did not pay RXA's invoices corresponding to May and June 2012. This amounted to approximately $3,800. HCA obtained the Board of Supervisors' permission to file a lawsuit for the remaining $1,800. Accordingly, on December 5, 2012, the complaint was filed.

On May 17, 2013, the County's outside counsel filed a First Amended Complaint, adding to the breach of contract and declaratory causes of action additional causes of action for breach of the implied covenant of good faith and fair dealing, open book account, money had and received and conversion. In late June, RXA filed a notice of removal, transferring the case to Central District Federal Court in Santa Ana, based on "diversity of citizenship" jurisdiction since RXA is domiciled in another state. RXA also filed a cross-complaint seeking the $3,800 unpaid invoices withheld by the County. The Court has ordered the parties to a private mediation to be completed by November 2014 and a trial date of January 27, 2015.

As this case is still in the initial pleading stage, the County's exposure to liability due to the cross-complaint from RXA is difficult to assess at this time.

Association of Orange County Deputy Sheriff's v. County of Orange, Orange County Sheriff's Department, Orange County Sheriff Sandra Hutchens, et al. On August 17, 2010, the Association of Orange County Deputy Sheriffs (AOCDS) filed an action in Orange County Superior Court against the County and the Sheriff seeking to enjoin the Sheriff from further implementing the staffing of County jails with a new classification of non-sworn employees, Correctional Services Assistants (CSAs – who are part of the OCEA bargaining unit), to perform functions in the jails that AOCDS alleged had been historically performed by sworn Deputies/members of AOCDS. A hearing on AOCDS's preliminary injunction motion occurred on September 24, 2010. Despite County Counsel's strong arguments, the court granted the injunction. On September 28, 2010, the Board authorized County Counsel to pursue an appeal of the injunction. In conjunction with the

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

Association of Orange County Deputy Sheriff's v. County of Orange, Orange County Sheriff's Department, Orange County Sheriff Sandra Hutchens, et al. (Continued)

filing of that appeal, County Counsel also sought and received from the Court of Appeal an order staying the effect of the Superior Court's preliminary injunction during the pendency of the appeal.

On September 28, 2011, the Court of Appeal issued its decision affirming the trial court's order enjoining the CSA program pending hearing on the merits of AOCDS's petition for writ of mandate. The Court of Appeal concluded that the trial court had not abused its discretion in granting the preliminary injunction. The Court concluded that the "work" being performed by CSAs in the Orange County jails is work that was historically performed by deputies in the jail. Based on this conclusion, the Court expressed the opinion that AOCDS demonstrated a likelihood of success on the merits because transferring "work" from the members of one bargaining unit to members of another bargaining unit (CSAs are represented by OCEA) is a subject of mandatory bargaining under the Meyers-Milias-Brown Act (MMBA) and the operative MOU between AOCDS and the County.

The Court's opinion was final on October 28, 2011, and the Court of Appeal ordered that its earlier stay of the Superior Court's preliminary injunction was lifted as of that date.

On March 26, 2012, the case went to trial on all aspects of the case other than AOCDS's claim for monetary damages. Over the course of two weeks, the Court heard four and a half days of live testimony and almost five hours of closing arguments. On April 9, 2012, the court issued its ruling. The Court ordered the County and AOCDS to meet and confer regarding the impacts of the CSA classification on the wages, hours, and other terms and conditions of employment of AOCDS members working the jails. The Court found that the zipper clause in the AOCDS MOU did not allow AOCDS to declare that an issue is subject to meet and confer but then refuse to meet and confer until the contract is open for negotiations.

On June 20, 2012, the Court issued a writ of mandate in the form requested by County Counsel, over the objections of AOCDS. The writ ordered the County and AOCDS to meet and confer regarding the issue of the use of CSAs in the jails and ordered the Sheriff to file a return to the writ with the Court by July 5, 2012. The order also vacated the preliminary injunction and enjoined the Sheriff from placing CSAs in Deputy Sheriff positions in the jail system until AOCDS and the County met and conferred. County Counsel filed a writ return on July 5, 2012 detailing the Sheriff's efforts to meet and confer (AOCDS was refusing to meet and confer) and requesting that the writ be discharged because the County has complied with the writ to the fullest extent possible. The Superior Court declined to discharge the writ because AOCDS filed a notice of appeal from the court's writ and injunction. Briefing on the appeal was completed earlier this year and oral argument was held before the Court of Appeal on April 29, 2013.

On June 21, 2013, the Court of Appeal issued its decision affirming the trial court's judgment in its entirety. As a result of the Court of Appeal's ruling, none of the other forms of relief sought by AOCDS will be granted. Such additional relief sought by AOCDS consisted of the following: (1) compelling the County/Sheriff to meet and confer with AOCDS until negotiations for the successor MOU opened in August 2012; (2) ordering the removal of CSAs from OCEA and place them in the AOCDS bargaining unit; (3) ordering the County Human Resources Department to comply with the Employee Relations Resolution; (4) ordering the removal of CSA personnel from positions in the jail that were previously filled by the deputy sheriff classification retroactive to July 1, 2009 (more than a year preceding the filing of the lawsuit); and (5) prohibiting the County/Sheriff from declaring impasse and imposing its last, best and final offer.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

Association of Orange County Deputy Sheriff's v. County of Orange, Orange County Sheriff's Department, Orange County Sheriff Sandra Hutchens, et al. (Continued)

In the remaining portion of the case pertaining to AOCDS's claim for monetary damages, in October 2012, AOCDS filed and served a Third Amended Complaint in which it asserted an expanded claim for damages. AOCDS alleged that the Sheriff violated the preliminary injunction issued by the Superior Court by continuing to station new CSAs in the jails during the pendency of the Sheriff's appeal of the injunction order (i.e., during the period when the Court of Appeal had issued a stay of the effect of the injunction).

AOCDS claimed that it sustained special damages and consequential damages exceeding $2,000 as a result of the Sheriff's "negligent and/or reckless" violation of the injunction. However, in its discovery responses, AOCDS expanded its assertion, claiming it has suffered $8,000 in lost wages and membership dues.

County Counsel took the position that AOCDS has no right to purse a cause of action for damages based on alleged violation of a preliminary injunction, and that no violation of the preliminary injunction occurred: no CSAs were placed in the jails after the Court of Appeal lifted the stay of the effect of the Superior Court's injunction on October 28, 2011. Until that date, the effect of the Superior Court's injunction had been stayed while the matter was on appeal; thus, the Sheriff was free to place CSAs in the jails while the injunction was of no force or effect during the stay. AOCDS is expected to argue that the Court of Appeal's lifting of the stay on the injunction somehow means that the Sheriff must undo and reverse the implementation of the CSA staffing program in the jails that occurred during the pendency of that appeal prior to October 28, 2011.

The damages phase of trial in the action had been scheduled for July 8, 2013. However, County Counsel filed a motion for summary adjudication as to AOCDS's cause of action for damages for violation of the Preliminary Injunction, which was heard on June 4, 2013. On June 12, the court issued its ruling granting the motion. This ruling disposes of AOCDS's last remaining claim, thus the trial date was vacated. AOCDS then filed an immediate Petition for Writ of Mandate with the Court of Appeal to challenge the trial court's entry of summary judgment in favor of the County. At the Court's invitation, County Counsel filed an informal response to the Petition to take the position that the Court should deny the Petition without further proceedings or briefing. On October 31, 2013, the Court of Appeal issued an order summarily denying the writ.

As a result, County Counsel has filed a proposed judgment. Once judgment is entered, County Counsel expects AOCDS to file an appeal and also expects AOCDS to file a motion seeking attorneys' fees, which County Counsel will strenuously oppose.

Niguel Shores Community Assoc. v. County of Orange In 1989, the County entered into a settlement agreement (Settlement), as well as an agreement and covenant (Agreement), with the Niguel Shores Community Association (Association) for the design, workmanship, materials, maintenance and upkeep of the Rock Shore Revetment Protection Improvement (Revetment) near Dana Point. The Revetment is a rock barrier that is intended to protect the oceanfront bluffs of 23 individual homeowners within the Association's community. A dispute has arisen between the Association and the County regarding the ongoing construction, maintenance, and/or repair of the Revetment pursuant to the 1989 Agreement, and the Association has invoked the arbitration clause of the Agreement. The Association contends that the Revetment in its current state is insufficient and the County needs to do substantial reconstruction to protect homeowner and Association property.

In June 1970, the Laguna Niguel Corporation (Developer) granted the Association "easements over the rear slopes" of the 23 lots (Subject Area) for "drainage and walkway purposes and for the purpose of maintaining said slopes." The easement provides that the Association is to "maintain established slope ratios" and "prevent erosion and sliding problems."

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

Niguel Shores Community Assoc. v. County of Orange (Continued)

The repairs, demolition, construction, and/or reconstruction of the existing Revetment, which the Association contends is necessary in accordance with the 1989 Agreement, would require the County, as a matter of law, to obtain a coastal construction permit (Permit) by way of an approved application from the California Coastal Commission (Commission). On November 18, 2011, the County filed an application with the Commission to obtain such a Permit for the reconstruction of the existing Revetment, and, the County was informed, consistent with the existing footprint of the Revetment, and consistent with the wishes and input of the 23 homeowners and Association.

After the Commission hearings conducted on or about July 11 to July 13, 2012, the Commission denied the County's application and issued several conditions and requirements, including, but not limited to, expanding the existing footprint of the Revetment in a manner which would encroach on the Subject Area, and would additionally require a pedestrian walkway on top of the Revetment in order to comply with the Commission's public access rules and regulations. The County, Association, and individual homeowners have been at an impasse as to an agreeable way forward, which has resulted in the Association's demand to arbitrate.

As the only two parties to the 1989 Agreement, the County and the Association recently participated in negotiations related to the arbitration. However, 13 of the 23 individual homeowners have since filed suit to enjoin the negotiations and to insert themselves as parties to the negotiations. In that lawsuit, the County is named as a defendant, due to its alleged status as an indispensable party.

The potential expenses and/or liability to which the County may be exposed would include 1) if the Permit conditions could be satisfied, the estimated cost to construct the revetment (approximately $3,000 or more), and 2) potential costs associated with the acquisition of the property rights from the 23 homeowners necessary to construct the revetment. The second set of costs is impossible to estimate at this time due to the present uncertainty associated with the methods by which the County may proceed in obtaining those rights.

County of Orange v. Tata Consultancy Services Ltd., et al. In 2008, the County engaged Tata America International Corporation, a subsidiary of Tata Consultancy Services Ltd. that operates as "TCS America" (TCS) to develop custom software to handle the operations of most of the County's property tax functions (the Project). TCS made various representations and promises regarding its capabilities to perform a project of this magnitude and regarding the staff it would devote to the Project. The County alleges in the above-referenced lawsuit that the representations and promises made by TCS were untrue and made without any intent to perform. TCS also made promises to complete the Project on a budget and according to an agreed timeline. Despite the County's cooperation in amending and extending TCS's time for performance and agreeing to pay TCS additional compensation to complete the Project, TCS failed to perform on time or for the agreed price (since TCS was demanding at least $5,000 more to complete the Project as of late 2012). The Contract with TCS expired on its own terms on January 9, 2013.

The County asserts that it has suffered millions of dollars of damages as a result of TCS's breach of contract and misrepresentations/promises made without the intent to perform, including but not limited to the $5,000 paid to TCS for its services. On March 19, 2013, the Board authorized County Counsel to engage the services of the Theodora Oringher law firm as special counsel and to initiate litigation against TCS. The above-referenced action was filed by the County's outside counsel on or about April 30, 2013.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Liability for Litigation and Claims (Continued)

County of Orange v. Tata Consultancy Services Ltd., et al. (Continued)

Meanwhile, on March 12, 2013, TCS sent a demand letter to the County requesting payment of $3,673, which TCS asserted was the amount owing and unpaid for services it had rendered.

On May 8, 2013, TCS's General Counsel contacted County Counsel to suggest that informal settlement discussions occur and to indicate that, if those informal discussions were unsuccessful, TCS would be willing to mediate. The parties agreed to mediation and mediation was held on July 24, 2013, with virtually no progress made toward settlement.

On November 15, 2013, TCS filed its answer to the County's complaint (denying liability) and a counterclaim alleging claims for breach of contract, breach of the covenant of good faith and fair dealing, and unjust enrichment. TCS alleged that it sustained damages in excess of $6,100. On December 13, 2013, the County filed a motion to dismiss all of TCS' counterclaims on the ground that TCS failed to state a viable claim against the County under any of these theories. The County's Motion to Dismiss is scheduled for hearing on February 7, 2014.

At present, no trial date has been set for this case, and discovery has not yet commenced. However, the parties will be required to meet and propose a discovery plan to the court in the latter part of January 2014. The court has also set a scheduling conference for January 31, 2014, at which it is expected that the court will set further dates for this action, including the trial date. The County presently intends to vigorously pursue its claims against TCS while vigorously defending any counterclaims that survive the County's pending motion to dismiss. The action is in its early stages and there is no basis upon which to assess with any precision the ultimate risk of potential liability to the County.

Sierra Club v. County of Orange The case arises out of the Sierra Club's Public Records Act request for the County's Landbase files in a geographic information system (GIS) file format without paying the County's standard licensing fee for this electronic geographic record. The Landbase is a parcel-level digital basemap identifying over 640,000 parcels in Orange County with geographic boundaries of parcels, Assessor Parcel Numbers (APN), street addresses, with links to text information such as the name and addresses of the owners of the parcels. The Landbase was jointly developed by the County and the Southern California Gas Company. The data in the Landbase is compiled from the legal maps and records submitted to the County Surveyor, which are then input into the Landbase by County staff. These source records include tract maps, parcel maps, records of survey, deeds and ordinances.

The Sierra Club filed a petition for writ of mandate against the County in 2009. The County Counsel successfully defended the County in the trial court. The Sierra Club filed an appeal, but the County again prevailed. The Sierra Club then filed a petition for review with the California Supreme Court, arguing that the Court of Appeal decision conflicted with a published Attorney General Opinion, 88 Ops.Cal.Atty.Gen. 153, and the Court of Appeal decision in *County of Santa Clara v. Superior Court* (2009) 170 Cal.App.4th 1301, which also addressed the production of GIS data. The California Supreme Court granted review to resolve the apparent conflict in authority.

On July 8, 2013, the California Supreme Court issued a published opinion reversing the trial court and Court of Appeal decision, which had been in the County's favor. The case was remanded back to the trial court where the Sierra Club will seek to recover its attorneys' fees pursuant to Section 6259 of the Government Code as a prevailing plaintiff in this case. On November 7, 2013, Petitioner served County Counsel with a settlement demand of $1,175 to settle the costs and fee dispute. County Counsel is advising the County on this matter and has retained a fee expert to perform a preliminary review to assist in determining the County's settlement options prior to the time the Petitioner must file its fee motion.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Pollution Remediation Obligations

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

John Wayne Airport (JWA)

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

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

JWA started implementing the new remediation method in the year ended June 30, 2011, and the sites are estimated to be remediated in about six to ten years. JWA is still performing tests on the sites and the results could possibly affect the estimated pollution remediation liability as well as a change to the remedial technologies used to remediate the sites. As of June 30, 2013, JWA has a liability of $1,124 based on management's assessment and the results of the consultant's evaluation.

In 1995, JWA entered into a Memorandum of Understanding (MOU) with one of its fixed-base operator (FBO) lessees to address the remediation of the Old Fuel Farm. The FBO was identified as the operator of the site and the other responsible party. The lessee agreed to be obligated to pay 50% of the remediation costs associated with the Old Fuel Farm site. The expected pollution remediation recoveries for the Old Fuel Farm site are realizable and a receivable in the amount of $336 and is reported in the Statement of Net Position as part of accounts receivable.

The estimated pollution remediation obligation as of June 30, 2013 is:

Old Fuel Farm Site	$	785
Former Fire Station # 33 Site		692
Less: Remediation Activity		(353)
JWA Pollution Remediation Obligation	$	1,124

Orange County Waste & Recycling (OCWR)

Five closed sites were identified and the remediation costs and time periods were calculated for each of these sites based upon the type of remediation needed and historical trend data for closed landfill sites. The combined pollution remediation obligation ending balance as of June 30, 2013, after deducting actual pollution remediation expenses incurred, is $12,833.

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Pollution Remediation Obligations (Continued)

Orange County Waste & Recycling (OCWR) (Continued)

Cannery Former Refuse Disposal Station A park owned by the City of Huntington Beach (City) and an elementary school playground are located on a site that was formerly used as a refuse disposal station operated by the County from 1957 to 1969. Levels of methane gas that exceed regulatory limits were detected on the property. The Local Enforcement Agency (LEA) issued a Notice and Order to the City, requiring the City to remedy the landfill gas exceedences and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, the City and the Huntington Beach City School District (School District) issued the Notices of Intent to Sue under the Resource Conservative and Recovery Act, and the Comprehensive Environmental Response, Compensation, and Liability Act to the County in 2004. The City's and School District's claims were tolled until June 2006 under a tolling agreement with the County. The City, County and School District entered into a Settlement Agreement in 2007, whereby the City would be responsible for maintaining the cover of the former disposal site and the County would assume responsibility for the collection and control of landfill gas.

Based on engineering estimates and existing contracts for the operation and maintenance of other disposal sites of a similar size, the age of the site, the length of time that the wastes have been buried, and other factors, the County anticipates that the landfill gas collection system will operate fully for 15 years.

The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is $77.

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

Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 25 years, then will most likely either be inactive or be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the full first 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 less anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next year of operation is $325.

The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is $3,704.

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

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Pollution Remediation Obligations (Continued)

Orange County Waste & Recycling (OCWR) (Continued)

San Joaquin Former Refuse Disposal Station (Continued)

the University that was approved by the Board in May 2005. Pursuant to the Cooperative Agreement, the County constructed a landfill gas collection and control system, including a carbon treatment element.

The County retains responsibility for the operation, maintenance, and monitoring of that system. Based on engineering estimates and existing contracts for the operation and maintenance of similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 15 years. The cost to operate and maintain the landfill gas collection system at the site for the next year of operation is $155.

The remaining obligation for landfill gas remediation at the San Joaquin site over the anticipated operational period is $1,552.

La Veta Former Refuse Disposal Station Located in the City of Orange, La Veta is a former burn, dump and refuse disposal station leased to and operated by the County from 1946 to 1956. The site has multiple owners and was developed into a YMCA facility, apartments, a mobile home park and a small amount of open space. Recently, the County learned that the Californian Department of Toxic Substances Control (DTSC) and the United States Environmental Protection Agency had previously performed limited soil and groundwater testing at the site. According to DTSC, the results of these tests indicated that further site assessment was warranted. DTSC has requested that the County enter into a Voluntary Cleanup Agreement with DTSC. In lieu of entering into a Voluntary Cleanup Agreement, the County conducted a series of additional site investigations and assessments. Upon completion of these site assessments and based on the results contained therein, it was determined that no further action was required.

Based on a letter prepared by DTSC on March 12, 2013, there are no remaining costs to the County for performing the site assessment work.

Forster Former Refuse Disposal Station The site, located in the City of San Juan Capistrano, was formerly leased and operated as a refuse disposal station by the County of Orange 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, the City of San Juan Capistrano approved the proposed project and certified the Environmental Impact Report (EIR). The EIR was a subject of a citizen's referendum that ultimately resulted in affirmation of the proposed project. Subsequent to the City approval of the proposed development plan, Advanced Group 99-SJ and the County entered into negotiations to resolve issues related to environmental responsibility at the site. These negotiations resulted in a settlement agreement and release of claims, brought about by a threat of litigation over the California Environmental Quality Act (CEQA) approvals. The settlement and release 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.

Total obligation by the County for environmental infrastructure and controls at the site as agreed upon in the Settlement Agreement is $7,500. The entire sum is expected to be released within a five year period, but is dependent upon actions by the owner and regulatory approvals for the project. 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.

(Dollar Amounts in Thousands)

18. ESTIMATED LIABILITY FOR LITIGATION, CLAIMS, AND POLLUTION REMEDIATION (Continued)

Estimated Pollution Remediation Obligations (Continued)

Orange County Waste & Recycling (OCWR) (Continued)

Forster Former Refuse Disposal Station (Continued)

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

The estimated pollution remediation obligation as of June 30, 2013 is:

Cannery	$	77
Lane Road		3,704
San Joaquin		1,552
Forster		7,500
OCWR Pollution Remediation Obligation	$	12,833

19. RETIREMENT PLANS

Orange County Employees Retirement System (OCERS)

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

The OCERS Board supervises the investment of OCERS assets and the distribution of benefits to retired employees. The OCERS Board also determines the annual contributions required of the County and other participating local governmental entities to fund OCERS. Such annual contributions consist primarily of two components: the normal cost contribution and the amortized portion of the unfunded actuarial accrued liability (UAAL) contribution, to the extent an UAAL exists.

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

OCERS issues an audited stand-alone annual financial report for each year ending December 31. The most recent report can be obtained online at www.ocers.org, in writing to the Orange County Employees Retirement System, 2223 Wellington Avenue, Santa Ana, CA 92701, or by calling (714) 558-6200.

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

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Plan Description (Continued)

Members). The County payments represent approximately 88% of the total plan sponsor payments into OCERS. According to the most recent actuarial report, OCERS was 62.5% funded as of December 31, 2012. A schedule of funding progress for OCERS is included in the Required Supplemental Information (RSI) section of the OCERS report.

OCERS provides for retirement, death, disability, and cost-of-living benefits. Under OCERS, each County employee receives a defined-benefit pension at retirement, that is, a specific amount per month determined in accordance with the Retirement Law, which amount is not dependent upon the amount of money credited to the employee's account at the time of retirement. The OCERS Board does not set the benefit amounts. OCERS administers benefits that are set by the Board through the collective bargaining process with County employees in accordance with the Retirement Law.

Non-vested Supplemental Targeted Additional Retiree Cost of Living Adjustment (STAR COLA) benefits are also paid by OCERS to eligible retirees and survivors. Pursuant to Government Code Section 31874.3 of the County Employees Retirement Law of 1937, the OCERS Board has the sole authority to grant STAR COLA each year. The OCERS Board understands that granting STAR COLA may increase the UAAL and therefore asks for comments from plan sponsors prior to voting on this issue. Retirees who have lost more than 20% of their purchasing power since retirement are eligible for this benefit, and currently, approximately 579 retirees (of which 565 are County retirees) who retired before April 1, 1981, 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.

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

Employer contributions are based on what is needed to properly fund the system. The law, however, does allow employers and employees to negotiate some variation in who pays the contributions. OCERS' responsibility is to make certain the total required contribution is paid, regardless of how the employers and employees share the cost. For FY 2012-13, employer's contributions, as a percentage of covered payrolls, were 28.37% for General members, 47.45% for Safety-Law Enforcement members and 36.29% for Safety-Probation members, as determined by the December 31, 2010, actuarial valuation.

Effective June 28, 2002, Safety member's, including Probation Services employees, rate of contribution was modified to provide an annuity equal to 3% of the member's "final compensation" for each year of service rendered at age 50. Law enforcement management, executives in the Sheriff and District Attorney Departments and employees represented by the Association of Orange County Deputy Sheriffs hired after April 9, 2010, will receive retirement benefits based on a 3% at age 55 retirement formula.

Effective July 1, 2005, as part of collective bargaining agreements with County employees, most General Members who work for the County of Orange (approximately 14,000) became eligible for the 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 costs of the difference between retirement benefits at the prior formulas and the new 2.7% at age 55 formula and also for the annual amortization of the unfunded liability created by the retroactive application of the increased benefit. New employees hired after May 7, 2010, have the option of selecting either 2.7% at age 55 or 1.62% at age 65. The 1.62% at age 65 option includes a voluntary defined contribution component (see section below) with

19. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Funding Policy (Continued)

an employer match. This option is available to employees represented by the Orange County Employees Association, Alliance of Orange County Workers, the International Union of Operating Engineers and non-represented employees such as Executive Management. Members of the American Federation of State, County and Municipal Employees (AFSCME), which represents approximately 1,150 employees, 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 1.6667% of the member's "final compensation" for each year of service rendered at age 57.5 for Tier II General members.

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, 2013, $105,900 of such proceeds remains available for future credits to the County's pension obligations. For the year ended June 30, 2013, the County did not utilize funds available in the County Investment Account to meet its Annual Required Contribution. The County's total contribution to OCERS, including in certain years a drawdown from the County Investment Account, for the years ended June 30, 2013, 2012, and 2011 were $356,794, $321,736, and $307,084 respectively, equal to the required contributions for each year.

On January 14, 2013, the County issued its short-term Taxable Pension Obligation Bonds, 2013 Series A in the amount of $268,360. The bond proceeds were combined with $19,184 in contributions from certain County agencies and departments to prepay the estimated FY 2013-14 actuarially required contribution related to both the amortization of the UAAL and the normal annual contribution to OCERS. In return, the County received a 7.75% discount or $22,671 on the required employer contribution amount. The discount, combined with the interest and issuance costs, resulted in a net savings of $20,026 to the County. Refer to Note 11, Short-Term Obligations, for additional information.

County Administered Pension Plans

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 retirement formula for certain eligible employees. Effective March 22, 2011, as amended and restated on July 1, 2011, the Board approved the County of Orange 1.62% at 65 Retirement, 401(a) Defined Contribution Plan for the benefit of employees who have elected the 1.62% at 65 retirement formula.

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

The Board has the authority to amend the plan. The plan is intended to comply with the requirements of Internal Revenue Code (IRC) Section 401(a) and is intended for retirement. The employee acquires a vested interest in the employer contribution account upon attaining normal retirement age, or early retirement age because of death or disability. If an employee terminates prior to early or normal retirement date for any other

19. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

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

Plan Description (Continued)

reason than death or disability, the employee is only entitled to a vested interest of 100% of the employer contribution after five years of service.

Funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the early or normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2013, the plan had 45 active participants and 1 inactive participant.

Funding Policy: This plan is a defined contribution plan funded entirely by employer contributions. As of June 30, 2013, the County provides up to a 100% match per pay period of the employee's voluntary contribution to the IRC Section 457 element of the 1.62% Defined Contribution Plan up to 2% of base salary. Total contributions for the year ended June 30, 2013, were $24 by the County and zero by the employees.

Teachers Insurance and Annuity Association of America (TIAA) serves on behalf of the County as the third party administrator of the plan and will hold all plan assets in trust. Plan participants will self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2013, the value of plan assets was $32.

Administrative Cost: There are no separate recordkeeping or administrative fees charged to the participants. The investment management fees charged for the 401(a) funds managed by TIAA will be deducted from the earnings each quarter.

