

Financial Statements

June 30, 2024

County of Orange

Redevelopment Successor Agency

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

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

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a private-purpose trust fund of the County of Orange, California (County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Successor Agency, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Successor Agency, and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, as discussed in Note 1 and Note 6, the Successor Agency transmitted all remaining assets to the Orange County Auditor-Controller as of June 30, 2024. On July 25, 2024, the California Department of Finance was notified of the Successor Agency's dissolution. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report February 24, 2025, on our consideration of the Successor Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Successor Agency’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Successor Agency’s internal control over financial reporting and compliance.



Laguna Hills, California
February 24, 2025

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Statement of Fiduciary Net Position
June 30, 2024

Assets	\$ <u> -</u>
Liabilities	<u> -</u>
Net Position	\$ <u><u> -</u></u>

See accompanying notes to the financial statements.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

Additions:

Contributions to Private-Purpose Trust	\$	53,897
Intergovernmental revenue		107,764
Interest and change in fair market value of investments		43,407
Miscellaneous revenue		105
Total additions		205,173

Deductions:

Professional services		62,485
Investment expense		688
Tax pass-throughs (Note 4)		146,986
Interest Expense (Net Amortization)		(83,974)
Distributions from Private-Purpose Trust		1,400,037
Total deductions		1,526,222

Change in net position		(1,321,049)
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Net position, July 1, 2023		1,321,049
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Net position, June 30, 2024	\$	-
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See accompanying notes to the financial statements.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

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

The Orange County Successor Agency, having verified that all of its obligations have been paid off and all outstanding litigation has been resolved, transmitted all remaining assets to the Orange County Auditor- Controller for disposal pursuant to Dissolution Law.

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

Measurement Focus

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

Fiduciary Fund Financial Statements

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

Deferred Charges on Refunding

The deferred charges on refunding are deferred and amortized over the life of the Successor Agency Tax Allocation Refunding Bonds using the straight-line method and recorded as a deferred inflow of resources.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Bond Premium

The bond premium is deferred and amortized over the life of the Successor Agency Tax Allocation Refunding Bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium. The bond premium is recorded annually as a reduction of interest expense.

Intergovernmental Revenue

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

Use of Estimates

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

Note 2 – Accounting Pronouncements

In April 2022, GASB issued Statement No. 99, “Omnibus 2022.” The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of other GASB statements, and (2) adding accounting and financial reporting guidance for financial guarantees. Portions of this Statement are effective upon issuance and were implemented in FY 2021-22 without an impact to the Successor Agency. Certain requirements related to the leases, PPPs, and SBITAs, are effective for reporting periods beginning after June 15, 2022, which requires the Successor Agency to implement them in FY 2022-23. The requirements related to the financial guarantees and the classification and reporting of certain derivatives are effective for periods beginning after June 13, 2023, which requires the Successor Agency to implement them in FY 2023-24, if applicable. There was no material impact to statements.

In June 2022, GASB issued Statement No. 100, “Accounting Changes and Error Corrections-an amendment of GASB Statement No.62.” This Statement improves accounting and financial reporting requirements for accounting changes and errors corrections to provide more understandable, reliable, relevant, consistent, and comparable information. It also requires the display of note disclosures of the accounting change and error corrections. The requirements of this statement are effective for reporting periods after June 15, 2023, which requires the Successor Agency to implement the Statement in FY 2023- 24, if applicable. There was no material impact to statements.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2024

Note 3 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the period July 1, 2023 through June 30, 2024.

	Balance 7/1/2023	Discount/ Premium Amortization	Retirements	Balance 6/30/2024	Due Within One Year
Direct Borrowings					
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014 - SAH	\$ 1,320,000	\$ -	\$ (1,320,000)	\$ -	\$ -
Bond premium on Tax Allocation Refunding Bonds, Series 2014 - SAH	86,196	(86,196)	-	-	-
Total Direct Borrowings	<u>1,406,196</u>	<u>(86,196)</u>	<u>(1,320,000)</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 1,406,196</u>	<u>\$ (86,196)</u>	<u>\$ (1,320,000)</u>	<u>\$ -</u>	<u>\$ -</u>