County of Orange 401(a) Defined Contribution Plan

Plan Description: Effective January 1999, as amended and restated on July 1, 2011, the Board established the County of Orange 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 in the plan, attorneys represented by the Orange County Attorney's Association, and certain other employee classifications as defined in the plan document. The Board also has the authority to amend the plan. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to new administrative managers included in the Executive Policy Unit effective June 23, 2006. The plan is intended for retirement and funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2013, the plan has 679 active participants and 25 inactive participants.

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 3% to 8% of bi-weekly compensation. Additional County contributions equal to 1.5% of compensation are made on behalf of elected officials electing not to participate in OCERS. Individuals elected or appointed to the Board on or after June 5, 2012 are required by Orange County Ordinance to participate in OCERS and may not receive the additional 1.5% of compensation. Total contributions for the year ended June 30, 2013, were $942 by the County and zero by the employees. Great West Retirement Services serves on behalf of the County as the third party administrator of the plan and holds all plan assets in trust. Plan participants self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2013, the value of plan assets was $11,792.

19. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

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

Administrative Cost: There are no separate recordkeeping or administrative fees charged to the participants. The investment management fees for the 401(a) funds managed by Great West Retirement Services are deducted from the earnings each quarter.

Extra-Help Defined Benefit Plan

Plan Description: The plan is a single-employer defined benefit retirement plan for employees performing services based on less than half-time or as extra-help. Eligible employees of this plan are not covered by OCERS or Social Security. Initially, the normal retirement benefits for a participant who retired on or after the normal retirement date was a monthly amount equal to one-twelfth of two percent of the participant's career earnings during the final 30 years of credited service. The current normal retirement benefit for a participant who retires on or after the normal retirement date is the present value (or lump sum value) of the monthly annuity of the normal retirement benefit. 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 plan was adopted in January 1992 and was closed to new participants as of February 28, 2002. This plan subsequently froze benefit accruals 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, 2013, the plan consists of 46 active plan participants, 246 terminated plan participants entitled to but not yet receiving benefits, and 37 retirees receiving benefits.

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

Investments are reported at fair value as further described in Note 1.F and are fully invested in the County Pool as described in Note 5, Deposits and Investments. The plan has not issued separate stand-alone financial statements.

Funding Policy: 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 has contributed $4,062. The annual required contribution is equal to:

- Normal cost
- Minus employee contribution
- Plus 26-year amortization of the Unfunded Actuarial Accrued Liability (UAAL)

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

The County charges a benefits administration fee to County agencies, which funds the cost of administering all of the County benefit programs, including the Extra-Help Defined Benefit Retirement Plan. The County Treasurer charges its normal investment management fee related to the Pension Trust Fund's participation in the County Pool.

19. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Annual Pension Cost: GASB Statement No. 27 requires the County to have an actuarial valuation performed at least biennially to determine the plan's annual pension cost. This valuation is currently performed annually. The plan's annual pension cost was calculated using the data and assets as of June 30, 2012. The actuarial assets are valued at market value. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the County's annual required contribution using the projected unit credit actuarial cost method, which is (a) normal cost, (b) minus employee contribution, (c) plus 26-year amortization of the UAAL.

Based on the July 1, 2012 actuarial valuation, for the year ended June 30, 2013, the County's annual required contribution was $278. The actuarial assumptions included (a) 3.25% investment return, net of administrative expenses; (b) The 417(e) lump sum mortality used for ERISA-governed plans and the 30-year Treasury rate with a look-back month of November; and (c) RP2000 Mortality Tables projected to 2018 with no collar distinction for males and females. This valuation does not have assumptions for inflation rate, projected salary increase or post-retirement benefit increase, as these factors do not impact the benefits of this frozen plan. The UAAL is being amortized as a level dollar on a closed basis. The amortization period is 26 years. Multi-year trend information about the funding progress is presented in the RSI section following the notes to the basic financial statements.

A July 1, 2013 actuarial valuation was prepared for the year ending June 30, 2014. The actuarial assumptions included (a) 3.25% investment return, net of administrative expenses; (b) 3% general inflation assumption, (c) The 417(e) lump sum mortality used for ERISA-governed plans and the 30-year Treasury rate with a look-back month of November; and (d) RP2000 Combined Healthy Mortality Table set back three years. This valuation does not have assumptions for projected salary increase or post-retirement benefit increase, as these factors do not impact the benefits of this frozen plan.

Orange County Defined Benefit Retirement Plan
Schedule of Funding Progress

Actuarial Valuation as of	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Unit Credit (b)	Unfunded Actuarial Accrued Liability (UAAL) (c = b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
7/01/2013	$ 5,460	$ 9,005	$ 3,545	60.6%	$ 1,579	224.5%

The annual pension cost and net pension obligation for the current year were as follows:

Actuarially Determined Contribution (A)	$ 278
Interest on Net Pension Asset	(2)
Adjustment to (A)	3
Annual Pension Cost	279
Contributions Made	1,309
Increase in Net Pension Asset	(1,030)
Net Pension Asset, Beginning of Year	(60)
Net Pension Asset, End of Year	$ (1,090)

(Dollar Amounts in Thousands)

19. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

The table below shows the County's annual pension costs, the percentages contributed, and the net pension obligations (asset) for the current fiscal year and each of the two prior fiscal years.

Orange County Defined Benefit Pan
Schedule of Employer Contributions

Fiscal Year Ended	County Contribution	Total Annual Pension Cost	Percentage Contributed	Net Pension Obligation/(Asset)
6/30/2011	$ 232	$ 224	104%	$ 639
6/30/2012	928	229	405%	(60)
6/30/2013	1,309	279	469%	(1,090)

Extra-Help Defined Contribution Plan

Plan Description: Effective March 1, 2002, as amended and restated on July 1, 2011, the Board established the Extra-Help Defined Contribution Plan to replace the Extra Help Defined Benefit Retirement Plan for new employees hired on or after March 1, 2002, and supplements the benefits of the Extra-Help Defined Benefit Retirement Plan for employees hired prior to March 1, 2002. Eligible employees of this plan are not covered by OCERS or Social Security. This plan is a tax-deferred retirement plan, established in accordance with IRC Sections 457 and 3121 and is intended to comply with the Omnibus Budget Reconciliation Act of 1990 and meet the requirements to be a Social Security replacement plan. The Board has the authority to amend the plan. As of June 30, 2013, there were 3,410 active participants and 316 inactive participants in the plan.

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

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

Funding Policy: Participants in the plan are required to contribute 7.5% of compensation each pay period. The contributions are invested in the Stable Value Fund offered through Great West Retirement Services, which is designed to protect principal and maximize earnings. Great West Retirement Services serves on behalf of the County as the third party administrator of the plan and holds all plan assets in trust. There is no additional contribution made by the County. Total employee contributions for the year ended June 30, 2013, were $1,336 by the employees and zero by the County. As of June 30, 2013, the value of plan assets was $6,917.

Administrative Cost: There are no separate recordkeeping or administrative fees charged to the participants. The investment management fee charged by Great West Retirement Services for the Stable Value Fund is deducted from the interest earnings each quarter as a percentage of the interest rate credited.

19. RETIREMENT PLANS (Continued)

County Administered Pension 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 year ended June 30, 2013:

Statement of Fiduciary Net Position	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	$ 5,445	$ 5,445	$ -	$ -	$ -
Restricted Cash/Investments with Trustee	18,741	-	6,917	11,792	32
Receivables:					
Interest/Dividends	15	15	-	-	-
Total Assets	24,201	5,460	6,917	11,792	32
Liabilities					
Total Liabilities	-	-	-	-	-
Net Position					
Restricted for Pension Benefits	24,201	5,460	6,917	11,792	32
Total Net Position	$ 24,201	$ 5,460	$ 6,917	$ 11,792	$ 32

Statement of Changes in Fiduciary Net Position	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 Trust:					
Employer	$ 2,275	$ 1,309	$ -	$ 942	$ 24
Employee	1,336	-	1,336	-	-
Other Revenues	3	3	-	-	-
Interest and Investment Income	1,107	8	164	933	2
Less: Investment Expense	(3)	(3)	-	-	-
Total Additions	4,718	1,317	1,500	1,875	26
Deductions:					
Benefits Paid to Participants	1,820	330	534	956	-
Total Deductions	1,820	330	534	956	-
Change in Net Position for Employees' Retirement	2,898	987	966	919	26
Net Position at July 1, 2012	21,303	4,473	5,951	10,873	6
Net Position at June 30, 2013	$ 24,201	$ 5,460	$ 6,917	$ 11,792	$ 32

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 single employer defined benefit Other Postemployment Benefit (OPEB) plan, intended to assist career employees in maintaining health insurance coverage following retirement from County service. The Retiree Medical Plan was established by the Board. The Board is also the authority for amending the Retiree Medical Plan. The Retiree Medical Plan is not required by the County Employees Retirement Law of 1937 ("CERL") – the statute governing County employee retirement benefits. Eligible retired County employees receive a monthly grant (the Grant), which helps offset the cost of monthly County-offered health plans and/or Medicare A and/or B premiums. The Retiree Medical Plan specifically states that it does not create any vested right to the benefits.

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

The monthly Grant amount is determined by a formula that multiplies a base number by the number of years of qualifying County employment up to a maximum of 25 years. The base number for calendar year 2012 was $19.33 (absolute dollars) per year of County service, and the maximum base monthly Grant was $483.25 (absolute dollars). The base number for calendar year 2013 is $19.91 (absolute dollars) per year of County service, and the maximum monthly Grant is $497.75 (absolute dollars). The amount of the Grant is netted against the monthly health plan premium and/or reimburses Medicare premiums paid by the retiree for retiree and dependent coverage with the retiree obligated to pay the remaining balance. Any grant in excess of the monthly health plan and/or Medicare premium payable is forfeited.

The Grant is reduced by 50% once the retiree becomes Medicare A and B eligible. Retirees who were age 65 and/or Medicare A and B eligible on the effective date are not subject to the Medicare reduction. The Grant is also reduced by 7.5% for each year of age prior to age 60 and increased by 7.5% for each year of age after age 60 up to age 70 for employees retiring after the effective date. The effective date varies by labor agreement. Safety employees and disability retirements are exempt from the age adjustment. The base number for the Grant is adjusted annually based on a formula defined in the Retiree Medical Plan document with a maximum increase/decrease of 3%. Surviving dependents of a deceased employee or retiree eligible for the Grant are entitled to receive 50% of the Grant that the employee/retiree was eligible to receive.

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

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

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

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Plan Description (Continued)

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

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

Funding Policy: The County implemented an employer contribution in an amount equal to the Annual Required Contribution (ARC) for the affected labor groups except AOCDS. In order to more adequately fund benefits under the Retiree Medical Plan, on June 19, 2007, the Board adopted the County of Orange Retiree Medical Trust (Trust) effective July 2, 2007. The Trust is an Internal Revenue Code section 115 trust for which the County Chief Financial Officer is the Trustee. In addition, OCERS has established an Internal Revenue Code section 401(h) account to invest monies and act as Trustee for benefits paid through the Retiree Medical Trust (except for the lump sum payment). OCERS issues a Comprehensive Annual Financial Report (CAFR) for each fiscal year ending on December 31, which includes the Retiree Medical Trust. The CAFR can be obtained online at www.ocers.org. by request, in writing, to the Orange County Employees Retirement System, 2223 Wellington Avenue, Santa Ana, CA 92701, or by calling (714) 558-6200.

The County is currently setting aside contributions of 0.7% for AFSCME, 2.6% for AOCDS, 4.9% for law enforcement management, 3.6% for the Probation Department safety personnel and 3.7% of payroll for all other labor groups, which is the estimated ARC for those groups. The County intends to continue contributing the full ARC each year, assuming the Retiree Medical Plan remains in effect and as currently structured. Funds were initially deposited into the Trust in December 2007, with subsequent deposits made throughout each fiscal year. The costs to administer the Trust are paid from the Trust.

Actuarial Methods and Assumptions: The County contracts with an outside actuarial consultant, Bartel Associates, LLC (Bartel) to prepare a bi-annual actuarial valuation in conformance with GASB Statements No. 43 and 45. The County received a June 30, 2011 valuation for fiscal years 2011-12 and 2012-13 for the Retiree Medical Plan (the Report). Among the actuarial methods and assumptions used in the Report are:

- The entry age normal actuarial cost method
- Closed period amortization of the UAAL over 30 years as a level percentage of payroll (24 years remaining as of June 30, 2013)
- A 7.25% long-term expected rate of return on funds held in the Trust
- A 3.75% per annum payroll increase assumption
- A 3.5% per annum general inflation rate assumption
- The assumed annual increases in the monthly grant of 3% for non-AFSCME employees and 5% for AFSCME employees. The healthcare trend was assumed to be greater than or equal to the annual increase to the Grant through 2021 and beyond. Therefore, it is the Grant annual increase rather than the healthcare trend that affects the projected benefits and the UAAL.
- There are an estimated 25,351 participants in the plan of which 17,928 are employees, 27 are deferred retirees, and 7,396 are retirees.

(Dollar Amounts in Thousands)

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation/Asset: The County's annual OPEB cost is calculated based on the ARC, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of time not to exceed 30 years. Also, the County elected to compute the Net OPEB Obligation (NOO) at transition retroactively.

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

	FY 2012-13
Total Annual Required Contribution	$ 42,713
Interest on Net OPEB Asset	(2,608)
Amortization on Net OPEB Asset	2,392
Annual OPEB Cost	42,497
Contribution Made	(48,336)
Increase in Net OPEB Asset	(5,839)
Net OPEB Asset, Beginning of year	(35,966)
Net OPEB Asset, End of year	$ (41,805)

The County's annual OPEB Cost, the percentage of annual OPEB cost contribution to the plan, and the NOO for FY 2012-13 and two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2011	$ 35,848	95%	$ (41,609)
6/30/2012	40,840	86%	(35,966)
6/30/2013	42,497	114%	(41,805)

Funded Status and Funding Progress: The funded status of the OPEB Plan as of June 30, 2011 is as follows:

Actuarial Accrued Liability (AAL)	$ 528,639
Actuarial Value of Plan Assets	116,804
Unfunded Actuarial Accrued Liability (UAAL)	$ 411,835
Funded Ratio (Actuarial Value of Plan Assets/AAL)	22.1%
Covered Payroll	$ 1,273,636
UAAL as Percentage of Covered Payroll	32.3%

The above noted actuarial accrued liability was based on the June 30, 2011 actuarial valuation. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial valuations contained in the Report involve estimates of the values of reported amounts and assumptions about the probability of events far into the future and will be subject to continual revision as they reflect a long-term perspective. Assumptions used in the Report also include techniques designed to reduce short-term volatility in AAL and the actuarial value of assets. Current estimates of the funded status and trend information about the funding progress and the employer contributions are presented in the Required Supplementary Information section following the notes to the basic financial statements.

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Health Reimbursement Arrangement (HRA)

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

On June 17, 2008, the Board approved the County of Orange Health Reimbursement Arrangement Plan (HRA) with an effective date of October 12, 2007. The HRA Plan is not required by California Public Employees' Retirement Law (CERL). The plan is intended for funding the reimbursement accounts of eligible employees on a pre-tax basis and reimbursing the eligible unreimbursed and substantiated qualified medical expenses of retired participants.

On March 10, 2009, the Board approved the restructuring of the Retiree Medical Benefit and establishment of a Defined Contribution Plan (Health Reimbursement Arrangement) for law enforcement management employees effective June 19, 2009. The HRA replaces the Retiree Medical Plan for new employees, and supplements the current law enforcement management employees' frozen service hour accruals for the Grant.

The HRA is intended to comply with the requirements of Internal Revenue Code (IRC) Sections 105 and 106, and meets the requirements of a health reimbursement arrangement as defined under Internal Revenue Service (IRS) Notice 2002-45. The contributions made to reimbursement accounts, any investment gains and qualified medical expenses reimbursed under this plan are intended to be eligible for exclusion from the gross income of eligible employees, participants and retired participants (including the spouses and dependents of each) under IRC Section 105(b). The HRA may be amended by the employer or the plan administrator to comply with federal, state, or local laws, statues, regulations, or guidelines. Reimbursement of qualified medical expenses was deferred until the selection and implementation of the third party administrator. Administration of the HRA by the third party administrator began in August 2009. As of June 30, 2013, the plan had 2,184 active and 279 inactive participants.

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

ICMA Retirement Corporation serves on behalf of the County as the third party administrator of the HRA and holds HRA assets in trust. HRA participants self-direct the investment of plan contributions into any of a number of eligible investment options offered under the HRA. As of June 30, 2013, the value of HRA assets was $49,205.

Administrative Cost: There are no separate recordkeeping or administrative fees charged to participants. The management fees for the funds managed by ICMA are deducted from the participants' earnings each quarter.

(Dollar Amounts in Thousands)

20. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Condensed Financial Statements:

Separate GAAP-basis reports are not currently available for the defined benefit and contribution plans. 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, 2013:

Statement of Fiduciary Net Position	Total	Retiree Medical Plan (Combined 401(h) and 115 Trusts)	Health Reimbursement Arrangement Plan
Assets			
Pooled Cash/Investments	$ 3,037	$ 2,993	$ 44
Restricted Cash and Investments with Trustee	48,806	-	48,806
Restricted Cash with OCERS	147,244	147,244	-
Interest Receivable	53	53	-
Due from Other Governmental Agencies	2,513	2,158	355
Total Assets	201,653	152,448	49,205
Liabilities			
Due to Other Governmental Agencies	2	2	-
Total Liabilities	2	2	-
Net Position			
Restricted for OPEB Benefits	201,651	152,446	49,205
Total Net Position	$ 201,651	$ 152,446	$ 49,205

Statement of Changes in Fiduciary Net Position	Total	Retiree Medical Plan (Combined 401(h) and 115 Trusts)	Health Reimbursement Arrangement Plan
Additions:			
Employer Contributions:	$ 56,601	$ 48,336	$ 8,265
Interest and Investment Income	12,792	8,781	4,011
Less: Investment Expense	(62)	(62)	-
Total Additions	69,331	57,055	12,276
Deductions:			
Benefits Paid to Participants	28,659	28,005	654
Total Deductions	28,659	28,005	654
Change in Net Position	40,672	29,050	11,622
Net Position at July 1, 2012	160,979	123,396	37,583
Net Position at June 30, 2013	$ 201,651	$ 152,446	$ 49,205

21. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2013:

Airport Revenue Refunding Bonds, Series 2003: On July 1, 2013, the Airport called and redeemed the 2003 Airport Revenue Refunding Bonds with an outstanding carrying principal balance of $23,685. The 2003 Bonds were issued on May 29, 2003 with an original maturity date of July 1, 2018. The redemption resulted in a total interest savings of $3,107. Refer to Note 12, Long-Term Obligations for additional information.

Teeter Plan Notes Series B: On July 16, 2013, the County issued an additional $39,639 in Teeter Plan Series B Notes to finance the purchase of the delinquent property tax receivables associated with the Teeter Plan, leaving an outstanding balance of $83,125. Proceeds of this issuance paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. For additional information regarding the Teeter Plan Series B Notes, refer to Note 12, Long-Term Obligations.

County Vehicle License Fee Adjustment Amount (VLFAA): The Court's ruling resulted in the loss of the $73,500 VLFAA revenue and a requirement for the County to repay $150,000 to the State ($148,575 retained in FYs 2011-12 and 2012-13, plus interest). On September 27, 2013, Assembly Bill (AB) 701 was signed by the Governor to resolve the dispute between the State and the County. AB 701 provides for $53,000 in annual VLFAA beginning in FY 2013-14, including growth, in lieu of the $50,000 in property tax revenue previously provided by SB 8 X3, which was a flat amount with no growth. AB 701 provides stability for the County by securing the property tax revenues, including growth, and by allowing a payment of the $150,000 obligation, which was accrued as of June 30, 2013, over five years.

Redevelopment Successor Agency to the Orange County Development Agency Santa Ana Heights Project Area Tax Allocation Refunding Bonds, Issue of 2014: At its December 13, 2012 meeting, the Oversight Board directed staff to proceed with refunding the Tax Allocation Refunding Bonds, Series 2003 Santa Ana Heights. On October 22, 2013 acting as the Redevelopment Successor Agency to the Orange County Development Agency (OCDA) the Board of Supervisors authorized the issuance and sale of the Tax Allocation Refunding Bonds. On January 9, 2014, the Successor Agency to OCDA issued Tax Allocation Refunding Bonds for the Santa Ana Heights Project Area in the principal amount of $20,960. The Bonds were issued to redeem the outstanding Tax Allocation Refunding Bonds, Series 2003 and are secured by a pledge of property tax revenues from the Santa Ana Heights Project Area. The Bonds were issued for a debt service savings and have a final maturity of September 1, 2023.

Standard & Poor's Credit Rating Upgrades: On December 24, 2013, Standard & Poor's Rating Services raised its issuer credit rating for the County of Orange to 'AA' from 'AA-. Standard & Poor's Rating Services also raised its long-term rating and underlying rating on the County's 2005 Lease Revenue Refunding Bonds, 2006 Lease Revenue Refunding Bonds, 2005 Refunding Recovery Bonds, Juvenile Justice Center Facility Lease Revenue Refunding Bonds, Series 2012, and 2013 Taxable Pension Obligation Bonds to 'AA-' from A+.

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

Waste Management System Refunding Revenue Bonds, Series 1997: On December 1, 2013, OCWR paid in full the outstanding balance of the 1997 Refunding Revenue Bonds. The 1997 Bonds were issued in November 1997 to advance refund the 1988 Certificate of Participation which were originally issued in December 1988. Refer to Note 12, Long-Term Obligations for additional information.

Fremont Canyon – Irvine Ranch Open Space

Photo Courtesy of OC Parks

COUNTY OF ORANGE CALIFORNIA

Required Supplementary Information
(Dollar Amounts in Thousands)

Orange County Extra-Help Defined Benefit Plan

Schedule of Funding Progress

Actuarial Valuation as of July 01	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (c=b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
2008	$ 5,242	$ 7,599	$ 2,357	69.0%	$ 3,445	68.4%
2009	4,923	7,091	2,168	69.4%	2,682	80.8%
2010	4,566	8,315	3,749	54.9%	1,862	201.3%
2011	4,033	8,330	4,297	48.4%	2,010	213.8%
2012	4,468	9,463	4,995	47.2%	1,657	301.4%
2013	5,460	9,005	3,545	60.6%	1,579	224.5%

Schedule of Employer Contributions

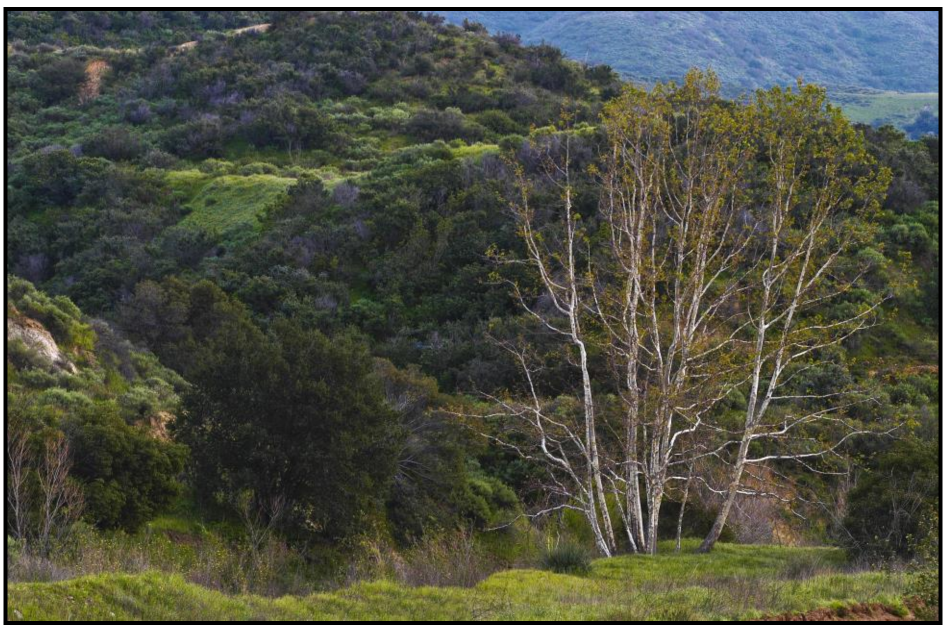
Fiscal Year Ended	Total Annual Required Contribution	Percentage Contributed
6/30/2008	225	100%
6/30/2009	242	100%
6/30/2010	156	100%
6/30/2011	232	100%
6/30/2012	239	388%
6/30/2013	278	471%

Orange County Retiree Medical Plan

Schedule of Funding Progress

Actuarial Valuation as of June 30 (1)	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (c=b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
2009	$ 94,110	$ 456,005	$ 361,895	20.6%	$ 1,267,427	28.6%
2011	116,804	528,639	411,835	22.1%	1,273,636	32.3%

(1) The County's outside actuarial consultant, Bartel Associates, LLC prepares a bi-annual actuarial valuation in conformance with GASB Statement Nos. 43 and 45.



Gypsum Canyon – Irvine Ranch Open Space

Photo Courtesy of OC Parks

COUNTY OF ORANGE

CALIFORNIA

MAJOR GOVERNMENTAL DEBT SERVICE FUND

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

> 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.

(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUND - DEBT SERVICE

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Budget Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations
Teeter Plan Notes								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		$ 11,754	$ --	$ 11,754	$ 15,187	$ 3,433		
Use of Money and Property		400	--	400	305	(95)		
Total Revenues and Other Financing Sources		12,154	--	12,154	15,492	3,338		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Teeter Series A Debt Service	$ -	8,586	(2,718)	5,868	1,329	4,539	$ --	$ 4,539
Total Expenditures/Encumbrances and Other Financing Uses	-	8,586	(2,718)	5,868	1,329	4,539	$ --	$ 4,539
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	-	3,568	2,718	6,286	14,163	$ 7,877		
Fund Balance - Beginning of Year	(6,286)	(6,286)	--	(6,286)	(6,286)			
Fund Balance - End of Year	$ (6,286)	$ (2,718)	$ --	$ --	$ 7,877			

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources (other than the permanent fund or for major capital projects) that have either legal or operational requirements to restrict expenditures for specified purposes.

Parking Facilities
This fund is used to account for revenues and expenditures related to parking facilities. This includes costs to lease parking spaces for County staff, costs and revenue from the Manchester and Hall of Administration lots, interest revenue, and the County's operating and maintenance costs.

Service Areas, Lighting, Maintenance and Assessment Districts
This group of funds is used to account for the construction of public facilities from the proceeds of various Mello-Roos districts (also known as Community Facilities Districts), bond issues, special assessment district bond issues, and interfund transfers from County Service Area operating funds. Upon completion of construction, the public facilities are transferred to the Special Assessment and Community Facilities Districts. It is also used to account for local park and recreation facilities, highway lighting, and street sweeping services within unincorporated areas of the County. Revenues consist primarily of property taxes and state grants.

Other Environmental Management
This group of funds is used to account for Local Redevelopment Authority (LRA) activities, fees from violations of fish and game laws, usage of various state tidelands held in trust by the County, registration of off-highway vehicles, and motor vehicle fees levied by the South Coast Air Quality Management District.

Tobacco Settlement
This fund accounts for tobacco settlement monies allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories. On November 7, 2000, Orange County voters passed Measure H. This measure requires the County to utilize its share of the national tobacco litigation settlement revenues in the following percentages:

- *80% for specified health care services*
- *20% for public safety*

Community and Welfare Services
This group of funds is used to account for the Orange County Workforce Investment Act, Welfare-to-Work, Shelter Care Facilities, In Home Supportive Services, Housing and Community Development, Substance Abuse Treatment, and Other Community and Welfare Social Programs. Revenues consist primarily of Federal grants passed through the State, as well as State grants.

OC Parks
This fund accounts for the development and maintenance of County tidelands and related aquatic recreational facilities, as well as the acquisition, operation and maintenance of County beaches, inland, regional park facilities and community park sites in the unincorporated areas. Revenues consist primarily of property taxes, state aid, lease and concession revenues, and park and recreation fees.

OC Dana Point Harbor

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

Housing Asset

The Orange County Development Agency (OCDA) was dissolved effective February 1, 2012 in accordance with Health and Safety Code 34172. The Orange County Housing Authority assumed the housing functions previously performed by OCDA. The Housing Asset Fund was established and the housing assets from the OCDA Low and Moderate Income Housing Fund were transferred into the Fund.

Schedule I County-Administered Accounts

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

OC Public Libraries

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

Plan of Adjustment Available Cash

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

Health Care Programs

This group of funds is used to account for Board-approved Realignment reserves for health care, Mental Health Services Act revenues, Medi-cal Mental Health Managed Care programs, Medi-Cal Administrative Activities and Targeted Case Management, Bioterrorism preparedness grant funds, Emergency Medical Services allocations, and other purpose-restricted revenues related to health care programs. Revenues consist primarily of State grants and allocations, and Federal grants passed through the State.

Orange County Housing Authority

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

Other Governmental Resources

This group of funds is used to account 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.

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

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

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

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

CAPITAL PROJECTS FUNDS

These funds are used to account for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds).

Criminal Justice Facilities
This group of funds is used to account for monies received from surcharges and penalty assessments on offenses used for capital improvements to court and other criminal justice facilities.

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.

COUNTY OF ORANGE

CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

	Total Nonmajor Governmental Funds	Special Revenue: Parking Facilities	Special Revenue: Service Area, Lighting, Maintenance, & Assessment Districts	Special Revenue: Other Environmental Management
ASSETS				
Pooled Cash/Investments	$ 594,644	$ 1,204	$ 49,769	$ 3,328
Imprest Cash Funds	61	--	--	--
Restricted Cash and Investments with Trustee	209,005	--	125	--
Investments	123	--	--	--
Deposits In-Lieu of Cash	5	--	--	--
Receivables				
Accounts	1,882	31	--	24
Taxes	1,666	--	17	--
Interest/Dividends	315	2	28	2
Deposits	2,113	--	--	--
Allowance for Uncollectible Receivables	(153)	--	--	--
Due from Other Funds	35,525	49	--	--
Due from Other Governmental Agencies	7,960	360	--	38
Prepaid Costs	8,866	33	--	--
Land and Improvements Held for Resale	145	--	--	--
Notes Receivable	34,262	--	--	892
Total Assets	$ 896,419	$ 1,679	$ 49,939	$ 4,284
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 6,421	$ 103	$ 261	$ --
Retainage payable	990	--	88	--
Salaries and Employee Benefits Payable	2,502	9	--	--
Deposits from Others	4,788	--	--	--
Due to Other Funds	29,054	74	1,084	542
Due to Component Unit	1	--	--	--
Due to Other Governmental Agencies	10,836	277	--	--
Deferred Revenue	4,196	--	6	930
Unearned Revenue	6,616	--	--	--
Advances from Other Funds	2,500	--	--	--
Total Liabilities	67,904	463	1,439	1,472
Fund Balances				
Nonspendable	9,049	33	--	--
Restricted	753,910	691	48,500	2,060
Assigned	65,556	492	--	752
Total Fund Balances	828,515	1,216	48,500	2,812
Total Liabilities and Fund Balances	$ 896,419	$ 1,679	$ 49,939	$ 4,284

(Dollar Amounts in Thousands)

Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	
				ASSETS
$ 23,459	$ 55,288	$ 105,143	$ 56,031	Pooled Cash/Investments
--	8	--	--	Imprest Cash Funds
--	--	--	--	Restricted Cash and Investments with Trustee
--	123	--	--	Investments
--	--	--	5	Deposits In-Lieu of Cash
				Receivables
--	148	922	346	Accounts
--	--	953	--	Taxes
--	25	70	33	Interest/Dividends
--	--	30	2,083	Deposits
--	--	(11)	--	Allowance for Uncollectible Receivables
--	25,626	13	1	Due from Other Funds
--	4,533	653	40	Due from Other Governmental Agencies
--	321	3,383	285	Prepaid Costs
--	145	--	--	Land and Improvements Held for Resale
--	7,129	--	--	Notes Receivable
$ 23,459	$ 93,346	$ 111,156	$ 58,824	Total Assets
				LIABILITIES AND FUND BALANCES
				Liabilities
$ --	$ 1,017	$ 2,064	$ 937	Accounts Payable
--	--	465	130	Retainage payable
--	92	968	78	Salaries and Employee Benefits Payable
--	11	1,205	2,524	Deposits from Others
555	5,601	1,432	410	Due to Other Funds
--	--	--	--	Due to Component Unit
--	2,513	5,079	117	Due to Other Governmental Agencies
--	2,264	482	--	Deferred Revenue
--	121	2,154	6	Unearned Revenue
--	--	--	--	Advances from Other Funds
555	11,619	13,849	4,202	Total Liabilities
				Fund Balances
--	321	3,383	285	Nonspendable
22,904	33,469	82,058	54,337	Restricted
--	47,937	11,866	--	Assigned
22,904	81,727	97,307	54,622	Total Fund Balances
$ 23,459	$ 93,346	$ 111,156	$ 58,824	Total Liabilities and Fund Balances

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue				
	Housing Asset	Schedule I County - Administered Accounts	OC Public Libraries	Plan of Adjustment Available Cash	Health Care Programs
ASSETS					
Pooled Cash/Investments	$ 11,739	$ 5,987	$ 22,803	$ 14	$ 229,362
Imprest Cash Funds	--	--	53	--	--
Restricted Cash and Investments with Trustee	--	--	--	--	--
Investments	--	--	--	--	--
Deposits In-Lieu of Cash	--	--	--	--	--
Receivables					
Accounts	--	--	45	--	--
Taxes	--	--	696	--	--
Interest/Dividends	7	3	12	--	114
Deposits	--	--	--	--	--
Allowance for Uncollectible Receivables	(115)	--	--	--	--
Due from Other Funds	--	--	42	8,668	1,126
Due from Other Governmental Agencies	--	--	32	--	810
Prepaid Costs	--	--	3,656	--	--
Land and Improvements Held for Resale	--	--	--	--	--
Notes Receivable	22,074	--	--	--	--
Total Assets	$ 33,705	$ 5,990	$ 27,339	$ 8,682	$ 231,412
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ --	$ --	$ 715	$ 1	$ --
Retainage payable	--	--	23	--	--
Salaries and Employee Benefits Payable	--	--	1,019	--	--
Deposits from Others	--	--	1,048	--	--
Due to Other Funds	82	--	3,672	--	14,336
Due to Component Unit	--	--	--	--	1
Due to Other Governmental Agencies	--	--	217	--	2,575
Deferred Revenue	--	--	456	--	--
Unearned Revenue	--	--	10	--	4,325
Advances from Other Funds	--	--	--	--	--
Total Liabilities	82	--	7,160	1	21,237
Fund Balances					
Nonspendable	--	--	3,656	--	--
Restricted	33,623	5,990	16,523	8,681	205,675
Assigned	--	--	--	--	4,500
Total Fund Balances	33,623	5,990	20,179	8,681	210,175
Total Liabilities and Fund Balances	$ 33,705	$ 5,990	$ 27,339	$ 8,682	$ 231,412

(Dollar Amounts in Thousands)

Special Revenue: Orange County Housing Authority	Special Revenue: Other Governmental Resources	Debt Service: Public Facilities Corporation Bonds, Master Lease	Debt Service: Pension Obligation Bonds	
				ASSETS
$ 14,037	$ 1,247	$ --	$ 212	Pooled Cash/Investments
--	--	--	--	Imprest Cash Funds
2,766	--	3,566	158,756	Restricted Cash and Investments with Trustee
--	--	--	--	Investments
--	--	--	--	Deposits In-Lieu of Cash
				Receivables
334	32	--	--	Accounts
--	--	--	--	Taxes
7	--	--	--	Interest/Dividends
--	--	--	--	Deposits
(27)	--	--	--	Allowance for Uncollectible Receivables
--	--	--	--	Due from Other Funds
979	--	--	--	Due from Other Governmental Agencies
1,188	--	--	--	Prepaid Costs
--	--	--	--	Land and Improvements Held for Resale
4,167	--	--	--	Notes Receivable
$ 23,451	$ 1,279	$ 3,566	$ 158,968	Total Assets
				LIABILITIES AND FUND BALANCES
				Liabilities
$ 480	$ 32	$ --	$ --	Accounts Payable
--	--	--	--	Retainage payable
336	--	--	--	Salaries and Employee Benefits Payable
--	--	--	--	Deposits from Others
1,254	--	--	--	Due to Other Funds
--	--	--	--	Due to Component Unit
58	--	--	--	Due to Other Governmental Agencies
28	--	--	--	Deferred Revenue
--	--	--	--	Unearned Revenue
--	--	--	--	Advances from Other Funds
2,156	32	--	--	Total Liabilities
				Fund Balances
1,188	--	--	--	Nonspendable
20,107	1,238	3,566	158,968	Restricted
--	9	--	--	Assigned
21,295	1,247	3,566	158,968	Total Fund Balances
$ 23,451	$ 1,279	$ 3,566	$ 158,968	Total Liabilities and Fund Balances

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Debt Service		Capital Projects	Permanent
	South OC Public Financing Authority	Orange County Public Financing Authority	Criminal Justice Facilities	Regional Park Endowment
ASSETS				
Pooled Cash/Investments	$ --	$ --	$ 14,700	$ 321
Imprest Cash Funds	--	--	--	--
Restricted Cash and Investments with Trustee	3,741	40,051	--	--
Investments	--	--	--	--
Deposits In-Lieu of Cash	--	--	--	--
Receivables				
Accounts	--	--	--	--
Taxes	--	--	--	--
Interest/Dividends	--	--	11	1
Deposits	--	--	--	--
Allowance for Uncollectible Receivables	--	--	--	--
Due from Other Funds	--	--	--	--
Due from Other Governmental Agencies	--	--	515	--
Prepaid Costs	--	--	--	--
Land and Improvements Held for Resale	--	--	--	--
Notes Receivable	--	--	--	--
Total Assets	$ 3,741	$ 40,051	$ 15,226	$ 322
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ --	$ --	$ 811	$ --
Retainage payable	--	--	284	--
Salaries and Employee Benefits Payable	--	--	--	--
Deposits from Others	--	--	--	--
Due to Other Funds	--	--	12	--
Due to Component Unit	--	--	--	--
Due to Other Governmental Agencies	--	--	--	--
Deferred Revenue	--	--	30	--
Unearned Revenue	--	--	--	--
Advances from Other Funds	--	--	2,500	--
Total Liabilities	--	--	3,637	--
Fund Balances				
Nonspendable	--	--	--	183
Restricted	3,741	40,051	11,589	139
Assigned	--	--	--	--
Total Fund Balances	3,741	40,051	11,589	322
Total Liabilities and Fund Balances	$ 3,741	$ 40,051	$ 15,226	$ 322

COUNTY OF ORANGE CALIFORNIA

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

	Total Nonmajor Governmental Funds	Special Revenue: Parking Facilities	Special Revenue: Service Area, Lighting, Maintenance, & Assessment Districts	Special Revenue: Other Environmental Management
Revenues				
Taxes	$ 103,568	$ --	$ 500	$ --
Licenses, Permits, and Franchises	1,041	--	--	--
Fines, Forfeitures and Penalties	14,746	--	--	6
Use of Money and Property	49,946	8,041	90	382
Intergovernmental	310,253	578	4	197
Charges for Services	12,126	261	24	93
Other	45,393	19	41	151
Total Revenues	537,073	8,899	659	829
Expenditures				
Current				
General Government	15,488	--	5,009	154
Public Protection	66	--	--	66
Public Ways and Facilities	7,891	6,855	506	530
Health and Sanitation	1,797	--	--	--
Public Assistance	183,286	--	--	--
Education	37,239	--	--	--
Recreation and Cultural Services	94,051	--	--	--
Capital Outlay	19,475	35	--	800
Debt Service				
Principal Retirement	36,878	--	--	--
Interest	34,246	--	--	--
Total Expenditures	430,417	6,890	5,515	1,550
Excess (Deficit) of Revenues Over Expenditures	106,656	2,009	(4,856)	(721)
Other Financing Sources (Uses)				
Transfers In	83,077	1,439	--	--
Transfers Out	(162,506)	(3,770)	--	(199)
Total Other Financing Sources (Uses)	(79,429)	(2,331)	--	(199)
Extraordinary Gain	1,800	--	--	--
Net Change in Fund Balances	29,027	(322)	(4,856)	(920)
Fund Balances - Beginning of Year	799,488	1,538	53,356	3,732
Fund Balances - End of Year	$ 828,515	$ 1,216	$ 48,500	$ 2,812

(Dollar Amounts in Thousands)

	Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor
Revenues				
Taxes	$ --	$ --	$ 60,249	$ --
Licenses, Permits, and Franchises	--	699	316	26
Fines, Forfeitures and Penalties	--	--	24	32
Use of Money and Property	85	588	10,283	22,866
Intergovernmental	--	31,586	800	--
Charges for Services	--	2,706	5,699	718
Other	40,320	2,675	772	240
Total Revenues	40,405	38,254	78,143	23,882
Expenditures				
Current				
General Government	11	--	--	--
Public Protection	--	--	--	--
Public Ways and Facilities	--	--	--	--
Health and Sanitation	--	--	--	--
Public Assistance	--	26,651	--	--
Education	--	--	--	--
Recreation and Cultural Services	--	--	73,455	20,596
Capital Outlay	--	--	8,069	78
Debt Service				
Principal Retirement	--	--	--	--
Interest	--	--	--	--
Total Expenditures	11	26,651	81,524	20,674
Excess (Deficit) of Revenues Over Expenditures	40,394	11,603	(3,381)	3,208
Other Financing Sources (Uses)				
Transfers In	11	33,391	49	--
Transfers Out	(23,782)	(15,416)	--	(10)
Total Other Financing Sources (Uses)	(23,771)	17,975	49	(10)
Extraordinary Gain	--	--	--	--
Net Change in Fund Balances	16,623	29,578	(3,332)	3,198
Fund Balances - Beginning of Year	6,281	52,149	100,639	51,424
Fund Balances - End of Year	$ 22,904	$ 81,727	$ 97,307	$ 54,622

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

	Special Revenue				
	Housing Asset	Schedule I County-Administered Accounts	OC Public Libraries	Plan of Adjustment Available Cash	Health Care Programs
Revenues					
Taxes	$ --	$ --	$ 42,819	$ --	$ --
Licenses, Permits, and Franchises	--	--	--	--	--
Fines, Forfeitures and Penalties	--	--	6	--	9,277
Use of Money and Property	--	11	103	9	536
Intergovernmental	2,647	--	3,620	--	122,273
Charges for Services	--	--	1,117	--	1,445
Other	27	--	389	--	8
Total Revenues	2,674	11	48,054	9	133,539
Expenditures					
Current					
General Government	--	5	--	9,937	--
Public Protection	--	--	--	--	--
Public Ways and Facilities	--	--	--	--	--
Health and Sanitation	--	--	--	--	1,797
Public Assistance	2,816	--	--	--	--
Education	--	--	37,239	--	--
Recreation and Cultural Services	--	--	--	--	--
Capital Outlay	--	--	2,275	--	--
Debt Service					
Principal Retirement	--	--	--	--	--
Interest	--	--	--	--	--
Total Expenditures	2,816	5	39,514	9,937	1,797
Excess (Deficit) of Revenues Over Expenditures	(142)	6	8,540	(9,928)	131,742
Other Financing Sources (Uses)					
Transfers In	--	--	1	8,668	105
Transfers Out	--	--	--	--	(111,538)
Total Other Financing Sources (Uses)	--	--	1	8,668	(111,433)
Extraordinary Gain	1,800	--	--	--	--
Net Change in Fund Balances	1,658	6	8,541	(1,260)	20,309
Fund Balances - Beginning of Year	31,965	5,984	11,638	9,941	189,866
Fund Balances - End of Year	$ 33,623	$ 5,990	$ 20,179	$ 8,681	$ 210,175

(Dollar Amounts in Thousands)

Special Revenue: Orange County Housing Authority	Special Revenue: Other Governmental Resources	Debt Service: Public Facilities Corporation Bonds, Master Lease	Debt Service: Pension Obligation Bonds	
				Revenues
$ --	$ --	$ --	$ --	Taxes
--	--	--	--	Licenses, Permits, and Franchises
--	--	--	--	Fines, Forfeitures and Penalties
148	3	--	5,995	Use of Money and Property
148,548	--	--	--	Intergovernmental
40	23	--	--	Charges for Services
476	153	--	--	Other
149,212	179	--	5,995	Total Revenues
				Expenditures
				Current
--	282	44	46	General Government
--	--	--	--	Public Protection
--	--	--	--	Public Ways and Facilities
--	--	--	--	Health and Sanitation
153,819	--	--	--	Public Assistance
--	--	--	--	Education
--	--	--	--	Recreation and Cultural Services
--	6	--	--	Capital Outlay
				Debt Service
--	--	600	9,598	Principal Retirement
--	--	2,005	24,296	Interest
153,819	288	2,649	33,940	Total Expenditures
(4,607)	(109)	(2,649)	(27,945)	Excess (Deficit) of Revenues Over Expenditures
				Other Financing Sources (Uses)
--	50	2,403	--	Transfers In
--	(1)	--	--	Transfers Out
--	49	2,403	--	Total Other Financing Sources (Uses)
--	--	--	--	Extraordinary Gain
(4,607)	(60)	(246)	(27,945)	Net Change in Fund Balances
25,902	1,307	3,812	186,913	Fund Balances - Beginning of Year
$ 21,295	$ 1,247	$ 3,566	$ 158,968	Fund Balances - End of Year

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

	Debt Service		Capital Projects	Permanent
	South OC Public Financing Authority	Orange County Public Financing Authority	Criminal Justice Facilities	Regional Park Endowment
Revenues				
Taxes	$ --	$ --	$ --	$ --
Licenses, Permits, and Franchises	--	--	--	--
Fines, Forfeitures and Penalties	--	--	5,401	--
Use of Money and Property	24	752	29	1
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Other	--	--	121	1
Total Revenues	24	752	5,551	2
Expenditures				
Current				
General Government	--	--	--	--
Public Protection	--	--	--	--
Public Ways and Facilities	--	--	--	--
Health and Sanitation	--	--	--	--
Public Assistance	--	--	--	--
Education	--	--	--	--
Recreation and Cultural Services	--	--	--	--
Capital Outlay	--	--	8,212	--
Debt Service				
Principal Retirement	4,520	22,160	--	--
Interest	1,307	6,638	--	--
Total Expenditures	5,827	28,798	8,212	--
Excess (Deficit) of Revenues Over Expenditures	(5,803)	(28,046)	(2,661)	2
Other Financing Sources (Uses)				
Transfers In	5,817	29,200	1,943	--
Transfers Out	--	(4,175)	(3,615)	--
Total Other Financing Sources (Uses)	5,817	25,025	(1,672)	--
Extraordinary Gain	--	--	--	--
Net Change in Fund Balances	14	(3,021)	(4,333)	2
Fund Balances - Beginning of Year	3,727	43,072	15,922	320
Fund Balances - End of Year	$ 3,741	$ 40,051	$ 11,589	$ 322

COUNTY OF ORANGE
CALIFORNIA

BUDGETARY COMPARISON SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations
Parking Facilities								
Revenues and Other Financing Sources								
Use of Money and Property		$ 2,697	$ --	$ 2,697	$ 2,443	$ (254)		
Charges for Services		275	--	275	261	(14)		
Other		14	--	14	20	6		
Transfers In		1,440	(1)	1,439	1,439	--		
Total Revenues and Other Financing Sources		4,426	(1)	4,425	4,163	(262)		
Expenditures/Encumbrances and Other Financing Uses								
Public Ways and Facilities:								
Parking Facilities	$ 51	5,246	(110)	5,187	4,430	757	$ 320	$ 437
Total Expenditures/Encumbrances and Other Financing Uses	51	5,246	(110)	5,187	4,430	757	$ 320	$ 437
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(51)	(820)	109	(762)	(267)	$ 495		
Fund Balance - Beginning of Year	1,534	1,534	--	1,534	1,534			
Fund Balance - End of Year	$ 1,483	$ 714	$ --	$ 772	$ 1,267			
Service Area, Lighting, Maintenance and Assessment Districts								
Revenues and Other Financing Sources								
Taxes		$ 492	$ --	$ 492	$ 500	$ 8		
Use of Money and Property		186	1	187	192	5		
Intergovernmental		3	--	3	4	1		
Charges for Services		22	--	22	24	2		
Other		36	--	36	41	5		
Total Revenues and Other Financing Sources		739	1	740	761	21		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Aliso Viejo Community Facilities District 88-1(A) 1992-Construction	$ --	5,096	(2)	5,094	6	5,088	$ --	$ 5,088
Special Assessment-Top of the World Improvement	--	54	--	54	--	54	--	54
CFD 99-1, Ladera Construction Series A of 1999 Construction	--	21	--	21	1	20	--	20
Rancho Santa Margarita Community Facilities District 86-2, Series A of 1998 Construction	--	1,669	--	1,669	556	1,113	--	1,113
Rancho Santa Margarita Community Facilities District 86-1, Series A of 1998 Construction	--	132	--	132	132	--	--	--
CFD 2002-1 Ladera Construction	1,652	5,757	(1,773)	5,636	1,076	4,560	987	3,573
Lomas Laguna Community Facilities District 88-2 Construction	--	397	--	397	--	397	--	397
Baker Ranch Community Facilities District 87-6 Construction	--	532	(1)	531	--	531	--	531
Santa Teresita Community Facilities District 87-9 Construction	--	67	--	67	--	67	--	67
Mission Viejo Community Facilities District 87-3(A) 90 Construction	--	16	--	16	--	16	--	16
CFD 2004-1 Ladera Construction	--	26,296	(962)	25,334	2,944	22,390	--	22,390
CFD 01-1 Ladera Construction Series A of 2001 Construction	--	43	(1)	42	--	42	--	42
Santa Teresita Community Facilities District 87-9(A) 1991 Construction	--	138	--	138	--	138	--	138
CFD 00-1, Ladera Construction Series A of 2000 Construction	--	201	(2)	199	5	194	--	194
Newport Ridge Construction 92-1	--	198	--	198	--	198	--	198
Newport Ridge Construction Series B	--	179	1	180	2	178	--	178
Foothill Ranch Community Facilities District 87-4(A) 94 Construction	--	410	--	410	--	410	--	410
CFD 2003-1, Ladera Construction	827	3,627	(758)	3,696	691	3,005	158	2,847
Rancho Santa Margarita Community Facilities District 87-5C, Series A of 1994 Construction	--	74	--	74	--	74	--	74
Coto de Caza Community Facilities District 87-8(A) 94 Construction	--	70	(1)	69	--	69	--	69
Public Ways and Facilities:								
County Infrastructure Project	--	5,142	(1)	5,141	1	5,140	--	5,140
North Tustin Landscaping and Lighting Assessment District	17	2,142	236	2,395	473	1,922	124	1,798
County Service Area No. 13 - La Mirada	--	12	1	13	8	5	--	5
County Service Area No. 20 - La Habra	--	184	--	184	1	183	--	183
County Service Area No. 22 - East Yorba Linda	1	82	19	102	24	78	15	63
Total Expenditures/Encumbrances and Other Financing Uses	2,497	52,539	(3,244)	51,792	5,920	45,872	$ 1,284	$ 44,588
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(2,497)	(51,800)	3,245	(51,052)	(5,159)	$ 45,893		
Fund Balance - Beginning of Year	53,702	53,702	--	53,702	53,702			
Fund Balance - End of Year	$ 51,205	$ 1,902	$ --	$ 2,650	$ 48,543			

(Dollar Amounts in Thousands)

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

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations
Other Environmental Management								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		$ 3	$ 3	$ 6	$ 6	$ --		
Use of Money and Property		236	(6)	230	389	159		
Intergovernmental		664	1	665	197	(468)		
Charges for Services		56	--	56	94	38		
Other		143	--	143	151	8		
Total Revenues and Other Financing Sources		1,102	(2)	1,100	837	(263)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Real Estate Development Program	$ --	900	113	1,013	265	748	$ --	$ 748
Air Quality Improvement	--	401	12	413	39	374	--	374
Public Protection:								
Fish and Game Propagation	--	13	6	19	19	--	--	--
Survey Monument Preservation	--	455	11	466	65	401	--	401
Public Ways and Facilities:								
El Toro Improvement Fund	--	1,936	(352)	1,584	1,330	254	--	254
Recreation and Cultural Services:								
Off-Highway Vehicle Fees	--	30	1	31	31	--	--	--
Total Expenditures/Encumbrances and Other Financing Uses	--	3,735	(209)	3,526	1,749	1,777	$ --	$ 1,777
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(2,633)	207	(2,426)	(912)	$ 1,514		
Fund Balance - Beginning of Year	3,727	3,727	--	3,727	3,727			
Fund Balance - End of Year	$ 3,727	$ 1,094	$ --	$ 1,301	$ 2,815			
Tobacco Settlement								
Revenues and Other Financing Sources								
Other		$ 24,107	$ --	$ 24,107	$ 40,319	$ 16,212		
Total Revenues and Other Financing Sources		24,107	--	24,107	40,319	16,212		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Orange County Tobacco Settlement Fund	$ --	26,739	3,636	30,375	23,736	6,639	$ --	$ 6,639
Tobacco Settlement Funds	--	--	--	--	--	--	--	--
Total Expenditures/Encumbrances and Other Financing Uses	--	26,739	3,636	30,375	23,736	6,639	$ --	$ 6,639
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(2,632)	(3,636)	(6,268)	16,583	$ 22,851		
Fund Balance - Beginning of Year	6,268	6,268	--	6,268	6,268			
Fund Balance - End of Year	$ 6,268	$ 3,636	$ --	$ --	$ 22,851			