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

On January 9, 2014, the Successor Agency issued Tax Allocation Refunding Bonds for the SAH Project Area in the principal amount of \$20,960,000 at a premium of \$1,806,653. The bonds were issued to redeem the outstanding 2003 Tax Allocation Refunding Bonds, fund a reserve account, and pay the cost of issuing the bonds. The SAH Refunding Bonds, payable through September 2023, were secured by a pledge of property tax revenues from the Santa Ana Heights Project Area. The bond documents contain a provision that, in the event of a default, the outstanding principal balance and accrued interest shall become due and payable immediately. The bonds were issued for a debt service savings and matured on September 1, 2023. The principal amount outstanding at June 30, 2024 is \$0. Principal, and interest paid were \$1,320,000, and \$33,000 respectively, during the fiscal year.

Note 4 – Pass-Through Agreements

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

Note 5 – Related Party Transactions

Orange County Community Resources (OC Community Resources), a department of the County, is the primary administrative support to the Successor Agency, and is responsible for preparation of all payment schedules, financial reports, and project related matters. OC Community Resources also oversees the Orange County Housing Authority, the entity elected to be the County’s Housing Successor. County Counsel provides all legal support services, and the County Executive Office’s (CEO’s) Corporate Real Estate Unit provides project support on real estate issues. All debt service-related matters are administered by the CEO’s Finance Unit. An overall total of \$62,485 was paid to these related parties.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR
AGENCY
(A Private-Purpose Trust Fund of the County of Orange,
California) Notes to the Financial Statements (continued)
For the Year Ended June 30, 2024**

Note 6 – Subsequent Events

On July 25, 2024, the Oversight Board (OB) to the Orange County Successor Agency (Agency) notified the California Department of Finance (Finance) of OB Resolution No. 24-024, a final resolution of dissolution. As required by Health and Safety Code section 34187 (f), the OB verified that all of the Agency's obligations have been paid off, all outstanding litigation has been resolved, and all remaining assets have been disposed with any proceeds remitted to the Orange County Auditor-Controller. The County acknowledges the end of the Agency's existence as of August 22, 2024.

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Combining Statement of Fiduciary Net Position by Fund
June 30, 2024

	Redevelopment Retirement Obligation SAH Debt Service	Redevelopment Retirement Obligation NDAPP Debt Service	OCDA Redevelopment Successor Agency	Total Private Purpose Trust Fund
Assets	\$ -	\$ -	\$ -	\$ -
Liabilities	-	-	-	-
Net Position	\$ -	\$ -	\$ -	\$ -

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Combining Statement of Changes in Fiduciary Net Position by Fund
For the Year Ended June 30, 2024

	Redevelopment Retirement Obligation SAH Debt Service	Redevelopment Retirement Obligation NDAPP Debt Service	OCDA Redevelopment Successor Agency	Total Private Purpose Trust Fund
Additions:				
Contributions to Private-Purpose Trust	\$ 40,133	\$ 3,402	\$ 10,362	\$ 53,897
Intergovernmental revenue	14,249	41,015	52,500	107,764
Interest and change in fair market value of investments	38,336	1,735	3,336	43,407
Miscellaneous revenue	14	11	80	105
Total additions	<u>92,732</u>	<u>46,163</u>	<u>66,278</u>	<u>205,173</u>
Deductions:				
Professional services	16,715	10,221	35,549	62,485
Investment expenses	552	46	90	688
Tax pass-throughs	26,204	14,552	106,230	146,986
Interest Expense (Net Amortization)	(83,974)	-	-	(83,974)
Distributions from Private-Purpose Trust	1,159,853	83,764	156,420	1,400,037
Total deductions	<u>1,119,350</u>	<u>108,583</u>	<u>298,289</u>	<u>1,526,222</u>
Change in net position	(1,026,618)	(62,420)	(232,011)	(1,321,049)
Net position, July 1, 2023	998,966	123,771	198,312	1,321,049
Net position, June 30, 2024	<u>\$ (27,652)</u>	<u>\$ 61,351</u>	<u>\$ (33,699)</u>	<u>\$ -</u>



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a private-purpose trust fund of the County of Orange, California (County) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements and have issued our report thereon dated February 24, 2025. Our report included an emphasis of matter paragraph stating the financial statements of the Successor Agency do not present fairly the financial position of the County and a paragraph indicating the dissolution of the Successor Agency.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Laguna Hills, California
February 24, 2025