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

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations
Community and Welfare Services								
Revenues and Other Financing Sources								
Licenses, Permits, and Franchises		$ 800	$ --	$ 800	$ 699	$ (101)		
Use of Money and Property		608	--	608	658	50		
Intergovernmental		39,813	1,139	40,952	33,729	(7,223)		
Charges for Services		94,507	(839)	93,668	2,622	(91,046)		
Other		292	2,440	2,732	2,675	(57)		
Transfers In		14,281	21,259	35,540	33,387	(2,153)		
Total Revenues and Other Financing Sources		150,301	23,999	174,300	73,770	(100,530)		
Expenditures/Encumbrances and Other Financing Uses								
Public Assistance:								
MHSA Housing Fund	$ --	1,525	554	2,079	1	2,078	$ --	$ 2,078
Department of Labor Grants Fund	36	240	1	277	--	277	--	277
Dispute Resolution Program	--	912	--	912	618	294	8	286
Domestic Violence Program	--	1,077	(134)	943	624	319	--	319
District Community Priorities and Projects	--	50	--	50	--	50	--	50
Facilities Development and Maintenance	--	2,859	21,362	24,221	6	24,215	--	24,215
Workforce Investment Act	163	23,743	(310)	23,596	17,375	6,221	764	5,457
County Executive Office - Single Family Housing	--	3,523	2,099	5,622	12	5,610	--	5,610
OC Housing	245	99,118	628	99,991	6,821	93,170	325	92,845
Strategic Priority Affordable Housing	--	124	85	209	112	97	--	97
In-Home Support Services Public Authority	3	1,093	(21)	1,075	885	190	4	186
SSA Donations and Fees	--	1,916	537	2,453	621	1,832	--	1,832
SSA Wraparound	--	43,682	1,918	45,600	14,799	30,801	--	30,801
CalHome Program Reuse Fund	--	81	52	133	60	73	--	73
SARC Lease Conveyance	--	426	1	427	7	420	--	420
Total Expenditures/Encumbrances and Other Financing Uses	447	180,369	26,772	207,588	41,941	165,647	$ 1,101	$ 164,546
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(447)	(30,068)	(2,773)	(33,288)	31,829	$ 65,117		
Fund Balance - Beginning of Year	52,520	52,520	--	52,520	52,520			
Fund Balance - End of Year	$ 52,073	$ 22,452	$ --	$ 19,232	$ 84,349			
OC Parks								
Revenues and Other Financing Sources								
Taxes		$ 49,580	$ --	$ 49,580	$ 59,969	$ 10,389		
Licenses, Permits, and Franchises		146	--	146	316	170		
Fines, Forfeitures and Penalties		30	--	30	24	(6)		
Use of Money and Property		9,265	--	9,265	10,486	1,221		
Intergovernmental		3,825	--	3,825	811	(3,014)		
Charges for Services		4,284	--	4,284	5,698	1,414		
Other		1,876	--	1,876	767	(1,109)		
Transfers In		44	1,333	1,377	349	(1,028)		
Total Revenues and Other Financing Sources		69,050	1,333	70,383	78,420	8,037		
Expenditures/Encumbrances and Other Financing Uses								
Recreation and Cultural Services:								
County Tidelands - Newport Bay	$ 78	5,012	2,603	7,693	4,539	3,154	$ 486	$ 2,668
OC Parks	5,298	80,332	15,010	100,640	65,414	35,226	6,726	28,500
OC Capital	1,343	23,902	4,190	29,435	7,468	21,967	5,745	16,222
Total Expenditures/Encumbrances and Other Financing Uses	$ 6,719	109,246	21,803	137,768	77,421	60,347	$ 12,957	$ 47,390
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(6,719)	(40,196)	(20,470)	(67,385)	999	$ 68,384		
Fund Balance - Beginning of Year	95,329	95,329	--	95,329	95,329			
Fund Balance - End of Year	$ 88,610	$ 55,133	$ --	$ 27,944	$ 96,328			

(Dollar Amounts in Thousands)

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

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations
OC Dana Point Harbor								
Revenues and Other Financing Sources								
Licenses, Permits, and Franchises		$ 5	$ --	$ 5	$ 26	$ 21		
Fines, Forfeitures and Penalties		139	--	139	108	(31)		
Use of Money and Property		22,969	(16)	22,953	22,979	26		
Intergovernmental		--	--	--	(76)	(76)		
Charges for Services		677	--	677	717	40		
Other		225	--	225	240	15		
Transfers In		296	--	296	274	(22)		
Bond Issuance Proceeds		1,500	--	1,500	--	(1,500)		
Total Revenues and Other Financing Sources		25,811	(16)	25,795	24,268	(1,527)		
Expenditures/Encumbrances and Other Financing Uses								
Recreation and Cultural Services:								
OC Dana Point Harbor	$ 2,065	31,119	720	33,904	20,955	12,949	$ 2,284	$ 10,665
Dana Point Marina Department of Boating and Waterways Emergency Repair Fund	--	2,379	(3)	2,376	2	2,374	--	2,374
Total Expenditures/Encumbrances and Other Financing Uses	2,065	33,498	717	36,280	20,957	15,323	$ 2,284	$ 13,039
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(2,065)	(7,687)	(733)	(10,485)	3,311	$ 13,796		
Fund Balance - Beginning of Year	51,358	51,358	--	51,358	51,358			
Fund Balance - End of Year	$ 49,293	$ 43,671	$	$ 40,873	$ 54,669			
Housing Asset								
Revenues and Other Financing Sources								
Use of Money and Property		$ 300	$ (238)	$ 62	$ 62	$ --		
Other		65	(65)	--	--	--		
Total Revenues and Other Financing Sources		365	(303)	62	62	--		
Expenditures/Encumbrances and Other Financing Uses								
Public Assistance:								
Orange County Development Agency Housing Asset Low and Moderate Income Housing (Santa Ana Heights)	$ --	35,190	14,549	49,739	49,739	--	$ --	$ -
Total Expenditures/Encumbrances and Other Financing Uses	--	35,190	14,549	49,739	49,739	--	$ --	$ -
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(34,825)	(14,852)	(49,677)	(49,677)	$ --		
Fund Balance - Beginning of Year	49,677	49,677	--	49,677	49,677			
Fund Balance - End of Year	$ 49,677	$ 14,852	$	$ --	$ --			

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

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations
Schedule 1 County-Administered Accounts								
Revenues and Other Financing Sources								
Use of Money and Property		$ 12	$ --	$ 12	$ 24	$ 12		
Total Revenues and Other Financing Sources		12	--	12	24	12		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Litigation Reserve - Escrow AG FTCI	$ --	1	222	223	--	223	$ --	$ 223
Indemnification Reserve	--	3	98	101	1	100	--	100
Litigation Reserve	--	8	4,374	4,382	4	4,378	--	4,378
Total Expenditures/Encumbrances and Other Financing Uses	--	12	4,694	4,706	5	4,701	$ --	$ 4,701
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	--	(4,694)	(4,694)	19	$ (4,689)		
Fund Balance - Beginning of Year	5,976	5,976	--	5,976	5,976			
Fund Balance - End of Year	$ 5,976	$ 5,976	$ --	$ 1,282	$ 5,995			
OC Public Libraries								
Revenues and Other Financing Sources								
Taxes		$ 36,550	$ --	$ 36,550	$ 42,611	$ 6,061		
Licenses, Permits, and Franchises		653	--	653	--	(653)		
Fines, Forfeitures and Penalties		19	--	19	6	(13)		
Use of Money and Property		193	--	193	143	(50)		
Intergovernmental		1,622	1,668	3,290	1,944	(1,346)		
Charges for Services		1,066	--	1,066	1,117	51		
Other		630	--	630	389	(241)		
Transfers In		385	1	386	331	(55)		
Total Revenues and Other Financing Sources		41,118	1,669	42,787	46,541	3,754		
Expenditures/Encumbrances and Other Financing Uses								
Education:								
OC Public Libraries - Capital	$ 1,784	2,501	491	4,776	2,433	2,343	$ 75	$ 2,268
OC Public Libraries	1,791	42,602	2,659	47,052	37,411	9,641	1,500	8,141
Total Expenditures/Encumbrances and Other Financing Uses	3,575	45,103	3,150	51,828	39,844	11,984	$ 1,575	$ 10,409
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(3,575)	(3,985)	(1,481)	(9,041)	6,697	$ 15,738		
Fund Balance - Beginning of Year	13,213	13,213	--	13,213	13,213			
Fund Balance - End of Year	$ 9,638	$ 9,228	$ --	$ 4,172	$ 19,910			

(Dollar Amounts in Thousands)

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

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2013	Variance Unspent Appropriations
Plan of Adjustment Available Cash								
Revenues and Other Financing Sources								
Use of Money and Property		$ 25	$ --	$ 25	$ 9	$ (16)		
Transfers In		3,536	5,800	9,336	8,668	(668)		
Total Revenues and Other Financing Sources		3,561	5,800	9,361	8,677	(684)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Class B-27 Registered Warrants	$ --	3	--	3	--	3	$ --	$ 3
Recovery Plan of Adjustment Available Cash	--	11,310	7,989	19,299	9,937	9,362	--	9,362
Total Expenditures/Encumbrances and Other Financing Uses	--	11,313	7,989	19,302	9,937	9,365	$ --	$ 9,365
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(7,752)	(2,189)	(9,941)	(1,260)	$ 8,681		
Fund Balance - Beginning of Year	9,941	9,941	--	9,941	9,941			
Fund Balance - End of Year	$ 9,941	$ 2,189	$ --	$ --	$ 8,681			
Health Care Programs								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		$ 8,568	$ 500	$ 9,068	$ 9,277	$ 209		
Use of Money and Property		1,371	--	1,371	876	(495)		
Intergovernmental		101,415	154	101,569	122,273	20,704		
Charges for Services		1,193	(100)	1,093	1,445	352		
Other		410	--	410	8	(402)		
Transfers In		--	400	400	95	(305)		
Total Revenues and Other Financing Sources		112,957	954	113,911	133,974	20,063		
Expenditures/Encumbrances and Other Financing Uses								
Health and Sanitation:								
Medi-Cal Administrative Activities Targeted Case Management	$ --	3,553	963	4,516	1,832	2,684	$ --	$ 2,684
Emergency Medical Services	--	8,623	1,302	9,925	9,501	424	--	424
HCA Purpose Restricted Revenues	--	3,690	995	4,685	1,333	3,352	--	3,352
HCA Interest Bearing Purpose Restricted Revenue	--	208	18	226	205	21	--	21
HCA Realignment	--	4,000	--	4,000	--	4,000	--	4,000
Mental Health Services Act	--	194,742	(12,348)	182,394	96,886	85,508	--	85,508
Bioterrorism Center for Disease Control	--	5,476	(97)	5,379	3,520	1,859	--	1,859
Total Expenditures/Encumbrances and Other Financing Uses	--	220,292	(9,167)	211,125	113,277	97,848	$ --	$ 97,848
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(107,335)	10,121	(97,214)	20,697	$ 117,911		
Fund Balance - Beginning of Year	189,655	189,655	--	189,655	189,655			
Fund Balance - End of Year	$ 189,655	$ 82,320	$ --	$ 92,441	$ 210,352			

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

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2013	Variance: Unspent Appropriations
Orange County Housing Authority								
Revenues and Other Financing Sources								
Use of Money and Property		$ 214	$ --	$ 214	$ 177	$ (37)		
Intergovernmental		150,064	3,258	153,322	148,576	(4,746)		
Charges for Services		5	20	25	40	15		
Other		482	(20)	462	477	15		
Transfers In		--	3,000	3,000	3,000	--		
Total Revenues and Other Financing Sources		150,765	6,258	157,023	152,270	(4,753)		
Expenditures/Encumbrances and Other Financing Uses								
Public Assistance:								
Orange County Housing Authority-Operating Reserve	$ 20	1,820	4,464	6,304	3,295	3,009	$ --	$ 3,009
Orange County Housing Authority	87	159,079	7,136	166,302	153,712	12,590	148	12,442
Total Expenditures/Encumbrances and Other Financing Uses	107	160,899	11,600	172,606	157,007	15,599	$ 148	$ 15,451
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(107)	(10,134)	(5,342)	(15,583)	(4,737)	$ 10,846		
Fund Balance - Beginning of Year	26,076	26,076	--	26,076	26,076			
Fund Balance - End of Year	$ 25,969	$ 15,942	$ --	$ 10,493	$ 21,339			
Other Governmental Resources								
Revenues and Other Financing Sources								
Use of Money and Property		$ 4	$ --	$ 4	$ 4	$ --		
Charges for Services		30	--	30	23	(7)		
Other		160	--	160	154	(6)		
Transfers In		50	--	50	50	--		
Total Revenues and Other Financing Sources		244	--	244	231	(13)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Remittance Processing Equipment Replacement	$ 1	217	--	218	91	127	$ --	$ 127
Property Tax Administration State Grant	--	25	61	86	51	35	23	12
Assessor Property Characteristic	--	140	--	140	6	134	--	134
Deferred Compensation Reimbursement - CEO	--	202	(24)	178	142	36	14	22
Total Expenditures/Encumbrances and Other Financing Uses	1	584	37	622	290	332	$ 37	$ 295
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(1)	(340)	(37)	(378)	(59)	$ 319		
Fund Balance - Beginning of Year	1,306	1,306	--	1,306	1,306			
Fund Balance - End of Year	$ 1,305	$ 966	$ --	$ 928	$ 1,247			

(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2013	Variance Unspent Appropriations
Pension Obligation Bonds								
Revenues and Other Financing Sources								
Use of Money and Property		$ 18,204	$ --	$ 18,204	$ 18,218	$ 14		
Total Revenues and Other Financing Sources		18,204	--	18,204	18,218	14		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Pension Obligation Bonds Debt Service	$ --	33,939	1	33,940	33,940	--	$ --	$ --
Total Expenditures/Encumbrances and Other Financing Uses	--	33,939	1	33,940	33,940	--	$ --	$ --
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(15,735)	(1)	(15,736)	(15,722)	$ 14		
Fund Balance - Beginning of Year	98,760	98,760	--	98,760	98,760			
Fund Balance - End of Year	$ 98,760	$ 83,025	$ --	$ 83,024	$ 83,038			

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2013	Variance Unspent Appropriations
Criminal Justice Facilities								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		$ 9,032	$ --	$ 9,032	$ 5,400	$ (3,632)		
Use of Money and Property		117	(15)	102	72	(30)		
Other		30	--	30	122	92		
Transfers In		7,576	8,230	15,806	1,943	(13,863)		
Total Revenues and Other Financing Sources		16,755	8,215	24,970	7,537	(17,433)		
Expenditures/Encumbrances and Other Financing Uses								
Public Protection:								
Criminal Justice Facilities Accumulated Capital Outlay	$ 905	6,551	9,394	16,850	4,259	12,591	$ 1,368	$ 11,223
Courthouse Temporary Construction	--	5,558	(1,631)	3,927	3,926	1	--	1
Sheriff-Coroner Construction and Facility Development	3,197	16,689	516	20,402	3,107	17,295	4,099	13,196
Total Expenditures/Encumbrances and Other Financing Uses	4,102	28,798	8,279	41,179	11,292	29,887	$ 5,467	$ 24,420
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(4,102)	(12,043)	(64)	(16,209)	(3,755)	$ 12,454		
Fund Balance - Beginning of Year	15,890	15,890	--	15,890	15,890			
Fund Balance - End of Year	$ 11,788	$ 3,847	$ --	$ (319)	$ 12,135			

(Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUND

	Open Encumbrances July 1, 2012	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2013	Unspent Appropriations
Regional Park Endowment								
Revenues and Other Financing Sources								
Use of Money and Property		$ 2	$ --	$ 2	$ 1	$ (1)		
Other		2	--	2	2	--		
Total Revenues and Other Financing Sources		4	--	4	3	(1)		
Expenditures/Encumbrances and Other Financing Uses								
Public Ways and Facilities:								
Limestone Regional Park								
Mitigation Maintenance Endowment	$ --	7	1	8	--	8	$ --	$ 8
Total Expenditures/Encumbrances and Other Financing Uses	--	7	1	8	--	8	$ --	$ 8
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(3)	(1)	(4)	3	$ 7		
Fund Balance - Beginning of Year	162	162	--	162	162			
Fund Balance - End of Year	$ 162	$ 159	$ --	$ 158	$ 165			

COUNTY OF ORANGE
CALIFORNIA

INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods or services provided by one County department or agency to other County departments or agencies, or to other governmental entities, on a cost-reimbursement basis.

Health and Other Self-Insured Employee Benefits
These funds are used to account for the County's self-funded health insurance programs, group salary continuance plan, and group dental insurance programs.

HMO Health Insurance
This fund is used to account for the fully insured health plans for the County employees and retirees.

Life Insurance
This fund is used to account for the County's life insurance and accidental death and dismemberment insurance for employees.

Workers' Compensation
This fund is used to account for the County's self-funded workers' compensation insurance program.

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

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

Transportation
This fund is used to account for motor pool repair and maintenance, and for other transportation services, which are provided to departments and agencies on a cost-reimbursement basis.

Publishing Services
This fund is used to account for printing and graphic services, which are provided to departments and agencies on a cost-reimbursement basis.

Information and Technology
This fund is used to account for voice and data services to departments and agencies on a cost-reimbursement basis.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	HMO Health Insurance
ASSETS			
Current Assets			
Pooled Cash/Investments	$ 172,400	$ 22,832	$ 5,342
Imprest Cash Funds	138	130	--
Receivables			
Accounts	238	--	--
Interest/Dividends	108	13	--
Allowance for Uncollectible Receivables	(11)	--	--
Due from Other Funds	2,253	--	--
Due from Other Governmental Agencies	850	574	--
Inventory of Materials and Supplies	445	--	--
Prepaid Costs	2,831	--	--
Total Current Assets	179,252	23,549	5,342
Noncurrent Assets			
Capital Assets			
Construction in Progress	1,096	--	--
Structures and Improvements	10,664	--	--
Accumulated Depreciation	(5,203)	--	--
Equipment	80,992	--	--
Accumulated Depreciation	(69,472)	--	--
Total Capital Assets	18,077	--	--
Total Assets	197,329	23,549	5,342
LIABILITIES			
Current Liabilities			
Accounts Payable	5,549	154	--
Retainage Payable	24	--	--
Salaries and Employee Benefits Payable	737	--	--
Due to Other Funds	2,336	2	--
Due to Other Governmental Agencies	4	--	--
Insurance Claims Payable	51,746	10,697	--
Compensated Employee Absences Payable	974	--	--
Total Current Liabilities	61,370	10,853	--
Noncurrent Liabilities			
Insurance Claims Payable	157,478	--	--
Compensated Employee Absences Payable	1,069	--	--
Total Noncurrent Liabilities	158,547	--	--
Total Liabilities	219,917	10,853	--
NET POSITION			
Investment in Capital Assets	18,077	--	--
Unrestricted	(40,665)	12,696	5,342
Total Net Position	$ (22,588)	$ 12,696	$ 5,342

(Dollar Amounts in Thousands)

Life Insurance	Workers' Compensation	Unemployment Insurance	
			ASSETS
			Current Assets
$ 151	$ 78,130	$ 13,113	Pooled Cash/Investments
--	--	--	Imprest Cash Funds
			Receivables
--	--	--	Accounts
--	53	8	Interest/Dividends
--	--	--	Allowance for Uncollectible Receivables
--	172	--	Due from Other Funds
--	1	--	Due from Other Governmental Agencies
--	--	--	Inventory of Materials and Supplies
--	189	--	Prepaid Costs
151	78,545	13,121	Total Current Assets
			Noncurrent Assets
			Capital Assets
--	--	--	Construction in Progress
--	--	--	Structures and Improvements
--	--	--	Accumulated Depreciation
--	8	--	Equipment
--	(8)	--	Accumulated Depreciation
--	--	--	Total Capital Assets
151	78,545	13,121	Total Assets
			LIABILITIES
			Current Liabilities
--	1,066	--	Accounts Payable
--	--	--	Retainage Payable
--	79	--	Salaries and Employee Benefits Payable
--	210	1	Due to Other Funds
--	--	--	Due to Other Governmental Agencies
--	27,422	1,713	Insurance Claims Payable
--	115	--	Compensated Employee Absences Payable
--	28,892	1,714	Total Current Liabilities
			Noncurrent Liabilities
--	126,815	--	Insurance Claims Payable
--	136	--	Compensated Employee Absences Payable
--	126,951	--	Total Noncurrent Liabilities
--	155,843	1,714	Total Liabilities
			NET POSITION
--	--	--	Investment in Capital Assets
151	(77,298)	11,407	Unrestricted
$ 151	$ (77,298)	$ 11,407	Total Net Position

COMBINING STATEMENT OF NET POSITION (Continued)
INTERNAL SERVICE FUNDS

	Property & Casualty Risk	Transportation	Publishing Services	Information & Technology
ASSETS				
Current Assets				
Pooled Cash/Investments	$ 16,048	$ 15,616	$ 1,242	$ 19,926
Imprest Cash Funds	5	--	--	3
Receivables				
Accounts	24	58	--	156
Interest/Dividends	14	8	1	11
Allowance for Uncollectible Receivables	(10)	--	--	(1)
Due from Other Funds	548	1,474	--	59
Due from Other Governmental Agencies	14	107	46	108
Inventory of Materials and Supplies	--	445	--	--
Prepaid Costs	221	1,038	257	1,126
Total Current Assets	16,864	18,746	1,546	21,388
Noncurrent Assets				
Capital Assets				
Construction in Progress	--	--	--	1,096
Structures and Improvements	--	8,833	--	1,831
Accumulated Depreciation	--	(4,809)	--	(394)
Equipment	--	32,348	1,565	47,071
Accumulated Depreciation	--	(24,495)	(1,161)	(43,808)
Total Capital Assets	--	11,877	404	5,796
Total Assets	16,864	30,623	1,950	27,184
LIABILITIES				
Current Liabilities				
Accounts Payable	2,339	435	69	1,486
Retainage Payable	--	--	--	24
Salaries and Employee Benefits Payable	56	268	57	277
Due to Other Funds	222	298	274	1,329
Due to Other Governmental Agencies	--	--	4	--
Insurance Claims Payable	11,914	--	--	--
Compensated Employee Absences Payable	82	332	70	375
Total Current Liabilities	14,613	1,333	474	3,491
Noncurrent Liabilities				
Insurance Claims Payable	30,663	--	--	--
Compensated Employee Absences Payable	124	306	75	428
Total Noncurrent Liabilities	30,787	306	75	428
Total Liabilities	45,400	1,639	549	3,919
NET POSITION				
Investment in Capital Assets	--	11,877	404	5,796
Unrestricted	(28,536)	17,107	997	17,469
Total Net Position	$ (28,536)	$ 28,984	$ 1,401	$ 23,265

COUNTY OF ORANGE CALIFORNIA

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

	Total	Health and Other Self-Insured Employee Benefits	HMO Health Insurance
Operating Revenues			
Use of Money and Property	$ 3,134	$ --	$ --
Charges for Services	59,519	--	--
Insurance Premiums	274,853	66,026	141,651
Total Operating Revenues	337,506	66,026	141,651
Operating Expenses			
Salaries and Employee Benefits	17,623	--	--
Services and Supplies	32,048	2,552	--
Professional Services	30,372	3,263	6
Operating Leases	1,607	--	--
Insurance Claims and Premiums	264,501	61,854	141,621
Other Charges	532	532	--
Taxes and Other Fees	10	--	--
Depreciation	3,125	--	--
Total Operating Expenses	349,818	68,201	141,627
Operating Income (Loss)	(12,312)	(2,175)	24
Nonoperating Revenues (Expenses)			
Intergovernmental Revenues	1,161	1,161	--
Interest Revenue	315	48	42
Gain on Disposition of Capital Assets	151	--	--
Other Revenue, Net	4,135	1,806	118
Total Nonoperating Revenues (Expenses)	5,762	3,015	160
Income (Loss) Before Transfers	(6,550)	840	184
Transfers In	4,063	1,848	7
Transfers Out	(40)	--	(35)
Change in Net Position	(2,527)	2,688	156
Net Position - Beginning of Year	(20,061)	10,008	5,186
Net Position - End of Year	$ (22,588)	$ 12,696	$ 5,342

(Dollar Amounts in Thousands)

	Life Insurance	Workers' Compensation	Unemployment Insurance
Operating Revenues			
Use of Money and Property	$ --	$ --	$ --
Charges for Services	--	--	--
Insurance Premiums	1,120	32,604	3,516
Total Operating Revenues	1,120	32,604	3,516
Operating Expenses			
Salaries and Employee Benefits	--	1,682	--
Services and Supplies	--	269	--
Professional Services	--	4,215	98
Operating Leases	--	192	--
Insurance Claims and Premiums	1,208	38,410	1,400
Other Charges	--	--	--
Taxes and Other Fees	--	--	--
Depreciation	--	--	--
Total Operating Expenses	1,208	44,768	1,498
Operating Income (Loss)	(88)	(12,164)	2,018
Nonoperating Revenues (Expenses)			
Intergovernmental Revenues	--	--	--
Interest Revenue	1	121	23
Gain on Disposition of Capital Assets	--	--	--
Other Revenue, Net	--	685	4
Total Nonoperating Revenues (Expenses)	1	806	27
Income (Loss) Before Transfers	(87)	(11,358)	2,045
Transfers In	--	590	--
Transfers Out	(1)	--	--
Change in Net Position	(88)	(10,768)	2,045
Net Position - Beginning of Year	239	(66,530)	9,362
Net Position - End of Year	$ 151	$ (77,298)	$ 11,407

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

	Property & Casualty Risk	Transportation	Publishing Services	Information & Technology
Operating Revenues				
Use of Money and Property	$ --	$ --	$ --	$ 3,134
Charges for Services	--	20,308	3,724	35,487
Insurance Premiums	29,936	--	--	--
Total Operating Revenues	29,936	20,308	3,724	38,621
Operating Expenses				
Salaries and Employee Benefits	1,347	6,377	1,538	6,679
Services and Supplies	9,429	9,400	1,090	9,308
Professional Services	544	2,336	433	19,477
Operating Leases	123	79	454	759
Insurance Claims and Premiums	20,008	--	--	--
Other Charges	--	--	--	--
Taxes and Other Fees	--	10	--	--
Depreciation	--	2,518	71	536
Total Operating Expenses	31,451	20,720	3,586	36,759
Operating Income (Loss)	(1,515)	(412)	138	1,862
Nonoperating Revenues (Expenses)				
Intergovernmental Revenues	--	--	--	--
Interest Revenue	20	24	2	34
Gain on Disposition of Capital Assets	--	150	--	1
Other Revenue, Net	584	132	262	544
Total Nonoperating Revenues (Expenses)	604	306	264	579
Income (Loss) Before Transfers	(911)	(106)	402	2,441
Transfers In	--	1,617	--	1
Transfers Out	--	(4)	--	--
Change in Net Position	(911)	1,507	402	2,442
Net Position - Beginning of Year	(27,625)	27,477	999	20,823
Net Position - End of Year	$ (28,536)	$ 28,984	$ 1,401	$ 23,265

COUNTY OF ORANGE
CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	HMO Health Insurance	Life Insurance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 62,615	$ --	$ 37	$ --
Cash Received for Premiums Within the County's Entity	274,853	66,026	141,651	1,120
Payments to Suppliers for Goods and Services	(322,170)	(68,094)	(141,627)	(1,208)
Payments to Employees for Services	(17,677)	--	--	--
Receipts (Payments) for Interfund Services	51	--	--	--
Cash Receipts (Payments) for Interfund Services	(148)	1	--	--
Taxes and Other Fees	(10)	--	--	--
Other Operating Receipts (Payments) - Net	1,754	1,033	118	--
Net Cash Provided (Used) by Operating Activities	(732)	(1,034)	179	(88)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	4,063	1,848	7	--
Transfers Out	(40)	--	(35)	(1)
Intergovernmental Revenues	1,161	1,161	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	5,184	3,009	(28)	(1)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(3,843)	--	--	--
Net Cash Used by Capital and Related Financing Activities	(3,843)	--	--	--
CASH FLOW FROM INVESTING ACTIVITIES				
Interest on Investments	422	61	42	1
Net Cash Provided by Investing Activities	422	61	42	1
Net Increase (Decrease) in Cash and Cash Equivalents	1,031	2,036	193	(88)
Cash and Cash Equivalents - Beginning of Year	171,507	20,926	5,149	239
Cash and Cash Equivalents - End of Year	$ 172,538	$ 22,962	$ 5,342	$ 151
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ (12,312)	$ (2,175)	$ 24	$ (88)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	3,125	--	--	--
Other Revenue - net	4,135	1,806	118	--
(Increases) Decreases In:				
Accounts Receivable	(1)	--	--	--
Due from Other Funds	(456)	--	--	--
Due from Other Governmental Agencies	(279)	(241)	37	--
Inventory of Materials and Supplies	26	--	--	--
Prepaid Costs	(272)	--	--	--
Increases (Decreases) In:				
Accounts Payable	(616)	28	--	--
Retainage Payble	(3)	--	--	--
Salaries and Employee Benefits Payable	7	--	--	--
Due to Other Funds	359	1	--	--
Due to Other Governmental Agencies	4	--	--	--
Insurance Claims Payable	5,612	(453)	--	--
Compensated Employee Absences Payable	(61)	--	--	--
Total Adjustments	11,580	1,141	155	--
Net Cash Provided (Used) by Operating Activities	$ (732)	$ (1,034)	$ 179	$ (88)
Reconciliation of Cash and Cash Equivalents to Statement of Net Position				
Pooled Cash/Investments	$ 172,400	$ 22,832	$ 5,342	$ 151
Imprest Cash Funds	138	130	--	--
Total Cash and Cash Equivalents	$ 172,538	$ 22,962	$ 5,342	$ 151

(Dollar Amounts in Thousands)

Workers' Compensation	Unemployment Insurance	Property & Casualty Risk	
			CASH FLOWS FROM OPERATING ACTIVITIES
$ --	$ --	$ 42	Receipts from Customers
32,604	3,516	29,936	Cash Received for Premiums Within the County's Entity
(35,055)	(1,318)	(32,362)	Payments to Suppliers for Goods and Services
(1,548)	--	(1,365)	Payments to Employees for Services
(140)	--	(31)	Receipts (Payments) for Interfund Services
--	(26)	--	Cash Receipts (Payments) for Interfund Services
--	--	--	Taxes and Other Fees
492	4	461	Other Operating Receipts (Payments) - Net
(3,647)	2,176	(3,319)	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
590	--	--	Transfers In
--	--	--	Transfers Out
--	--	--	Intergovernmental Revenues
590	--	--	Net Cash Provided (Used) by Noncapital Financing Activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
--	--	--	Acquisition of Capital Assets
--	--	--	Net Cash Used by Capital and Related Financing Activities
			CASH FLOW FROM INVESTING ACTIVITIES
175	30	33	Interest on Investments
175	30	33	Net Cash Provided by Investing Activities
(2,882)	2,206	(3,286)	Net Increase (Decrease) in Cash and Cash Equivalents
81,012	10,907	19,339	Cash and Cash Equivalents - Beginning of Year
$ 78,130	$ 13,113	$ 16,053	Cash and Cash Equivalents - End of Year
			Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
$ (12,164)	$ 2,018	$ (1,515)	Operating Income (Loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
--	--	--	Depreciation
685	4	584	Other Revenue - net
			(Increases) Decreases In:
--	--	(3)	Accounts Receivable
(172)	--	(50)	Due from Other Funds
(1)	--	45	Due from Other Governmental Agencies
--	--	--	Inventory of Materials and Supplies
(18)	--	(19)	Prepaid Costs
			Increases (Decreases) In:
(129)	--	(261)	Accounts Payable
--	--	--	Retainage Payble
28	--	(3)	Salaries and Employee Benefits Payable
32	(26)	19	Due to Other Funds
--	--	--	Due to Other Governmental Agencies
7,986	180	(2,101)	Insurance Claims Payable
106	--	(15)	Compensated Employee Absences Payable
8,517	158	(1,804)	Total Adjustments
$ (3,647)	$ 2,176	$ (3,319)	Net Cash Provided (Used) by Operating Activities
			Reconciliation of Cash and Cash Equivalents to Statement of Net Position
$ 78,130	$ 13,113	$ 16,048	Pooled Cash/Investments
--	--	5	Imprest Cash Funds
$ 78,130	$ 13,113	$ 16,053	Total Cash and Cash Equivalents

COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS

	Transportation	Publishing Services	Information & Technology
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 20,202	$ 3,713	$ 38,621
Cash Received for Premiums Within the County's Entity	--	--	--
Payments to Suppliers for Goods and Services	(11,766)	(1,547)	(29,193)
Payments to Employees for Services	(6,412)	(1,573)	(6,779)
Receipts (Payments) for Interfund Services	--	42	180
Cash Receipts (Payments) for Interfund Services	(123)	--	--
Taxes and Other Fees	(10)	--	--
Other Operating Receipts (Payments) - Net	53	(192)	(215)
Net Cash Provided (Used) by Operating Activities	1,944	443	2,614
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	1,617	--	1
Transfers Out	(4)	--	--
Intergovernmental Revenues	--	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	1,613	--	1
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(2,958)	--	(885)
Net Cash Used by Capital and Related Financing Activities	(2,958)	--	(885)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest on Investments	35	2	43
Net Cash Provided by Investing Activities	35	2	43
Net Increase (Decrease) in Cash and Cash Equivalents	634	445	1,773
Cash and Cash Equivalents - Beginning of Year	14,982	797	18,156
Cash and Cash Equivalents - End of Year	$ 15,616	$ 1,242	$ 19,929
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	$ (412)	$ 138	$ 1,862
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	2,518	71	536
Other Revenue - net	132	262	544
(Increases) Decreases In:			
Accounts Receivable	--	1	1
Due from Other Funds	(244)	4	6
Due from Other Governmental Agencies	(106)	(12)	(1)
Inventory of Materials and Supplies	26	--	--
Prepaid Costs	(111)	(28)	(96)
Increases (Decreases) In:			
Accounts Payable	55	--	(309)
Retainage Payble	--	--	(3)
Salaries and Employee Benefits Payable	2	(9)	(11)
Due to Other Funds	121	38	174
Due to Other Governmental Agencies	--	4	--
Insurance Claims Payable	--	--	--
Compensated Employee Absences Payable	(37)	(26)	(89)
Total Adjustments	2,356	305	752
Net Cash Provided (Used) by Operating Activities	$ 1,944	$ 443	$ 2,614
Reconciliation of Cash and Cash Equivalents to Statement of Net Position			
Pooled Cash/Investments	$ 15,616	$ 1,242	$ 19,926
Imprest Cash Funds	--	--	3
Total Cash and Cash Equivalents	$ 15,616	$ 1,242	$ 19,929

COUNTY OF ORANGE
CALIFORNIA

FIDUCIARY FUNDS

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

PRIVATE-PURPOSE TRUST FUNDS

Public Administration Trust Funds

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

OCDA Redevelopment Successor Agency

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

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Extra-Help Defined Benefit Plan

This fund is used to account for the retirement plan for employees performing services on the basis of 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 the Orange County Employees Retirement System.

Extra-Help Defined Contribution Plan

This fund is used to account for the defined contribution retirement plan for extra-help and part-time employees. This plan replaced the Extra-Help Defined Benefit Retirement Plan and was effective for new employees on March 1, 2002. The eligible employees of these plans are not covered by the Orange County Employees Retirement System.

401(a) Defined Contribution Plan

This fund accounts for the 401(a) defined contribution plan, which was established on January 1999 for eligible employees, including the members of the Board of Supervisors, certain executive managers, certain administrative managers once classified as confidential and grandfathered in the plan, attorneys represented by the Orange County Attorney's Association and certain other employee classifications as defined in the plan document. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to new administrative managers effective June 23, 2006.

Retiree Medical Plan

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

Health Reimbursement Arrangement Plan

This fund is used to account for the employer and employee contributions to the Health Reimbursement Arrangement, a defined contribution plan, which was established on June 17, 2008 for eligible employees, including employees represented by the Association of Orange County Deputy Sheriffs and Law Enforcement Management employees as defined in the plan document.

1.62% at 65 Retirement, 401(a) Defined Contribution Plan

This fund accounts for the 1.62% at 65 Retirement, 401(a) Defined Contribution plan, which was established on March 22, 2011 for eligible employees who have elected the 1.62% at 65 Retirement formula and who voluntarily contribute to the 1.62% at 65 Retirement, 457 Defined Contribution plan, thereby receiving County contributions to the 1.62% at 65 Retirement, 401(a) Defined Contribution plan as defined in the plan document.

AGENCY FUNDS

Unapportioned Tax and Interest Funds

This group of funds is used to account for the collection of property taxes, and later distribution of such taxes, as well as the interest earned on them. Included are taxes collected by the County for other governmental units using the County treasury, as well as governmental units not using the County treasury, such as cities.

Departmental Funds

This group of funds is used by certain County officers to hold various types of cash receipts and deposits in a fiduciary capacity. Disbursements are made from these funds by checks issued by the County Auditor-Controller upon requisition of the responsible officer.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

	Total	Public Administration Trust Funds	OCDA Redevelopment Successor Agency
ASSETS			
Pooled Cash/Investments	$ 52,262	$ 40,438	$ 11,824
Restricted Cash and Investments			
Restricted Cash	2	2	--
Restricted Investments with Trustee	2,996	--	2,996
Receivables			
Interest/Dividends	95	70	25
Deposits	1,224	--	1,224
Due from Other Governmental Agencies	2,301	--	2,301
Land Held for Redevelopment	618	--	618
Bond Issuance Costs	917	--	917
Total Assets	60,415	40,510	19,905
LIABILITIES			
Bonds Payable	41,240	--	41,240
Interest Payable	696	--	696
Due to Other Governmental Agencies	2,428	28	2,400
Total Liabilities	44,364	28	44,336
NET POSITION			
Restricted for Private-Purpose Trust Funds	16,051	40,482	(24,431)
Net Position	$ 16,051	$ 40,482	$ (24,431)

(Dollar Amounts in Thousands)

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Total	Public Administration Trust Funds	OCDA Redevelopment Successor Agency
Additions:			
Contributions to Private-Purpose Trust	$ 64,785	$ 64,785	$ --
Intergovernmental Revenues	12,827	--	12,827
Other Revenues	437	--	437
Interest and Investment Income	271	118	153
Less: Investment Expense	(84)	(31)	(53)
Total Additions	78,236	64,872	13,364
Deductions:			
Distributions from Private-Purpose Trust	66,158	66,158	--
Services and Supplies	15	--	15
Professional Services	297	--	297
Tax Pass-Throughs	85,335	--	85,335
Interest Expense	2,186	--	2,186
Total Deductions	153,991	66,158	87,833
Extraordinary Gain	2,301	--	2,301
Change in Net Position	(73,454)	(1,286)	(72,168)
Net Position, Beginning of Year	89,505	41,768	47,737
Net Position, End of Year	$ 16,051	$ 40,482	$ (24,431)

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan
ASSETS				
Pooled Cash/Investments	$ 8,482	$ 5,445	$ --	$ --
Restricted Cash and Investments with Trustee	214,791	--	6,917	11,792
Receivables				
Interest/Dividends	68	15	--	--
Due from Other Governmental Agencies	2,513	--	--	--
Total Assets	225,854	5,460	6,917	11,792
LIABILITIES				
Due to Other Governmental Agencies	2	--	--	--
Total Liabilities	2	--	--	--
NET POSITION				
Restricted for Pension and OPEB Benefits	225,852	5,460	6,917	11,792
Net Position	$ 225,852	$ 5,460	$ 6,917	$ 11,792

(Dollar Amounts in Thousands)

Retiree Medical Plan	Health Reimbursement Arrangement Plan	1.62% at 65 Retirement, 401(a) Defined Contribution Plan	
			ASSETS
$ 2,993	$ 44	$ --	Pooled Cash/Investments
147,244	48,806	32	Restricted Cash and Investments with Trustee
			Receivables
53	--	--	Interest/Dividends
2,158	355	--	Due from Other Governmental Agencies
152,448	49,205	32	Total Assets
			LIABILITIES
2	--	--	Due to Other Governmental Agencies
2	--	--	Total Liabilities
			NET POSITION
152,446	49,205	32	Restricted for Pension and OPEB Benefits
$ 152,446	$ 49,205	$ 32	Net Position

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan
Additions:				
Contributions to Pension and Other Employee Benefits Trust:				
Employer	$ 58,876	$ 1,309	$ --	$ 942
Employee	1,336	--	1,336	--
Other Revenues	3	3	--	--
Interest and Investment Income	13,899	8	164	933
Less: Investment Expense	(65)	(3)	--	--
Total Additions	74,049	1,317	1,500	1,875
Deductions:				
Benefits Paid to Participants	30,479	330	534	956
Total Deductions	30,479	330	534	956
Change in Net Position	43,570	987	966	919
Net Position, Beginning of Year	182,282	4,473	5,951	10,873
Net Position, End of Year	$ 225,852	$ 5,460	$ 6,917	$ 11,792

(Dollar Amounts in Thousands)

Retiree Medical Plan	Health Reimbursement Arrangement Plan	1.62%@65 Retirement, 401(a) Defined Contribution Plan	
			Additions:
			Contributions to Pension and Other Employee Benefits Trust:
$ 48,336	$ 8,265	$ 24	Employer
--	--	--	Employee
--	--	--	Other Revenues
8,781	4,011	2	Interest and Investment Income
(62)	--	--	Less: Investment Expense
57,055	12,276	26	Total Additions
			Deductions:
28,005	654	--	Benefits Paid to Participants
28,005	654	--	Total Deductions
29,050	11,622	26	Change in Net Position
123,396	37,583	6	Net Position, Beginning of Year
$ 152,446	$ 49,205	$ 32	Net Position, End of Year

COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS

	Total	Unapportioned Tax and Interest Funds	Departmental Funds
ASSETS			
Pooled Cash/Investments	$ 331,968	$ 155,100	$ 176,868
Cash/Cash Equivalents	245	--	245
Restricted Cash and Investments with Trustee	41,607	--	41,607
Investments	1,082	--	1,082
Deposits In-Lieu of Cash	12,108	--	12,108
Receivables			
Accounts	4	--	4
Taxes	291,606	291,606	--
Interest/Dividends	4,001	3,685	316
Allowance For Uncollectible Receivables	(127,773)	(127,770)	(3)
Due from Other Governmental Agencies	6,151	2,318	3,833
Notes Receivable	25,070	--	25,070
Total Assets	586,069	324,939	261,130
LIABILITIES			
Interest Payable	2,986	2,986	--
Deposits from Others	17,005	--	17,005
Monies Held for Others	203,853	--	203,853
Due to Other Governmental Agencies	40,273	1	40,272
Unapportioned Taxes	321,952	321,952	--
Total Liabilities	586,069	324,939	261,130
NET POSITION	$ --	$ --	$ --

COUNTY OF ORANGE
CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

UNAPPORTIONED TAX AND INTEREST FUNDS	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	$ 139,410	$ 7,584,982	$ 7,569,292	$ 155,100
Receivables	--	13,279,186	13,279,186	--
Taxes	292,519	15,501,721	15,502,634	291,606
Interest	6,338	38,497	41,150	3,685
Allowance for Uncollectible Receivables	--	--	127,770	(127,770)
Due from Other Governmental Agencies	23,879	24,495	46,056	2,318
Total Assets	$ 462,146	$ 36,428,881	$ 36,566,088	$ 324,939
LIABILITIES				
Interest Payable	$ 4,742	$ 16,324	$ 18,080	$ 2,986
Due to Other Governmental Agencies	1	67,987	67,987	1
Unapportioned Taxes	457,403	9,786,197	9,921,648	321,952
Total Liabilities	$ 462,146	$ 9,870,508	$ 10,007,715	$ 324,939

DEPARTMENTAL FUNDS	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	$ 182,108	$ 3,212,168	$ 3,217,408	$ 176,868
Cash/Cash Equivalents	89	367	211	245
Restricted Cash and Investments with Trustee	43,150	133,054	134,597	41,607
Investments	1,082	--	--	1,082
Deposits In-Lieu of Cash	11,659	3,013	2,564	12,108
Receivables				
Accounts	12	1	9	4
Interest	346	935	965	316
Allowance for Uncollectible Receivables	(3)	1	1	(3)
Due from Other Funds	--	544,981	544,981	--
Due from Other Governmental Agencies	10,950	3,369	10,486	3,833
Prepaid Costs	--	24,621	24,621	--
Notes Receivable	24,312	33,424	32,666	25,070
Total Assets	$ 273,705	$ 3,955,934	$ 3,968,509	$ 261,130
LIABILITIES				
Deposits From Others	$ 16,302	$ 25,726	$ 25,023	$ 17,005
Monies Held for Others	236,274	5,951,266	5,983,687	203,853
Due to Other Funds	--	48,643	48,643	--
Due to Other Governmental Agencies	21,129	748,558	729,415	40,272
Total Liabilities	$ 273,705	$ 6,774,193	$ 6,786,768	$ 261,130

(Dollar Amounts in Thousands)

TOTAL - ALL AGENCY FUNDS	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	$ 321,518	$ 10,797,150	$ 10,786,700	$ 331,968
Cash/Cash Equivalents	89	367	211	245
Restricted Cash and Investments with Trustee	43,150	133,054	134,597	41,607
Investments	1,082	--	--	1,082
Deposits In-Lieu of Cash	11,659	3,013	2,564	12,108
Receivables				
Accounts	12	1	9	4
Taxes	292,519	15,501,721	15,502,634	291,606
Interest	6,684	39,432	42,115	4,001
Allowance for Uncollectible Receivables	(3)	1	127,771	(127,773)
Due from Other Funds	--	544,981	544,981	--
Due from Other Governmental Agencies	34,829	27,864	56,542	6,151
Prepaid Costs	--	24,621	24,621	--
Notes Receivable	24,312	33,424	32,666	25,070
Total Assets	$ 735,851	$ 27,105,629	$ 27,255,411	$ 586,069
LIABILITIES				
Interest Payable	$ 4,742	$ 16,324	$ 18,080	$ 2,986
Deposits from Others	16,302	25,726	25,023	17,005
Monies Held for Others	236,274	5,951,266	5,983,687	203,853
Due to Other Funds	--	48,643	48,643	--
Due to Other Governmental Agencies	21,130	816,545	797,402	40,273
Unapportioned Taxes	457,403	9,786,197	9,921,648	321,952
Total Liabilities	$ 735,851	$ 16,644,701	$ 16,794,483	$ 586,069

COUNTY OF ORANGE
CALIFORNIA

Weir Canyon – Irvine Ranch Open Space

Photo Courtesy of OC Parks

STATISTICAL SECTION
(UNAUDITED)

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the basic financial statements, notes to the basic financial statements, and required supplementary information to understand and assess a government's economic condition.

Contents **Page**

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				
	2012-13	2011-12 (4)	2010-11	2009-10	2008-09
Governmental Activities					
Net Investment in Capital Assets	$ 2,563,976	$ 2,699,809	$ 2,626,281	$ 2,560,468	$ 2,445,397
Restricted for:					
Expendable					
Other Postemployment Benefits	--	-- (1)	41,609	43,580	57,322
Pension Benefits	105,900	96,604	107,807	--	--
Capital Projects	11,904	16,269	56,219	58,947	85,197
Debt Service	31,965	-	87,253	76,936	66,515
Legally Segregated for Grants and Other Purposes	1,174,791	1,077,117	1,133,256	1,069,801	1,047,284
Regional Park Endowment	139	--	--	--	--
Nonexpendable					
Regional Park Endowment	183	319	315	154	149
Unrestricted	196,850	37,790	(73,741)	(9,986)	(1,271)
Total Governmental Activities Net Position	$ 4,085,708	$ 3,927,908	$ 3,978,999	$ 3,799,900	$ 3,700,593
Business-Type Activities					
Net Investment in Capital Assets	$ 587,934	$ 574,982	$ 591,664	$ 537,375	$ 493,658
Restricted for:					
Expendable					
Debt Service	58,772	--	--	--	--
Passenger Facility Charges		--	--	--	--
Approved Capital Projects	55,331				
Replacements and Renewals	1,000	--	--	--	--
Landfill Closure/Postclosure	40,355	--	--	--	--
Landfill Corrective Action	6,109	--	--	--	--
Wetland	879	--	--	--	--
Prima Deshecha/La Pata		--	--	--	--
Closure	104				
Airport (3)	--	58,149	50,899	48,225	176,225
Waste Management (3)	--	82,205	84,070	86,943	284,943
Unrestricted (2)	335,122	350,474	313,568	321,778	--
Total Business-Type Activities Net Position	$ 1,085,606	$ 1,065,810	$ 1,040,201	$ 994,321	$ 954,826

Notes:
(1) In FY 2011-12, it was determined that the Restricted Net Asset for Other Postemployment Benefits does not meet the definition of restriction and should be reported as unrestricted.
(2) In accordance with the GASB 2010-11 Comprehensive Implementation Guide, net positions for business-type activities have been reclassified in the government-wide statements to be consistent with the classification of net position in the enterprise fund financial statements.
(3) Starting in FY 2012-13, Restricted Net Position for Business-Type Activities will be shown by activity detail.
(4) The balances shown for FY 2011-12 have not been restated to include adjustments in Note 3, Prior Period Adjustments.

(Dollar Amounts in Thousands)

	Fiscal Year				
	2007-08	2006-07	2005-06	2004-05	2003-04
Governmental Activities					
Net Investment in Capital Assets	$2,302,926	$2,273,891	$2,306,178	$2,336,881	$2,259,064
Restricted for:					
Expendable					
Other Postemployment Benefits	46,442	--	--	--	--
Pension Benefits	--	--	--	--	--
Capital Projects	211,426	247,277	255,201	240,768	207,838
Debt Service	168,468	155,918	121,840	24,196	155,964
Legally Segregated for Grants and Other Purposes	990,198	916,563	738,515	648,092	628,881
Regional Park Endowment	--	--	--	--	--
Nonexpendable					
Regional Park Endowment	139	125	109	97	91
Unrestricted	57,812	135,826	(33,051)	(44,929)	(280,592)
Total Governmental Activities Net Position	$3,777,411	$3,729,600	$3,388,792	$3,205,105	$2,971,246
Business-Type Activities					
Net Investment in Capital Assets	$ 395,227	$ 359,544	$ 343,390	$ 335,795	$ 315,335
Restricted for:					
Expendable					
Debt Service	--	--	--	--	--
Passenger Facility Charges Approved Capital Projects	--	--	--	--	--
Replacements and Renewals	--	--	--	--	--
Landfill Closure/Postclosure	--	--	--	--	--
Landfill Corrective Action	--	--	--	--	--
Wetland	--	--	--	--	--
Prima Deshecha/La Pata Closure	--	--	--	--	--
Airport	218,293	194,038	146,332	113,402	97,573
Waste Management	294,068	292,847	264,502	233,999	217,194
Unrestricted	--	--	--	--	--
Total Business-Type Activities Net Position	$ 907,588	$ 846,429	$ 754,224	$ 683,196	$ 630,102

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2012-13	2011-12 (1)	2010-11	2009-10	2008-09
Primary Government					
Net Investment					
in Capital Assets	3,151,910	3,274,791	$ 3,217,945	$ 3,097,843	$ 2,939,055
Restricted for:					
Expendable					
Other Postemployment					
Benefits	--	--	41,609	43,580	57,322
Pension Benefits	105,900	96,604	107,807	--	--
Capital Projects	11,904	16,269	56,219	58,947	85,197
Debt Service	90,737	--	87,253	76,936	66,515
Legally Segregated					
for Grants and					
Other Purposes	1,174,791	1,077,117	1,133,256	1,069,801	1,047,284
Regional Park Endowment	139	--	--	--	--
Passenger Facility Charges					
Approved Capital Projects	55,331	--	--	--	--
Replacements and Renewals	1,000	--	--	--	--
Landfill Closure/Postclosure	40,355	--	--	--	--
Landfill Corrective Action	6,109	--	--	--	--
Wetland	879	--	--	--	--
Prima Deshecha/La Pata					
Closure	104	--	--	--	--
Airport	--	58,149	50,899	48,225	176,225
Waste Management	--	82,205	84,070	86,943	284,943
Nonexpendable					
Regional Park Endowment	183	319	315	154	149
Unrestricted	531,972	388,264	239,827	311,792	(1,271)
Total Primary Government					
Net Position	$ 5,171,314	$ 4,993,718	$ 5,019,200	$ 4,794,221	$ 4,655,419

Note: (1) The balances shown for FY 2011-12 have not been restated to include adjustments in Note 3, Prior Period Adjustments.

(Dollar Amounts in Thousands)

Fiscal Year 2007-08	2006-07	2005-06	2004-05	2003-04	
					Primary Government
$2,698,153	$2,633,435	$2,649,568	$2,672,676	$2,574,399	Net Investment in Capital Assets
					Restricted for:
					Expendable
46,442	--	--	--	--	Other Postemployment Benefits
--	--	--	--	--	Pension Benefits
211,426	247,277	255,201	240,768	207,838	Capital Projects
168,468	155,918	121,840	24,196	155,964	Debt Service
990,198	916,563	738,515	648,092	628,881	Legally Segregated for Grants and Other Purposes
--	--	--	--	--	Regional Park Endowment
--	--	--	--	--	Passenger Facility Charges Approved Capital Projects
--	--	--	--	--	Replacements and Renewals
--	--	--	--	--	Landfill Closure/Postclosure
--	--	--	--	--	Landfill Corrective Action
--	--	--	--	--	Wetland
--	--	--	--	--	Prima Deshecha/La Pata Closure
218,293	194,038	146,332	113,402	97,573	Airport
294,068	292,847	264,502	233,999	217,194	Waste Management
					Nonexpendable
139	125	109	97	91	Regional Park Endowment
57,812	135,826	(33,051)	(44,929)	(280,592)	Unrestricted
$4,684,999	$4,576,029	$4,143,016	$3,888,301	$3,601,348	Total Primary Government Net Position

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2012-13	2011-12 (1)	2010-11	2009-10	2008-09
Expenses					
Governmental Activities:					
General Government	$ 221,110	$ 161,615	$ 223,710	$ 165,489	$ 268,092
Public Protection	1,264,354	1,231,925	1,174,859	1,160,823	1,230,894
Public Ways and Facilities	137,651	144,382	136,017	120,135	108,748
Health and Sanitation	621,381	593,657	586,525	578,983	593,331
Public Assistance	944,230	930,348	931,263	931,469	898,668
Education	38,548	41,226	39,788	41,009	41,265
Recreation and Cultural Services	101,232	102,762	101,993	90,649	81,896
Interest on Long-Term Debt	31,269	56,765	53,806	53,782	59,751
Subtotal Governmental Activities	3,359,775	3,262,680	3,247,961	3,142,339	3,282,645
Business-Type Activities:					
Airport	122,568	107,120	88,059	92,068	91,959
Waste Management	94,737	94,553	93,985	84,754	79,374
Compressed Natural Gas	305	306	349	95	--
Subtotal Business-Type Activities	217,610	201,979	182,393	176,917	171,333
Total Primary Government Expenses	$ 3,577,385	$ 3,464,659	$ 3,430,354	$ 3,319,256	$ 3,453,978
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	$ 32,127	$ 26,942	$ 33,561	$ 27,452	$ 44,782
Public Protection	283,031	271,423	310,773	278,355	289,014
Public Ways and Facitlities	39,981	62,653	53,960	45,809	47,283
Health and Sanitation	81,039	86,027	93,815	86,430	82,059
Public Assistance	34,780	35,036	36,304	30,914	26,636
Education	1,327	1,437	1,576	1,449	1,338
Recreation and Cultural Cultural Services	39,637	38,888	37,560	38,223	40,138
Operating Grants and Contributions	1,904,858	1,800,296	1,706,231	1,741,762	1,641,501
Capital Grants and Contributions	62,893	39,010	170,516	16,828	94,031
Subtotal Governmental Activities Program Revenues	2,479,673	2,361,712	2,444,296	2,267,222	2,266,782
Business-Type Activities:					
Charges for Services					
Airport	132,941	129,213	124,298	126,656	125,095
Waste Management	106,876	99,249	102,595	82,442	93,456
Compressed Natural Gas	385	293	242	129	--
Operating Grants and Contributions	200	212	657	1,432	171
Capital Grants and Contributions	3,839	5,216	6,544	8,077	7,466
Subtotal Business-Type Activities Program Revenues	244,241	234,183	234,336	218,736	226,188
Total Primary Government Program Revenues	$ 2,723,914	$ 2,595,895	$ 2,678,632	$ 2,485,958	$ 2,492,970

Notes:
(1) The balances shown for FY 2011-12 have not been restated to include adjustments in Note 3, Prior Period Adjustments.
(2) In FY 2006-07, the Unrestricted Investment Earnings were reclassified from Program Revenues to General Revenues for Business-Type Activities.

(Dollar Amounts in Thousands)

2007-08	2006-07	2005-06	2004-05	2003-04	
					Expenses
					Governmental Activities:
$ 264,049	$ 281,739	$ 227,536	$ 171,771	$ 170,820	General Government
1,164,458	1,055,593	972,996	947,698	905,229	Public Protection
131,563	96,776	105,342	77,928	78,454	Public Ways and Facilities
576,160	527,541	467,640	455,059	447,743	Health and Sanitation
862,709	794,862	773,109	740,987	731,698	Public Assistance
37,728	32,722	40,452	30,641	31,978	Education
75,612	80,279	72,535	73,530	76,249	Recreation and Cultural Services
76,210	65,961	64,680	81,841	78,474	Interest on Long-Term Debt
3,188,489	2,935,473	2,724,290	2,579,455	2,520,645	Subtotal Governmental Activities
					Business-Type Activities:
86,750	90,524	84,362	79,882	78,235	Airport
101,990	85,378	76,771	87,533	70,858	Waste Management
--	--	--	--	--	Compressed Natural Gas
188,740	175,902	161,133	167,415	149,093	Subtotal Business-Type Activities
$ 3,377,229	$ 3,111,375	$ 2,885,423	$ 2,746,870	$ 2,669,738	Total Primary Government Expenses
					Program Revenues
					Governmental Activities:
					Charges for Services
$ 40,659	$ 45,647	$ 38,645	$ 38,977	$ 30,569	General Government
295,740	283,215	275,703	279,241	256,253	Public Protection
45,898	41,014	42,483	34,884	44,728	Public Ways and Facitlities
95,069	85,305	79,493	78,686	68,778	Health and Sanitation
6,360	5,372	4,709	3,794	3,436	Public Assistance
1,349	4,743	1,353	1,795	1,156	Education
40,449	39,028	34,974	32,882	31,219	Recreation and Cultural Cultural Services
1,735,820	1,759,887	1,605,063	1,540,938	1,532,106	Operating Grants and Contributions
46,308	69,340	18,178	66,889	55,337	Capital Grants and Contributions
2,307,652	2,333,551	2,100,601	2,078,086	2,023,582	Subtotal Governmental Activities Program Revenues
					Business-Type Activities:
					Charges for Services
126,139	127,747	101,775	95,562	90,657	Airport
99,548	111,362	114,239	114,541	112,498	Waste Management
--	--	--	--	--	Compressed Natural Gas
569	691 (2)	22,846	13,968	7,459	Operating Grants and Contributions
15,188	6,731	1,720	10,703	6,183	Capital Grants and Contributions
241,444	246,531	240,580	234,774	216,797	Subtotal Business-Type Activities Program Revenues
$ 2,549,096	$ 2,580,082	$ 2,341,181	$ 2,312,860	$ 2,240,379	Total Primary Government Program Revenues

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting) (Continued)

	Fiscal Year				
	2012-13	2011-12 (5)	2010-11	2009-10	2008-09
Net (Expense)/Revenue					
Governmental Activities	$ (880,102)	$ (900,968)	$ (803,665)	$ (875,117)	$ (1,015,863)
Business-Type Activities	26,631	32,204	51,943	41,819	54,855
Total Primary Government Net Revenue/(Expense)	$ (853,471)	$ (868,764)	$ (751,722)	$ (833,298)	$ (961,008)
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Fund	$ 313,299	$ 311,779	$ 298,953	$ 290,054	$ 263,893
Property Taxes, Levied for Flood Control District	69,321	68,184	73,260	67,103	68,747
Property Taxes, Levied for OC Parks	51,550	51,168	51,554	49,857	51,076
Property Taxes, Levied for OC Public Libraries	37,961	37,389	37,590	37,057	37,932
Property Tax Increments (4)	--	18,308	30,755	31,917	35,276
Property Taxes in-Lieu of Motor Vehicle License Fees	309,745	303,955	228,421	229,635	232,760
Other Taxes	108,430	43,568	83,938	93,024	94,184
Grants and Contributions Not Restricted to Specific Programs	6,711	9,377	27,457	10,299	27,637
State Allocation of Motor Vehicle License Fees	1,659	2,667	49,889	46,697	50,390
Unrestricted Investment Earnings	11,559	4,195	23,703	15,541	13,583
Miscellaneous	48,478	57,125	64,563	54,496	49,438
Gain on Sale of Capital Assets	--	34	--	--	--
Transfers	10,276	11,767	12,681	11,188	14,129
Subtotal Governmental Activities	968,989	919,516	982,764	936,868	939,045
Extraordinary Gain/(Loss) Dissolution of OCDA (1)	1,800	(69,639)	--	--	--
Business-Type Activities:					
Other Taxes	93	134	--	--	--
Unrestricted Investment Earnings	2,113	3,530	5,509	6,411	17,332
Miscellaneous Revenues	1,235	1,508	1,109	2,453	786
Special Items	--	--	--	--	--
Transfers	(10,276)	(11,767)	(12,681)	(11,188)	(14,129)
Subtotal Business-Type Activities	(6,835)	(6,595)	(6,063)	(2,324)	3,989
Total Primary Government	$ 963,954	$ 843,282	$ 976,701	$ 934,544	$ 943,034
Change in Net Position					
Governmental Activities	$ 90,687	$ (51,091)	$ 179,099	$ 61,751	$ (76,818)
Business-Type Activities	19,796	25,609	45,880	39,495	58,844
Total Primary Government	$ 110,483	$ (25,482)	$ 224,979	$ 101,246	$ (17,974)

(Dollar Amounts in Thousands)

	Fiscal Year				
	2007-08	2006-07	2005-06	2004-05	2003-04
Net (Expense)/Revenue					
Governmental Activities	$ (880,837)	$ (601,922)	$ (623,689)	$ (501,369)	$ (497,063)
Business-Type Activities	52,704	70,629	79,447	67,359	67,704
Total Primary Government Net Revenue/(Expense)	$ (828,133)	$ (531,293)	$ (544,242)	$ (434,010)	$ (429,359)
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Fund	$ 273,259	$ 283,112	$ 271,925	$ 247,390 (2)	$ 211,944
Property Taxes, Levied for Flood Control District	68,042	63,209	53,662	49,295	47,677
Property Taxes, Levied for OC Parks	50,551	46,965	39,869	37,504	35,450
Property Taxes, Levied for OC Public Libraries	37,454	34,427	31,408	28,893	25,739
Property Tax Increments	32,376	25,828	26,580	24,122	21,602
Property Taxes in-Lieu of Motor Vehicle License Fees	224,210	206,933	158,240	141,319 (2)	--
Other Taxes	84,434	54,644	50,676	48,862	51,104
Grants and Contributions Not Restricted to Specific Programs	23,434	1,917	1,881	9,442	11,969
State Allocation of Motor Vehicle License Fees	54,656	58,487	56,873	54,325 (2)	189,732
Unrestricted Investment Earnings	27,773	60,856	38,588	30,674	25,753
Miscellaneous	66,887	60,762	66,239	48,823	44,023
Gain on Sale of Capital Assets	--	31,460	--	--	--
Transfers	16,802	14,130	11,435	14,579	12,155
Subtotal Governmental Activities	959,878	942,730	807,376	735,228	677,148
Extraordinary Gain/(Loss) Dissolution of OCDA	--	--	--	--	--
Business-Type Activities:					
Other Taxes	--	--	--	--	--
Unrestricted Investment Earnings	29,206	34,500 (3)	--	--	--
Miscellaneous Revenues	2,886	1,206	3,016	314	965
Special Items	(6,835)	--	--	--	--
Transfers	(16,802)	(14,130)	(11,435)	(14,579)	(12,155)
Subtotal Business-Type Activities	8,455	21,576	(8,419)	(14,265)	(11,190)
Total Primary Government	$ 968,333	$ 964,306	$ 798,957	$ 720,963	$ 665,958
Change in Net Position					
Governmental Activities	$ 79,041	$ 340,808	$ 183,687	$ 233,859	$ 180,085
Business-Type Activities	61,159	92,205	71,028	53,094	56,514
Total Primary Government	$ 140,200	$ 433,013	$ 254,715	$ 286,953	$ 236,599

Notes:
(1) Extraordinary item results from dissolution of OCDA which is now reported as a private purpose trust fund.
(2) Beginning in FY 2004-05, a motor vehicle license fee property tax swap known as the "VLF Swap" was instituted causing a shift in property tax and Motor Vehicle License Fees.
(3) In FY 2006-07, the Unrestricted Investment Earnings were reclassified from Program Revenues to General Revenues for Business-Type Activities.
(4) In FY 2012-13, there was no property Tax Increment revenue due to the dissolution of OCDA.
(5) The balances shown for FY 2011-12 have not been restated to include adjustments in Note 3, Prior Period Adjustments.

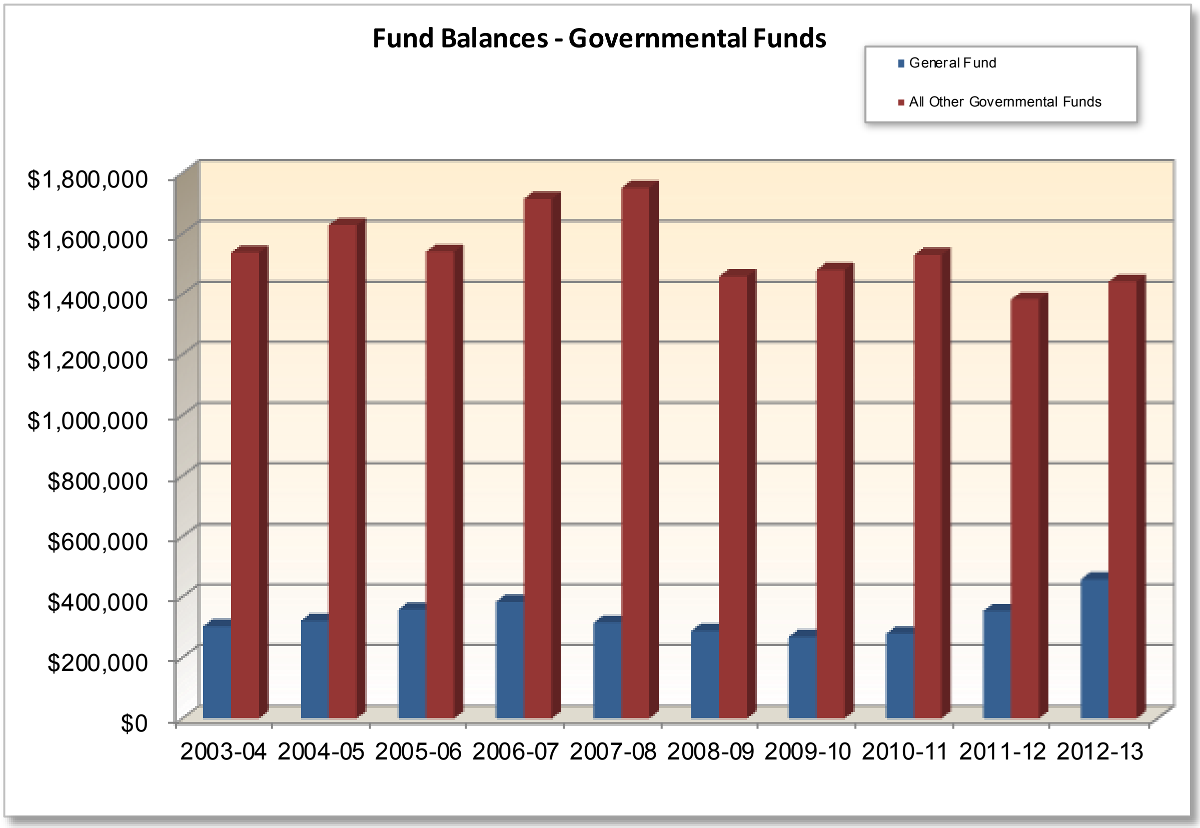
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2012-13	2011-12 (2)	2010-11	2009-10	2008-09
General Fund					
Reserved	$ --	$ --	$ --	$ 53,190	$ 49,423
Unreserved	--	--	--	215,094	238,621
Nonspendable (1)	263,446	225,460	266,328	--	--
Restricted (1)	34,679	26,336	10,872	--	--
Assigned (1)	68,157	100,448	1,394	--	--
Unassigned (1)	78,264	990	--	--	--
Total General Fund	$ 444,546	$ 353,234	$ 278,594	$ 268,284	$ 288,044
All Other Governmental Funds					
Reserved	$ --	$ --	$ --	$ 540,745	$ 517,375
Unreserved,					
Reported in:					
Special Revenue Funds	--	--	--	894,148	878,113
Debt Service Funds	--	--	--	(1,813)	(9,903)
Capital Projects Funds	--	--	--	47,362	73,045
Permanent Fund	--	--	--	154	149
Nonspendable (1)	18,929	23,057	20,802	--	--
Restricted (1)	1,357,556	1,318,071	1,482,755	--	--
Assigned (1)	65,556	43,900	34,173	--	--
Unassigned (1)	--	(3,016)	(8,074)	--	--
Total All Other Governmental Funds	$ 1,442,041	$ 1,382,012	$1,529,656	$1,480,596	$1,458,779

Notes: (1) In accordance with GASB No. 54, which was implemented in FY 2010-11, the classification of fund balance was redefined.
(2) The balances shown for FY 2011-12 have not been restated to include adjustments in Note 3, Prior Period Adjustments.

(Dollar Amounts in Thousands)

Fiscal Year					
2007-08	2006-07	2005-06	2004-05	2003-04	
					General Fund
$ 99,877	$ 89,001	$ 68,082	$ 67,554	$ 70,861	Reserved
215,096	294,739	290,053	253,788	232,304	Unreserved
--	--	--	--	--	Nonspendable (1)
--	--	--	--	--	Restricted (1)
--	--	--	--	--	Assigned (1)
--	--	--	--	--	Unassigned (1)
$ 314,973	$ 383,740	$ 358,135	$ 321,342	$ 303,165	**Total General Fund**
					All Other Governmental Funds
$ 671,739	$ 626,134	$ 594,090	$ 657,214	$ 603,438	Reserved
					Unreserved,
					Reported in:
880,288	838,291	694,973	616,943	626,323	Special Revenue Funds
-	17,456	5,323	122,873	110,042	Debt Service Funds
198,348	232,317	245,770	230,474	197,047	Capital Projects Funds
139	125	110	97	91	Permanent Fund
--	--	--	--	--	Nonspendable (1)
--	--	--	--	--	Restricted (1)
--	--	--	--	--	Assigned (1)
--	--	--	--	--	Unassigned (1)
$1,750,514	$ 1,714,323	$1,540,266	$1,627,601	$1,536,941	**Total All Other Governmental Funds**



Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Basis of Accounting)

	Fiscal Year				
	2012-13	2011-12 (2)	2010-11	2009-10	2008-09
Revenues					
Taxes	$ 854,587	784,797	$ 738,109	$ 741,850	$ 727,159
Licenses, Permits and Franchises	15,213	18,046	16,831	14,976	17,965
Fines, Forfeitures and Penalties	79,267	80,180	93,461	102,959	112,882
Use of Money and Property	58,441	81,088	89,514	88,350	69,667
Intergovernmental	1,940,687	1,846,311	1,745,066	1,769,253	1,697,017
Charges for Services	439,224	435,920	478,916	418,373	443,456
Contributions from Property Owners	--	--	--	--	--
Other	77,464	66,920	64,125	65,727	89,064
Total Revenues	3,464,883	3,313,262	3,226,022	3,201,488	3,157,210
Expenditures					
General Government	186,145	170,156	207,193	211,434	277,369
Public Protection	1,157,676	1,125,831	1,068,267	1,054,947	1,117,882
Public Ways and Facilities	112,294	126,809	110,789	106,985	110,548
Health and Sanitation	611,369	580,791	576,793	559,315	576,964
Public Assistance	932,414	909,296	911,704	903,733	878,436
Education	37,239	37,621	37,671	38,921	39,666
Recreation and Cultural Services	94,051	91,753	84,506	82,826	79,889
Capital Outlay	122,639	105,207	84,311	124,077	155,286
Debt Service					
Principal Retirement	72,499	95,429	87,685	88,962	205,268
Escrow Bond Agent	--	--	--	--	--
Interest	43,777	46,152	40,634	39,565	46,697
Debt Issuance Costs	--	--	--	--	--
Total Expenditures	3,370,103	3,289,045	3,209,553	3,210,765	3,488,005
Excess (Deficit) of Revenues Over Expenditures	94,780	24,217	16,469	(9,277)	(330,795)
Other Financing Sources (Uses)					
Transfers In	274,363	345,692	395,752	382,154	793,528
Transfers Out	(268,110)	(336,157)	(388,274)	(370,820)	(781,397)
Bonds Issued	78,419	10,000	36,000	--	--
Premium on Bonds Issued	--	2,927	--	--	--
Principal Payment on Demand Bonds	--	--	--	--	--
Refunding Bonds Issued	--	34,380	--	--	--
Payment to Refunded Bond Escrow	--	(40,491)	(710)	--	--
Provisions for Increase in Land Held	--				
for Resale	--	43	--	--	--
Capital Leases	--	--	133	--	--
Total Other Financing Sources	84,672	16,394	42,901	11,334	12,131
Extraordinary Gain/(Loss)	1,800	(113,615)	--	--	--
Net Change in Fund Balances	$ 181,252	(73,004)	$ 59,370	$ 2,057	$ (318,664)
Debt Service as a Percentage of Noncapital Expenditures:	3.60%	4.44%	4.12%	4.18%	7.54%

(Dollar Amounts in Thousands)

Fiscal Year					
2007-08	2006-07	2005-06	2004-05	2003-04	
					Revenues
$ 719,742	674,278	$ 618,429	$ 530,596	$ 367,087	Taxes
20,516	23,289	18,011	19,767	15,867	Licenses, Permits and Franchises
89,700	73,353	70,624	70,686	60,038	Fines, Forfeitures and Penalties
146,983	165,042	100,207	112,592	95,360	Use of Money and Property
1,743,637	1,722,951	1,614,484	1,531,370	1,593,175	Intergovernmental
423,611	406,071	386,332	379,216	360,719	Charges for Services
--	--	18,094	65,955	54,570	Contributions from Property Owners
91,197	104,046	90,721 (1)	268,174	215,343	Other
3,235,386	3,169,030	2,916,902	2,978,356	2,762,159	Total Revenues
					Expenditures
252,781	204,585	303,827 (1)	356,883	293,679	General Government
1,103,442	1,005,737	910,531	874,789	875,096	Public Protection
117,963	90,683	95,161	71,075	70,740	Public Ways and Facilities
564,335	516,901	458,741	446,887	439,380	Health and Sanitation
851,836	788,326	664,723	731,100	723,079	Public Assistance
37,091	35,904	40,061	29,745	31,069	Education
70,084	73,386	67,776	67,411	66,606	Recreation and Cultural Services
143,468	154,373	99,519	207,146	124,210	Capital Outlay
					Debt Service
301,066	191,012	67,602	61,503	69,476	Principal Retirement
--	--	230,719	--	4,314	Escrow Bond Agent
53,478	58,586	57,028	67,134	67,699	Interest
--	799	4,402	--	1,279	Debt Issuance Costs
3,495,544	3,120,292	3,000,090	2,913,673	2,766,627	Total Expenditures
(260,158)	48,738	(83,188)	64,683	(4,468)	Excess (Deficit) of Revenues Over Expenditures
					Other Financing Sources (Uses)
359,791	298,138	245,441	244,551	303,456	Transfers In
(345,674)	(288,045)	(239,834)	(239,314)	(295,587)	Transfers Out
--	32,700	--	--	--	Bonds Issued
--	2,140	29,290	--	1,660	Premium on Bonds Issued
211,065	105,991	--	--	--	Principal Payment on Demand Bonds
--	--	565,762	--	38,465	Refunding Bonds Issued
--	--	(568,409)	--	(35,844)	Payment to Refunded Bond Escrow
--	--	--	--	--	Provisions for Increase in Land Held for Resale
2,400	--	396	38,917	18,142	Capital Leases
227,582	150,924	32,646	44,154	30,292	Total Other Financing Sources
--	--	--	--	--	Extraordinary Loss
$ (32,576)	199,662	$ (50,542)	$ 108,837	$ 25,824	Net Change in Fund Balances
10.43%	8.44%	12.40%	4.75%	5.40%	Debt Service as a Percentage of Noncapital Expenditures:

Note: (1) In FY 2005-06, the County eliminated the effect of intra-departmental billings and expenditures for annual required pension contribution. Prior years have not been restated.
(2) The balances shown for FY 2011-12 have not been restated to include adjustments in Note 3, Prior Period Adjustments.

Assessed Value of Taxable Property [1]
Last Ten Fiscal Years

Fiscal Year	Residential Property	Industrial/ Commercial Property	Other Property [2]	Unsecured Roll Gross Total [3]
2012-13	$ 315,635,908	$ 100,074,695	$ 3,489,057	$ 19,905,480
2011-12	310,211,002	96,431,670	2,848,162	20,634,672
2010-11	304,895,403	97,097,750	3,038,747	21,198,638
2009-10	302,855,181	100,686,715	2,814,952	21,516,171
2008-09	310,398,180	97,515,067	3,125,331	21,026,522
2007-08	302,853,813	89,547,612	2,772,022	20,318,430
2006-07	277,879,918	82,230,790	2,948,207	20,831,767
2005-06	249,353,174	74,875,049	2,282,746	18,341,319
2004-05	223,183,830	70,139,371	2,224,382	18,385,370
2003-04	202,223,018	66,861,856	1,980,662	17,724,564

(Dollar Amounts in Thousands)

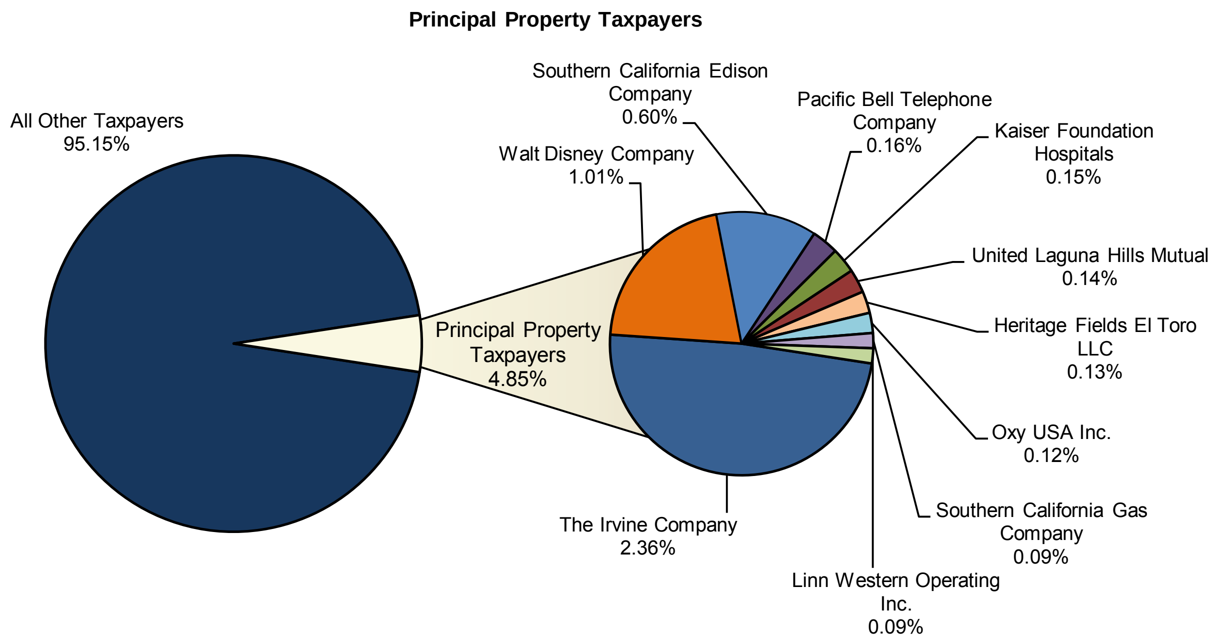
Total Taxable Assessed Value	Less: Exempt & Non-Reimbursed Exemptions	Net Taxable Assessed Value	Total Direct Tax Rate Percent (1)
$ 439,105,140	$ (10,634,193)	$ 428,470,947	1.00
430,125,506	(9,729,486)	420,396,020	1.00
426,230,538	(9,452,472)	416,778,066	1.00
427,873,019	(9,063,739)	418,809,280	1.00
432,065,100	(8,051,290)	424,013,810	1.00
415,491,877	(6,757,810)	408,734,067	1.00
383,890,682	(6,613,199)	377,277,483	1.00
344,852,288	(5,615,327)	339,236,961	1.00
313,932,953	(5,265,627)	308,667,326	1.00
288,790,100	(4,859,310)	283,930,790	1.00

Notes:
(1) Article XIIIA, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current market value at time of ownership change and the market value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.
(2) Other property includes: timeshares, rural/agricultural land, unique miscellaneous, mineral rights, water rights and personal property and fixtures.
(3) Unsecured roll includes properties for which taxes assessed are not a lien on real property and are not sufficient, in the opinion of the Assessor, to secure payment of taxes. It consists of improvements, business personal property, boats and aircrafts, and it can also include land and improvements that are identified as real estate of others, as defined by the Assessor (reference Revenue and Taxation Code Section 134).

Source: Orange County Assessor Department

Principal Property Taxpayers
Current Year and Nine Years Ago

	2013			2004		
Taxpayer	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied
The Irvine Company	$ 116,988	1	2.36%	$ 43,395	1	1.40%
Walt Disney Company	50,122	2	1.01%	33,068	2	1.07%
Southern California Edison Company	29,544	3	0.60%	13,955	4	0.45%
Pacific Bell Telephone Company	8,013	4	0.16%			
Kaiser Foundation Hospitals	7,510	5	0.15%			
United Laguna Hills Mutual	7,177	6	0.14%	5,403	7	0.17%
Heritage Fields El Toro LLC	6,624	7	0.13%			
Oxy USA Inc.	6,003	8	0.12%			
Southern California Gas Company	4,565	9	0.09%			
Linn Western Operating Inc.	4,441	10	0.09%			
Irvine Apartment Communities				18,644	3	0.60%
SBC California				9,876	5	0.32%
Irvine Co. of W VA				5,086	8	0.16%
McDonnell Douglas Corporation				4,354	9	0.14%
Irvine Community Development				4,103	10	0.13%
Total	$ 240,987		4.85%	$ 137,884		4.44%

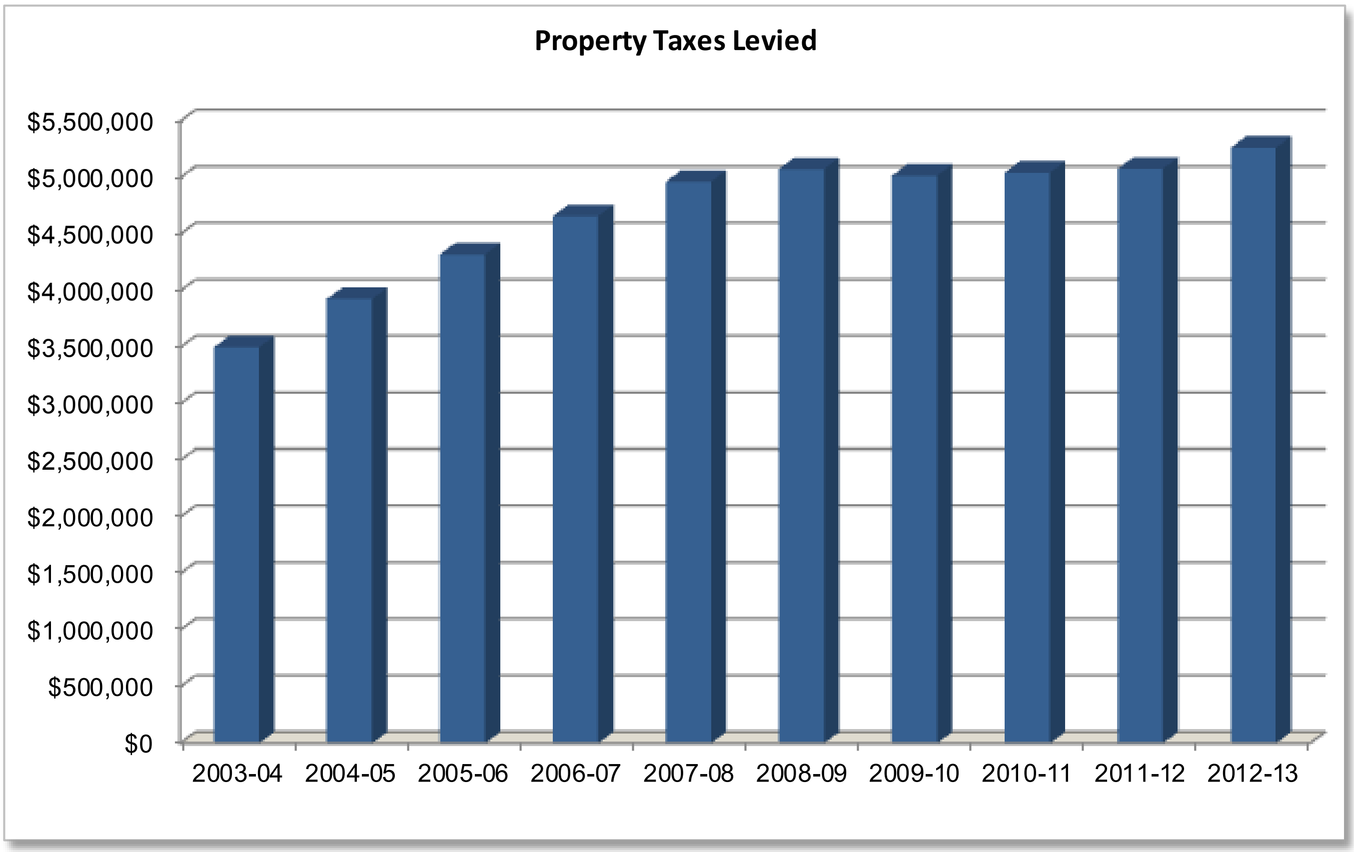


Source: Treasurer-Tax Collector, County of Orange

(Dollar Amounts in Thousands)

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] Amount	Collections Within the Fiscal Year of the Levy[2] Percentage of Levy	Collections of Delinquent Taxes from Prior Years[4]	Total Collections for the Fiscal Year[3] Amount	Total Collections for the Fiscal Year[3] Percentage of Levy
2012-13	$ 5,265,844	$ 5,194,193	98.64%	$ -	$ 5,194,193	98.64%
2011-12	5,079,589	5,002,490	98.48%	58,963	5,061,453	99.64%
2010-11	5,045,802	4,960,748	98.31%	17,752	4,978,500	98.67%
2009-10	5,019,061	4,904,188	97.71%	8,628	4,912,816	97.88%
2008-09	5,076,796	4,901,574	96.55%	6,882	4,908,456	96.68%
2007-08	4,965,990	4,784,438	96.34%	4,088	4,788,526	96.43%
2006-07	4,661,169	4,499,537	96.53%	1,333	4,500,870	96.56%
2005-06	4,323,550	4,133,562	95.61%	425	4,133,987	95.62%
2004-05	3,929,458	3,844,104	97.83%	134	3,844,238	97.83%
2003-04	3,501,754	3,437,180	98.16%	50	3,437,230	98.16%



Notes:
(1) Total tax levy includes secured, supplemental, unsecured and former redevelopment agency increment, including penalties.
(2) Total tax collections include penalties.
(3) Total collections include collections of current year taxes and collections related to prior year levies.
The percentage of levy represents the ratio of total collections to the taxes levied for that fiscal year.
(4) No amounts are shown in FY 2012-13 because the property taxes levied will be collected in the following year.

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt [1] by Type
Last Ten Fiscal Years (in Thousands except Per Capita)
(Accrual Basis of Accounting)

	Governmental Activities					
Fiscal Year	Refunding Recovery Bonds	Redevelopment Bonds [2]	Certificates of Participation [5]	Pension Obligation Bonds [5]	Teeter Plan Revenue Bonds	Teeter Plan Obligation Notes
2012-13	$ 35,317	$ -	$ 12,347	$ 138,484	$ --	$ 43,486
2011-12	51,600	-	3,422	47,523	--	--
2010-11	67,028	47,009	4,064	54,680	--	--
2009-10	81,619	49,729	4,758	59,331	--	--
2008-09	95,206	52,306	5,502	69,711	--	--
2007-08	108,175	54,750	6,306	72,728	123,725	--
2006-07	120,019	57,122	7,165	89,891	123,725	--
2005-06	131,420	58,994	8,092	99,714	123,725	--
2004-05	210,705	60,825	589,909	111,772	123,725	--
2003-04	225,870	62,955	619,394	116,772	123,725	--

Ratios of Outstanding Debt [1] by Type
Last Ten Fiscal Years (in Thousands except Per Capita)
(Accrual Basis of Accounting)

		Business-Type Activities				
Lease Revenue Bonds	Capital Lease Obligations [3]	Airport Revenue Bonds	Waste Management System Revenue Bonds	Total Primary Government	Percentage of Personal Income [4]	Per Capita [4]
$ 155,828	$ 67,353	$ 240,540	$ 7,018	$ 700,373	0.41%	$ 227
181,097	71,755	248,900	13,666	617,963	0.37%	202
249,924	76,074	256,683	19,921	775,383	0.49%	258
309,517	80,114	264,099	25,738	874,905	0.57%	276
365,850	84,952	33,502	31,144	738,173	0.50%	235
420,668	90,769	89,897	36,177	1,003,195	0.65%	321
470,616	93,533	101,925	40,881	1,104,877	0.72%	357
486,020	101,546	113,156	45,272	1,167,939	0.81%	380
75,895	106,189	123,544	49,386	1,451,950	1.09%	477
80,862	71,712	133,051	53,232	1,487,573	1.18%	493

Notes:
(1) Details regarding the County's outstanding debt can be found in Note 12, Long-Term Obligations.
(2) Redevelopment Bonds are no longer County debt due to the dissolution of Redevelopment Agency on February 1, 2012. Details regarding the Redevelopment Bonds can be found in Note 13, Conduit Debt Obligations and Successor Agency Debt.
(3) Capital lease obligations arise from lease agreements which are in-substance like purchases. The agreements convey property rights to the lessee and the lessee assumes substantially all of the risks and benefits of ownership.
(4) See demographic and economic statistics schedule for personal income and population data. For years prior to FY 2012-13, the personal income ratio and the debt per capita amounts were calculated using personal income and population from the prior fiscal year.
(5) Beginning in FY 2012-13, outstanding debt includes accreted interest on capital appreciation bonds.

Source: Auditor-Controller, County of Orange

Ratio of Net General Debt [1] Outstanding
Last Ten Fiscal Years (in Thousands except Per Capita)
(Accrual Basis of Accounting)

	General Debt Outstanding					
Fiscal Year	Refunding Recovery Bonds	Pension Obligation Bonds [3]	Restricted for Debt Payments [3]	Total (Excess)/ Under	Percentage of Assessed Value	Per Capita [2]
2012-13	$ 35,317	$138,484	$ 138,484	$ 35,317	0.01%	$ 11
2011-12	51,600	47,523	47,523	51,600	0.01%	17
2010-11	67,028	54,680	54,680	67,028	0.02%	22
2009-10	81,619	59,331	59,331	81,619	0.02%	26
2008-09	95,206	69,711	69,711	95,206	0.02%	30
2007-08	108,175	72,728	72,728	108,175	0.03%	35
2006-07	120,019	89,891	89,891	120,019	0.04%	39
2005-06	131,420	99,714	99,714	131,420	0.04%	43
2004-05	210,705	111,772	258,991	63,486	0.02%	21
2003-04	225,870	116,772	263,275	79,367	0.03%	26

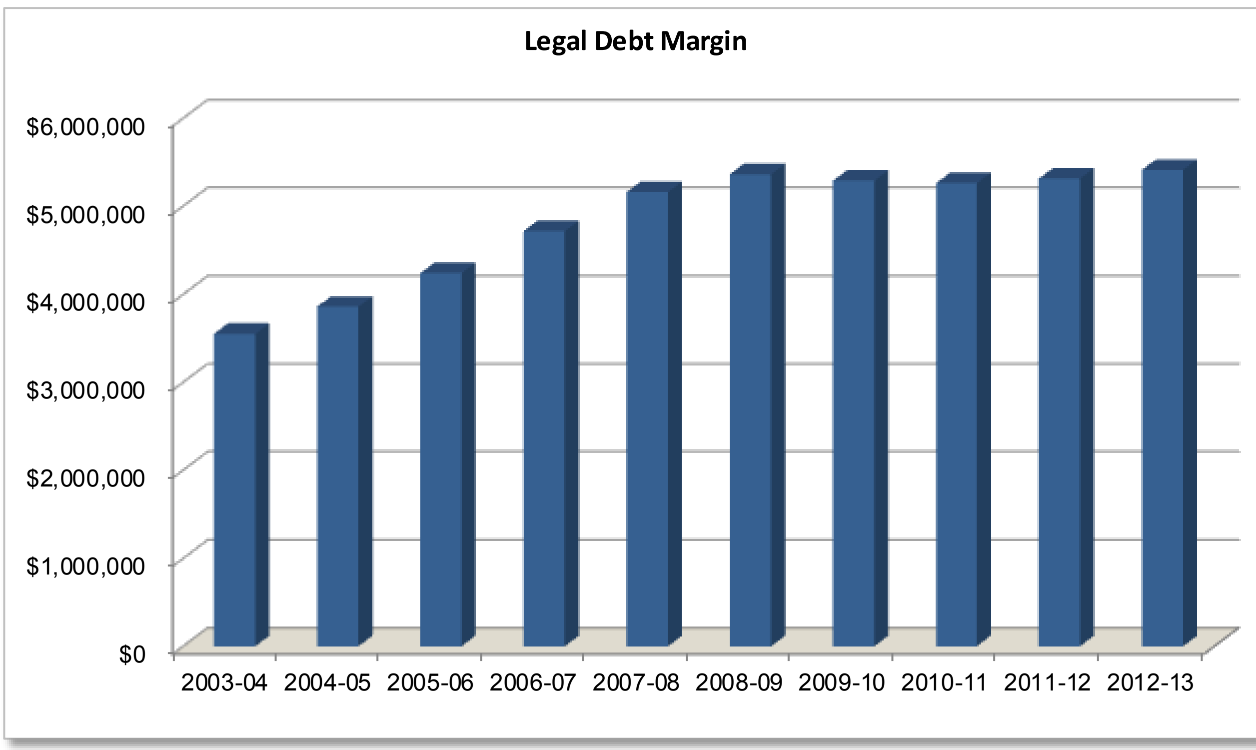
Notes:
(1) Details regarding the County's outstanding debt can be found in Note 12, Long-Term Obligations.
(2) See demographic and economic statistics schedule for population data. For years prior to FY 2012-13, the debt per capita amount was calculated using the population from the prior fiscal year.
(3) Beginning in FY 2012-13, outstanding debt includes accreted interest on capital appreciation bonds.

Source: Auditor-Controller, County of Orange

(Dollar Amounts in Thousands)

Legal Debt Margin as a Percentage of Debt Limit
Last Ten Fiscal Years

Fiscal Year	Assessed Value	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
2012-13	$ 432,902,274	$ 5,411,278	$ --	$ 5,411,278	0%
2011-12	424,769,642	5,309,621	--	5,309,621	0%
2010-11	420,751,575	5,259,395	--	5,259,395	0%
2009-10	422,965,596	5,287,070	--	5,287,070	0%
2008-09	428,809,224	5,360,115	--	5,360,115	0%
2007-08	412,669,779	5,158,372	--	5,158,372	0%
2006-07	377,277,483	4,715,969	--	4,715,969	0%
2005-06	339,236,961	4,240,462	--	4,240,462	0%
2004-05	308,667,326	3,858,342	--	3,858,342	0%
2003-04	283,930,790	3,549,135	--	3,549,135	0%



Note: The amount of the general obligation bonded indebtedness the County can incur is limited by law to 1.25 percent of the equalized assessment property tax roll. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIIIA, section 1 requires the approval of 2/3 of the voting on the proposition.

Source: Auditor-Controller, County of Orange

Pledged Revenue Coverage [1]
Last Ten Fiscal Years

South Orange County Public Financing Authority

Funding Source: Interest Earnings, Rents and Concessions, and Transfers

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2012-13	$ 5,841	$ --	$ 5,841	$ 4,520	$ 1,307	1.00
2011-12	--	262	(262)	--	--	--
2010-11	--	--	--	--	--	--
2009-10	--	--	--	--	--	--
2008-09	--	--	--	--	--	--
2007-08	--	--	--	--	--	--
2006-07	--	--	--	--	--	--
2005-06	--	--	--	--	--	--
2004-05	--	--	--	--	--	--
2003-04	--	--	--	--	--	--

Public Facilities Corporation Bonds

Funding Source: Interest Earnings and Transfers

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2012-13	$ 2,403	$ 44	$ 2,359	$ 600	$2,005	0.91
2011-12	2,770	--	2,770	642	1,958	1.07
2010-11	2,525	--	2,525	694	1,906	0.97
2009-10	2,743	--	2,743	744	1,861	1.05
2008-09	2,700	--	2,700	804	1,801	1.04
2007-08	2,789	--	2,789	859	1,741	1.07
2006-07	2,605	--	2,605	927	1,678	1.00
2005-06	2,234	--	2,234	992	1,615	0.86
2004-05	2,952	--	2,952	2,520	85	1.13
2003-04	2,278	2	2,276	3,960	293	0.54

Orange County Public Financing Authority

Funding Source: Interest Earnings, Rents and Concessions, and Transfers

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2012-13	$ 29,952	$ --	$29,952	$ 22,160	$ 6,638	1.04
2011-12	35,697	--	35,697	61,630	10,837	0.49
2010-11	74,725	--	74,725	58,990	13,643	1.03
2009-10	74,838	--	74,838	56,580	16,151	1.03
2008-09	77,027	--	77,027	56,225	18,385	1.03
2007-08	77,308	--	77,308	51,680	20,283	1.07
2006-07	76,162	2,137	74,025	52,050	21,656	1.00
2005-06	73,479	--	73,479	5,340	10,422	4.66
2004-05	8,910	--	8,910	5,170	3,747	1.00
2003-04	9,288	4	9,284	5,010	3,912	1.04

Teeter Plan Notes

Funding Source: Penalties and Costs on Delinquent Taxes and Interest Earnings

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2012-13	$ 15,706	$ 1,032	$ 14,674	$14,449	$ 327	0.99
2011-12	17,094	1,769	15,325	--	267	57.40
2010-11	25,679	1,989	23,690	--	654	36.22
2009-10	35,113	2,203	32,910	--	917	35.89
2008-09	35,117	45,284	(10,167) [2]	--	1,170	(8.69)
2007-08	--	--	--	--	--	--
2006-07	--	--	--	--	--	--
2005-06	--	--	--	--	--	--
2004-05	--	--	--	--	--	--
2003-04	--	--	--	--	--	--

Airport Revenue Bonds

Funding Source: Rents and Concessions, Other Charges for Services, Misc Revenue, Interest Earnings, and Available Passenger Facility Charge Revenue

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2012-13	$ 126,966	$79,739	$47,227	$ 9,250	$12,250	2.20
2011-12	124,403	77,628	46,775	7,851	12,592	2.29
2010-11	120,088	70,521	49,567	7,460	12,906	2.43
2009-10	121,761	68,771	52,990	2,865	7,163	5.28
2008-09	115,026	67,749	47,277	13,480	4,567	2.62
2007-08	118,105	63,174	54,931	12,765	5,280	3.04
2006-07	117,879	82,383	35,496	12,120	6,249	1.93
2005-06	111,324	75,992	35,332	11,500	6,866	1.92
2004-05	99,621	70,459	29,162	10,780	7,401	1.60
2003-04	93,523	68,086	25,437	10,790	9,180	1.27

Waste Management Revenue Bonds

Funding Source: Sanitation Services, Interest Earnings, Fines, and Intergovernmental Revenue

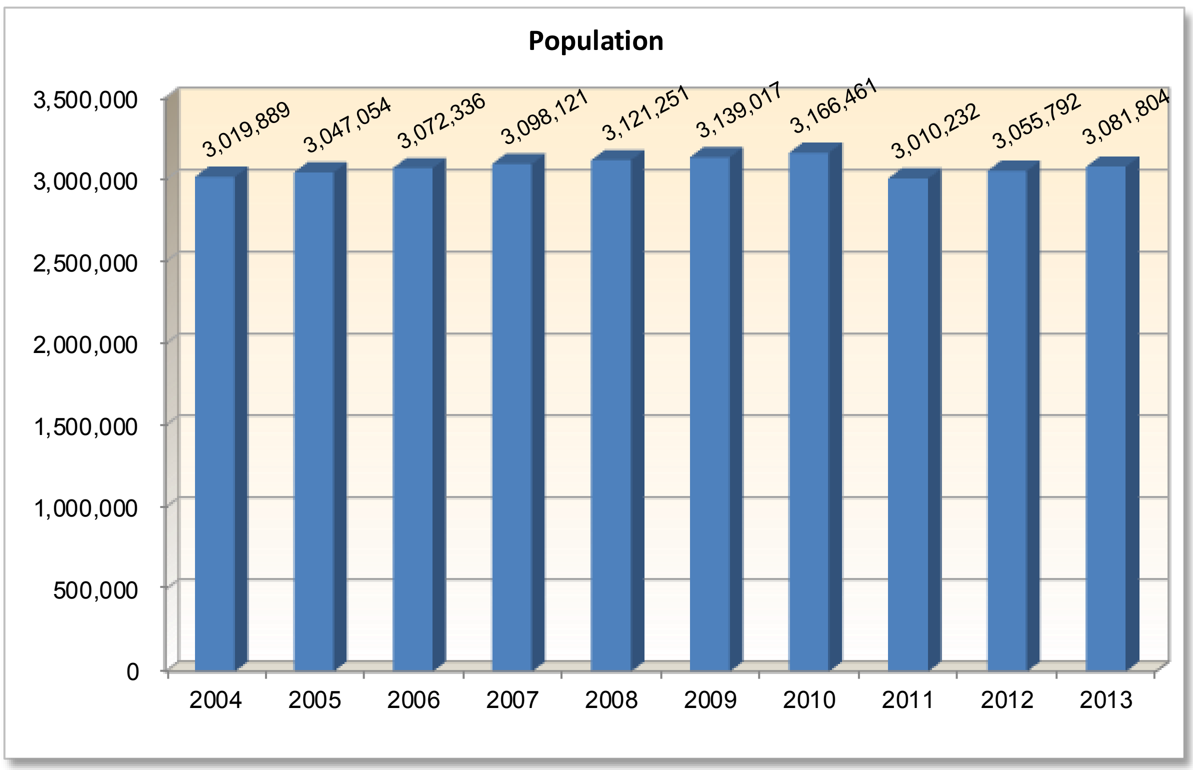
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2012-13	$108,195	$ 78,324	$ 29,871	$ 6,655	$ 30	4.47
2011-12	101,815	75,556	26,259	6,306	885	3.65
2010-11	106,731	72,375	34,356	5,950	1,217	4.79
2009-10	88,283	64,524	23,759	5,620	1,527	3.32
2008-09	105,832	59,167	46,665	5,310	1,818	6.55
2007-08	120,309	82,884	37,425	5,030	2,176	5.19
2006-07	136,543	83,278	53,265	4,760	2,788	7.06
2005-06	130,475	73,578	56,897	4,515	3,068	7.50
2004-05	124,706	84,280	40,426	4,280	3,335	5.31
2003-04	118,004	66,946	51,058	4,080	3,535	6.70

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) For FY 2008-09, there is a deficit balance for Net Available Revenue due to additional expenditures resulting from the establishment of the Teeter tax loss reserves in the Tax Loss Reserve Agency Fund during the first year of the program.

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)
2013	3,081,804	$ 168,966,400	$ 54,827	N/A	501,801	6.2%
2012	3,055,792	166,345,500	54,436	36.7	502,195	7.7%
2011	3,010,232	159,007,100	52,822	37.3	502,895	8.6%
2010	3,166,461	153,098,600	48,350	37.2	502,239	9.6%
2009	3,139,017	148,372,600	47,267	36.9	504,136	9.6%
2008	3,121,251	155,068,400	49,681	36.1	503,225	5.7%
2007	3,098,121	153,446,600	49,529	35.9	503,955	3.8%
2006	3,072,336	143,949,044	48,209	35.3	510,114	3.4%
2005	3,047,054	133,031,819	44,453	35.1	513,744	3.8%
2004	3,019,889	125,670,056	42,115	34.7	515,464	4.3%



N/A means Not Available

Sources:
(1) California Department of Finance, Demographic Research Unit, http://www.dof.ca.gov
(2) For years prior to 2011, source is U.S. Department of Commerce, Bureau of Economic Analysis, http://www.bea.gov/
(3) U.S Census Bureau, American Community Survey, http://www.census.gov, 2013 N/A
(4) California Department of Education, http://www.cde.ca.gov
(5) State of California, Employment Development Department, http://www.edd.ca.gov

Principal Employers
Current Year and Nine Years Ago

2013

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	25,000	1	1.53%
University of California, Irvine	21,800	2	1.34%
County of Orange	17,632	3	1.08%
St. Joseph Health System	11,679	4	0.72%
Boeing Co.	6,873	5	0.42%
Kaiser Permanente	6,300	6	0.39%
Bank of America Corporation	6,000	7	0.37%
Memorial Care Health System	5,545	8	0.34%
Target Corporation	5,400	9	0.33%
Cedar Fair LP	5,200	10	0.32%

2004

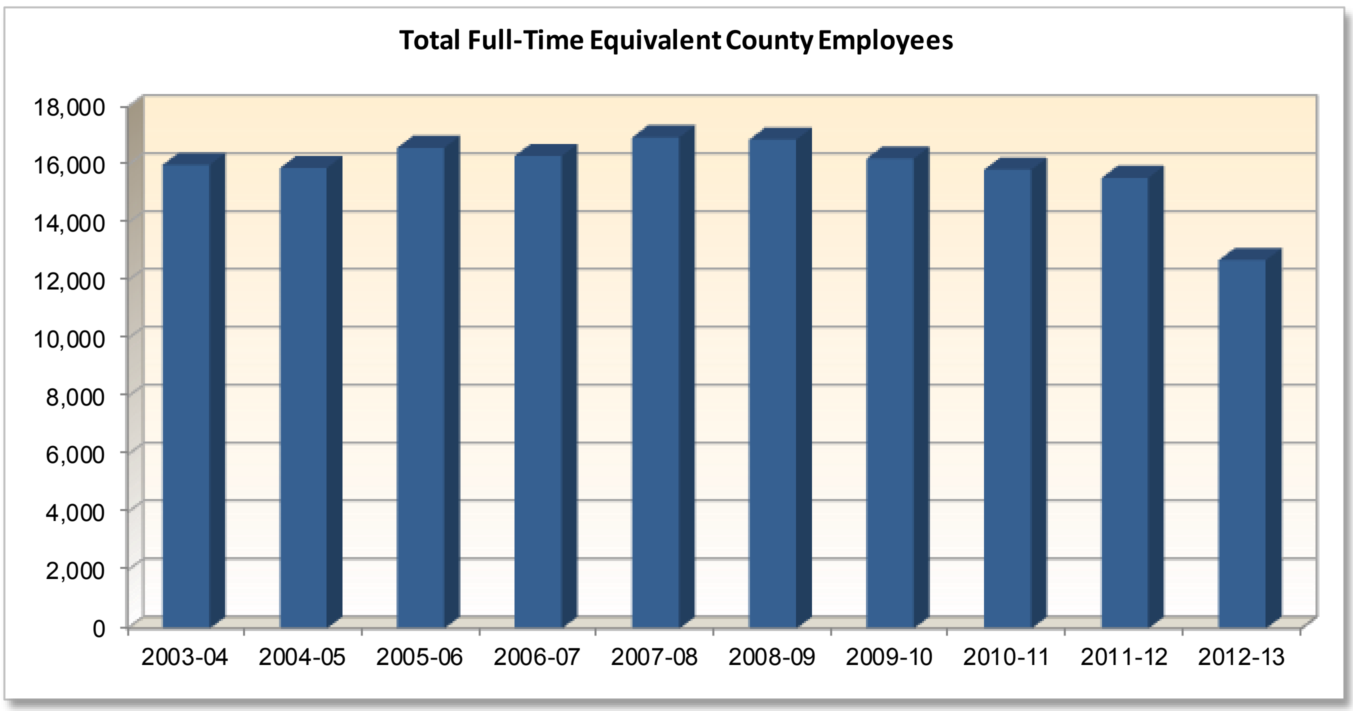
Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	21,000	1	1.33%
County of Orange	17,751	2	1.12%
University of California, Irvine	15,500	3	0.98%
Boeing Co.	11,160	4	0.70%
St. Joseph Health System	8,975	5	0.57%
Albertson's Inc.	8,700	6	0.55%
Tenet Healthcare Corp.	8,389	7	0.53%
Yum! Brands Inc.	6,500	8	0.41%
SBC Communications Inc.	5,658	9	0.36%
Target Corporation	5,436	10	0.34%

Source: 2013 Orange County Business Journal Book of Lists, for all employers other than the County; and Orange County CEO Budget Office, number of County employees, obtained from County of Orange, FY 2012-13 Fourth Quarter Budget Report, September, 17, 2013.

(Dollar Amounts in Thousands)

Full-time Equivalent County Employees by Function
Last Ten Fiscal Years

Function/Program	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04[1]
General Government	1,064	1,279	1,314	1,346	1,383	1,377	1,334	1,384	1,342	1,335
Public Protection	5,358	6,653	6,692	6,879	7,298	7,226	6,943	7,068	6,786	6,941
Public Ways and Facilities	437	542	569	585	622	621	579	598	544	532
Health and Sanitation	1,763	2,209	2,292	2,346	2,507	2,550	2,441	2,478	2,424	2,458
Public Assistance	3,320	3,867	3,935	4,023	4,000	4,123	3,992	4,029	3,787	3,728
Education	202	307	324	325	350	360	351	359	344	349
Recreation and Cultural Services	228	283	289	285	277	264	257	265	279	277
Airport	149	168	168	169	168	161	157	150	136	136
Waste Management	190	257	261	267	272	270	258	263	259	256
Orange County Children and Families Commission	10	13	14	16	17	17	16	15	12	12
Total Full-time Equivalent Employees [2]	12,721	15,578	15,858	16,241	16,894	16,969	16,328	16,609	15,913	16,024



Notes: (1) In FY 2003-04, the State of California assumed control of Superior Court.

(2) From FY 2003-04 to FY 2011-12, full-time equivalent employment was calculated by dividing total labor hours by the total of hours in a fiscal year (2,080 hours).

Source: County Executive Office, County of Orange

Operating Indicators by Function/Program
Last Nine Fiscal Years

Function/Program	Fiscal Year 2012-13	2011-12	2010-11	2009-10
General Government				
Auditor-Controller				
Property Tax Bills Prepared	1,186,238	1,153,816	1,189,320	1,144,933
Assessor				
Number of Real Property Valued	914,489	901,840	899,644	897,547
Number of Unsecured Property Assessed	139,865	159,464	161,005	168,208
New Parcels Created and Mapped	8,175	3,649	2,739	9,413
New Construction Events	17,173	17,129	9,372	13,172
County Executive Office				
Volunteer Program Service Hours	815,407	885,416	935,284	882,680
Clerk-Recorder				
Marriage Licenses Issued	22,502	22,415	20,868	20,292
Copies of Birth Certificates Issued	81,775	83,611	85,773	87,999
Property-Related Document Recordings	839,353	741,935	725,323	669,332
Treasurer-Tax Collector				
Orange County Investment Pool Return	$ 12,957,761	$ 17,977,637	$ 22,295,390	$ 35,656,277
Orange County Educational Investment Pool Return	$ 11,287,728	$ 15,493,079	$ 18,572,657	$ 35,449,102
Registrar of Voters				
Registered Voters	1,683,001	1,612,145	1,621,934	1,603,312
Highest Number of Ballots Cast	1,133,204	145,474	898,205	482,708
Elections Conducted	2	2	5	5
Public Protection				
Sheriff-Coroner				
Patrolled Cities Population	627,447	557,403	553,148	584,947
Patrolled Unincorporated Areas Population	120,396	119,698	121,488	120,088
Number of Bookings to Orange County Jail System	63,439	65,256	63,615	58,322
Average Daily Jail Head Count	6,805	6,265	5,721	5,171
District Attorney				
Defendants Prosecuted - Adult	57,873	61,759	64,418	64,969
Defendants Prosecuted - Juvenile	6,651	6,743	7,907	6,894
Probation				
Physical Arrests - Adult	2,947	2,307	1,926	1,822
Physical Arrests - Juvenile	640	467	488	685
Public Defender				
Cases Appointed Annually	77,073	73,487	77,661	76,191
Recreation				
OC Community Resources				
Exotic Invasive Plant Removal (acres)	4,102	4,042	629	61
Native Vegetation Restoration (acres)	843	994	2,448	82
New Open Space Management (acres)	--	--	--	--
Dana Point Harbor				
Slip and Dry Storage Tenants	2,700	2,237	2,748	2,750
Boat Launches	15,037	14,327	15,150	18,759
Sailing and Event Center Participants	115,996	111,959	108,070	83,738
Ocean Institute Students	108,668	110,059	125,000	125,060
Hotel Guests	41,141	36,800	26,972	25,252
Catalina Express Passengers	123,257	120,945	114,176	106,305
Special Events at the Harbor	16	16	16	16

(Dollar Amounts in Thousands)

Fiscal Year					
2008-09	2007-08	2006-07	2005-06	2004-05	Function/Program
					General Government
					Auditor-Controller
1,148,720	1,149,007	1,164,584	1,155,562	1,136,302	Property Tax Bills Prepared
					Assessor
888,770	881,233	872,439	859,112	845,293	Number of Real Property Valued
169,821	176,584	171,542	168,342	165,814	Number of Unsecured Property Assessed
9,185	10,252	14,760	13,800	14,646	New Parcels Created and Mapped
16,565	19,380	19,991	16,730	18,919	New Construction Events
					County Executive Office
839,125	675,285	923,689	1,021,153	995,739	Volunteer Program Service Hours
					Clerk-Recorder
21,339	20,894	21,088	21,198	27,000	Marriage Licenses Issued
98,231	117,226	120,817	99,792	130,000	Copies of Birth Certificates Issued
629,373	658,005	849,739	979,733	1,400,000	Property-Related Document Recordings
					Treasurer-Tax Collector
$ 67,241,720	$ 141,824,456	$167,106,896	$119,560,608	$ 66,375,267	Orange County Investment Pool Return
$ 61,318,814	$ 131,796,036	$150,134,812	$106,373,702	$ 56,258,941	Orange County Educational Investment Pool Return
					Registrar of Voters
1,607,989	1,566,951	1,497,397	1,491,009	1,495,824	Registered Voters
1,167,657	748,910	756,348	653,077	1,094,405	Highest Number of Ballots Cast
4	5	3	8	4	Elections Conducted
					Public Protection
					Sheriff-Coroner
581,109	575,909	571,648	571,456	566,650	Patrolled Cities Population
119,480	118,136	120,174	118,664	112,800	Patrolled Unincorporated Areas Population
61,778	64,596	66,869	67,062	64,847	Number of Bookings to Orange County Jail System
6,090	6,183	6,571	6,517	6,054	Average Daily Jail Head Count
					District Attorney
70,058	69,507	74,010	71,094	67,756	Defendants Prosecuted - Adult
7,740	9,076	8,763	7,670	7,470	Defendants Prosecuted - Juvenile
					Probation
1,725	2,470	3,000	3,052	2,191	Physical Arrests - Adult
595	1,051	1,363	1,421	1,343	Physical Arrests - Juvenile
					Public Defender
83,029	79,052	83,299	79,785	77,578	Cases Appointed Annually
					Recreation
					OC Community Resources
1,475	*	30	15	24	Exotic Invasive Plant Removal (acres)
144	*	13	0.5	*	Native Vegetation Restoration (acres)
--	250	--	--	1,004.00	New Open Space Management (acres)
					Dana Point Harbor
2,836	2,932	2,932	2,932	*	Slip and Dry Storage Tenants
19,903	22,247	22,159	19,719	*	Boat Launches
66,163	54,371	54,539	54,496	*	Sailing and Event Center Participants
126,957	116,218	149,220	136,926	*	Ocean Institute Students
28,650	26,940	29,580	28,366	*	Hotel Guests
111,648	114,000	114,708	114,567	*	Catalina Express Passengers
16	16	16	16	*	Special Events at the Harbor

* Means Not Available

Source: County Departments

Operating Indicators by Function/Program
Last Nine Fiscal Years

Function/Program	2012-13	2011-12	2010-11	2009-10
Public Ways and Facilities				
OC Public Works (OCPW)				
Building and Home Inspections	19,368	15,591	13,215	11,222
Health and Sanitation				
OC Community Resources				
Animal Licenses	191,098	200,755	173,570	176,123
Health Care Agency				
911 Emergency Medical Services Responses	171,420	168,172	156,638	158,863
Retail Food Facility Inspections Conducted	34,953	35,025	34,962	36,445
Hazardous Waste Inspections Conducted	6,058	5,444	6,237	6,600
Number of Home Visits by Public Health Nurses	34,953	32,498	29,260	30,091
Number of Low Income Children Dental Health Services	1,107	1,344	1,533	1,520
Number of Ocean Water Days of Closure (In Beach-Miles)	8	0.93	61	20
Public Assistance				
OC Community Resources				
Adult Day Care Hours of Service	49,129	70,267	93,425	92,964
Elderly Nutrition Program Meals Delivered	1,360,601	1,636,379	1,846,571	1,796,596
One-Way Transportation Trips Provided to Seniors	155,003	184,476	287,611	213,832
Social Service Agency				
Average Monthly Medi-Cal Recipients	430,559	418,649	403,142	376,101
Average Monthly Child Abuse Hotline Calls	3,009	2,880	3,003	3,165
Average Monthly CalFresh (formerly Food Stamp) Recipients	230,964	213,919	185,489	150,141
Average Monthly In-Home Supportive Services	19,663	19,240	18,335	17,595
Average Persons Receiving Cash Assistance	55,008	56,847	58,770	53,214
Average Children in Foster Care/Relative Care	2,213	2,128	2,148	2,336
Average Elder and Adult Abuse Unduplicated Reports Received	636	630	604	598
Education				
Library				
Total Volumes Borrowed at Library Branches	6,564,262	6,741,380	7,796,954	7,629,378
Airport				
Passengers	9,124,172	8,642,116	8,611,054	8,812,169
Air Cargo Tonnage	17,821	16,831	15,150	14,870
Takeoffs & Landings	252,506	251,191	260,466	213,404
Waste Management				
Solid Waste Tonnage	3,428,657	3,304,643	3,495,649	3,502,715
Gallons of Leachate and Impacted Ground Water Collected	3,116,108	3,448,964	3,209,725	3,390,965

(Dollar Amounts in Thousands)

Fiscal Year 2008-09	2007-08	2006-07	2005-06	2004-05	Function/Program
					Public Ways and Facilities
					OC Public Works (OCPW)
24,731	31,363	32,365	38,945	57,563	Building and Home Inspections
					Health and Sanitation
					OC Community Resources
158,202	155,875	166,137	167,340	157,921	Animal Licenses
					Health Care Agency
160,369	150,545	147,067	141,850	141,284	911 Emergency Medical Services Responses
33,146	33,451	31,475	31,216	28,433	Retail Food Facility Inspections Conducted
5,847	6,194	6,223	6,122	6,294	Hazardous Waste Inspections Conducted
29,505	30,447	38,245	42,646	35,600	Number of Home Visits by Public Health Nurses
979	660	1,055	993	1,142	Number of Low Income Children Dental Health Services
26	11	3	19	79	Number of Ocean Water Days of Closure (In Beach-Miles)
					Public Assistance
					OC Community Resources
101,732	89,584	76,005	85,116	79,035	Adult Day Care Hours of Service
1,725,058	1,736,877	1,606,272	1,665,392	1,667,021	Elderly Nutrition Program Meals Delivered
233,382	225,783	242,415	226,689	213,998	One-Way Transportation Trips Provided to Seniors
					Social Service Agency
343,222	326,506	317,771	316,949	300,934	Average Monthly Medi-Cal Recipients
3,242	3,427	3,049	2,782	2,909	Average Monthly Child Abuse Hotline Calls
109,491	88,284	82,132	79,487	79,931	Average Monthly CalFresh (formerly Food Stamp) Recipients
16,364	14,425	12,765	11,877	11,063	Average Monthly In-Home Supportive Services
44,115	38,840	38,790	40,886	44,008	Average Persons Receiving Cash Assistance
2,466	2,797	2,692	2,531	2,741	Average Children in Foster Care/Relative Care
531	549	509	444	449	Average Elder and Adult Abuse Unduplicated Reports Received
					Education
					Library
7,314,615	6,908,477	6,767,502	6,919,627	6,913,954	Total Volumes Borrow ed at Library Branches
					Airport
8,552,590	9,566,043	9,910,016	9,600,753	9,530,981	Passengers
15,197	21,084	22,853	24,246	23,162	Air Cargo Tonnage
215,585	319,791	343,572	348,993	349,936	Takeoffs & Landings
					Waste Management
3,876,902	4,207,649	4,706,367	5,063,988	5,124,842	Solid Waste Tonnage
3,441,343	3,766,898	3,695,743	3,922,890	3,713,480	Gallons of Leachate and Impacted Ground Water Collected

Source: County Departments

Capital Assets Statistics by Function
Last Nine Fiscal Years

Function/Program	Fiscal Year 2012-13	2011-12	2010-11	2009-10
General Government				
Auditor-Controller				
Hall of Finance and Records	1	1	1	1
Clerk-Recorder				
OC Archives Building	1	1	1	1
Registrar of Voters				
Vote by Mail Processing System	7	7	6	4
Trailer	1	1	1	1
Vehicle/Truck	3	3	3	3
Public Protection				
Probation Department				
Juvenile Institutions	4	5	5	5
District Attorney				
Justice Center Offices	5	5	5	5
Sheriff-Coroner				
Crime/Forensic Lab	1	1	1	1
Jail Facilities	3	3	3	3
Vehicles	918	838	844	844
Buses	11	11	13	13
Helicopters	2	2	2	2
Boats	9	9	5	5
Robot Andros	3	3	3	3
Haz-mat Vehicles	4	4	4	4
K-9 units	13	10	14	14
Public Assistance				
Social Service Agency				
Vehicles	6	10	10	8
Office Locations	20	20	19	20
Parks and Recreation				
OC Community Resources				
Park Land (acres)	59,318	57,688	57,688	39,490
Recreational Trails (in miles)	295	295	295	292
Zoo	1	1	1	1
Urban Regional Parks	15	12	12	12
Wilderness Parks	5	5	5	5
Nature Preserves	4	4	4	4
Harbors	3	2	2	2
Beaches	11	9	9	9
Historical Sites	7	7	7	7
Boats	9	21	15	14
Tractors	24	26	22	18
Trailers	33	30	24	20
Vehicles/Trucks	211	188	233	208
Dana Point Harbor				
Harbor	1	1	1	1
Marinas	2	2	2	2
Public Parking Areas	9	9	9	9
Beaches	1	1	1	1
Access Points to Ocean	6	6	6	6
Hotel	1	1	1	1
Ocean Education Center	1	1	1	1

(Dollar Amounts in Thousands)

Fiscal Year					
2008-09	2007-08	2006-07	2005-06	2004-05	Function/Program
					General Government
					Auditor-Controller
1	1	1	1	1	Hall of Finance and Records
					Clerk-Recorder
1	1	-	-	-	OC Archives Building
					Registrar of Voters
4	3	3	2	2	Vote by Mail Processing System
1	1	1	1	1	Trailer
3	3	2	2	-	Vehicle/Truck
					Public Protection
					Probation Department
5	6	6	5	5	Juvenile Institutions
					District Attorney
5	6	6	6	6	Justice Center Offices
					Sheriff-Coroner
1	1	1	1	1	Crime/Forensic Lab
3	3	3	3	3	Jail Facilities
859	855	777	646	624	Vehicles
13	12	14	16	14	Buses
2	2	3	3	3	Helicopters
5	5	3	3	3	Boats
3	3	3	2	1	Robot Andros
4	4	4	4	4	Haz-mat Vehicles
14	13	12	20	20	K-9 units
					Public Assistance
					Social Service Agency
7	8	7	7	7	Vehicles
21	27	27	30	30	Office Locations
					Parks and Recreation
					OC Community Resources
39,490	32,000	32,000	32,000	32,000	Park Land (acres)
300	300	300	300	300	Recreational Trails (in miles)
1	1	1	1	1	Zoo
12	12	12	12	12	Urban Regional Parks
5	5	5	5	5	Wilderness Parks
3	3	3	3	3	Nature Preserves
2	2	2	2	2	Harbors
9	9	9	9	9	Beaches
7	7	7	7	7	Historical Sites
14	15	9	17	17	Boats
17	9	16	9	8	Tractors
17	15	21	15	14	Trailers
176	165	135	119	119	Vehicles/Trucks
					Dana Point Harbor
1	1	1	1	1	Harbor
2	2	2	2	2	Marinas
9	9	9	9	*	Public Parking Areas
1	1	1	1		Beaches
6	6	6	6	1	Access Points to Ocean
1	1	1	1	*	Hotel
1	1	1	1	1	Ocean Education Center

* Means Not Available
Source: County Departments

Capital Assets Statistics by Function
Last Nine Fiscal Years

Function/Program	Fiscal Year 2012-13	2011-12	2010-11	2009-10
Parks and Recreation (Continued)				
Dana Point Harbor				
Sailing and Events Center	1	1	1	1
Shops	23	25	25	25
Restaurants	16	16	15	16
Fuel Dock	1	1	1	1
Shipyard	1	1	1	1
Boater Service Buildings	15	15	15	15
Parcel 11 (Former Restaurant)	*	*	1	*
Parcel 23 (Yacht Club)	*	*	1	*
Public Ways and Facilities				
OC Public Works				
Hall of Administration	1	1	1	1
Data Center	1	1	1	1
Alternate Fuel Vehicles	60	59	59	59
Vehicles/Trucks	51	50	50	50
OC Flood Control District				
Watersheds	13	13	19	11
Dams	3	3	3	3
Dump Trucks	5	5	13	13
Tractors	5	5	10	19
Trailers	8	12	15	14
Vehicles/Trucks	156	165	161	122
Roads				
Street Miles	319	320	320	320
Dump Trucks	4	11	9	1
Tractors	6	3	4	3
Trailers	10	5	9	11
Vehicles/Trucks	151	146	151	144
Education				
Library Branches	33	33	33	33
Library Headquarters	*	*	1	1
Health				
Public Health Services				
Public Health Laboratory	1	1	1	1
Water Quality Laboratory	1	1	1	1
Public Health Clinics	1	1	1	1
Trailers	1	1	1	1
Behavioral Health Services				
Behavioral Health Clinics	2	2	1	1
Vehicles/Trucks	15	15	15	15
Trailers	1	1	1	1
Regulatory Health Services				
Vehicles/Trucks	6	6	5	5
Haz-mat Truck	1	1	1	1
Medical and Institutional Health Services				
Clinics	-	1	-	-
Health Disaster Management				
Vehicles/Trucks	3	2	6	5
Trailers	7	24	24	24
Forklifts	2	1	1	1

(Dollar Amounts in Thousands)

Fiscal Year					
2008-09	2007-08	2006-07	2005-06	2004-05	Function/Program
					Parks and Recreation (Continued)
					Dana Point Harbor
1	1	1	1	1	Sailing and Events Center
26	26	26	26	1	Shops
15	15	15	15	*	Restaurants
1	1	1	1	*	Fuel Dock
1	1	1	1	1	Shipyard
15	15	15	15	*	Boater Service Buildings
*	*	*	*	*	Parcel 11 (Former Restaurant)
*	*	*	*	*	Parcel 23 (Yacht Club)
					Public Ways and Facilities
					OC Public Works
1	1	1	1	1	Hall of Administration
1	1	1	1	1	Data Center
59	59	50	31	40	Alternate Fuel Vehicles
47	47	48	34	21	Vehicles/Trucks
					OC Flood Control District
11	11	13	13	13	Watersheds
3	3	3	3	3	Dams
13	14	14	14	13	Dump Trucks
19	20	20	19	19	Tractors
14	13	13	13	12	Trailers
166	162	154	150	145	Vehicles/Trucks
					Roads
320	320	317	312	311	Street Miles
8	8	8	8	8	Dump Trucks
12	13	13	11	9	Tractors
14	14	14	12	10	Trailers
158	157	143	138	130	Vehicles/Trucks
					Education
33	33	32	32	32	Library Branches
1	1	1	1	1	Library Headquarters
					Health
					Public Health Services
1	1	1	1	1	Public Health Laboratory
1	1	1	1	1	Water Quality Laboratory
1	11	11	15	15	Public Health Clinics
2	2	2	*	*	Trailers
					Behavioral Health Services
1	32	20	*	*	Behavioral Health Clinics
14	20	20	*	*	Vehicles/Trucks
1	1	1	*	*	Trailers
					Regulatory Health Services
7	45	45	*	*	Vehicles/Trucks
1	1	1	*	*	Haz-mat Truck
					Medical and Institutional Health Services
-	6	6	*	*	Clinics
					Health Disaster Management
3	2	2	*	*	Vehicles/Trucks
22	21	21	*	*	Trailers
2	1	1	*	*	Forklifts

* Means Not Available
Source: County Departments

Capital Assets Statistics by Function
Last Nine Fiscal Years

	Fiscal Year			
Function/Program	2012-13	2011-12	2010-11	2009-10
Health (Continued)				
OC Communtiy Resources				
Animal Care Center	1	1	1	1
Trailers	3	3	3	3
Airport				
Acres	501	501	501	501
Runways	2	2	2	2
Public Parking Structures/Lots	5	5	5	5
Terminals	3	3	1	1
Fire Trucks	4	4	4	4
Waste Management				
Active Landfills	3	3	3	3
Inactive Landfills	2	2	2	2
Household Hazardous Waste Collection Centers	4	4	4	4
Dozers	7	8	8	10
Dump Trucks	12	12	14	14
Loaders	20	21	22	21
Scrapers	8	8	11	13
Excavator	2	2	2	-
Tractors	28	29	29	29
Graders	4	4	4	3
Compactors	8	8	8	5
Water/Fuel Trucks	11	11	11	12

(Dollar Amounts in Thousands)

Fiscal Year					
2008-09	2007-08	2006-07	2005-06	2004-05	Function/Program
					Health (Continued)
					OC Communtiy Resources
1	1	1	1	1	Animal Care Center
3	2	2	*	*	Trailers
					Airport
501	501	501	501	501	Acres
2	2	2	2	2	Runways
5	5	5	5	5	Public Parking Structures/Lots
1	1	1	1	1	Terminals
4	4	4	4	4	Fire Trucks
					Waste Management
3	3	3	3	3	Active Landfills
2	2	2	2	2	Inactive Landfills
4	4	4	4	4	Household Hazardous Waste Collection Centers
10	10	12	15	17	Dozers
14	14	14	4	4	Dump Trucks
21	21	21	12	15	Loaders
13	15	15	10	10	Scrapers
-	-	-	-	-	Excavator
28	27	26	34	28	Tractors
6	5	5	5	5	Graders
5	6	5	8	10	Compactors
13	12	12	12	13	Water/Fuel Trucks

* Means Not Available
Source: County Departments

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