COUNTY OF ORANGE, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2010

COUNTY OF ORANGE, CALIFORNIA

SINGLE AUDIT REPORT

For the Year Ended June 30, 2010

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Board of Supervisors
County of Orange, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 16, 2010. Our report included an explanatory paragraph regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* as of July 1, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2010-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 determination of financial statement amounts. 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.*

We noted certain other matters that we reported to management of the County in a separate letter dated December 16, 2010.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Supervisors, the County's Audit Oversight Committee, County management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 16, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH *OMB CIRCULAR A-133*, SUPPLEMENTARY SCHEDULE OF CATEGORICAL EXPENDITURE DISTRIBUTION FOR THE CORRECTION STANDARDS AUTHORITY AND THE CALIFORNIA EMERGENCY MANAGEMENT AGENCY GRANT PROGRAMS, AND SCHEDULE OF GRANT EXPENDITURES FOR GRANTS PROVIDED BY THE CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY, DEPARTMENT OF AGING

Board of Supervisors
County of Orange, California

Compliance

We have audited the County of Orange's, California (County), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-02 through 2010-14 and 2010-16.

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Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-02, 2010-05, 2010-06, and 2010-09 through 2010-15. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards, Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs and Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 16, 2010. Our report included an explanatory paragraph regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* as of July 1, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards, supplementary schedule of categorical expenditure distribution for the Correction Standards Authority and California Emergency Management Agency grant programs and schedule of grant expenditures for grants provided by the California Health and Human Services Agency, Department of Aging are presented for purposes of additional analysis as required by OMB Circular A-133, the Correction Standards Authority, the California Emergency Management Agency and the California Health and Human Services Agency, Department of Aging, respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We noted certain other matters that we reported to management of the County in a separate letter dated March 23, 2011.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Supervisors, the County's Audit Oversight Committee, County management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
March 23, 2011, except for the paragraph on the schedule of expenditures of federal awards, supplementary schedule of categorical expenditure distribution for the Correction Standards Authority and California Emergency Management Agency grant programs, and schedule of grant expenditures for grants provided by the California Health and Human Services Agency, Department of Aging, as to which the date is December 16, 2010.

COUNTY OF ORANGE, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Agriculture				
School Breakfast Program (Indirect)	10.553	30-34306-9003500-1	CA Dept. of Education	$ 383,750
National School Lunch Program (Indirect)	10.555	30-34306-9003500-1	CA Dept. of Education	575,759
Subtotal 10.553 and 10.555 (Child Nutrition Cluster)				**959,509**
Women, Infants, and Children (WIC) (Indirect)	10.557	08-85430	CA Dept. of Public Health	5,433,407
ARRA: SNAP Admin (Indirect)	10.561	1946001347 A7	CA Dept. of Social Services	468,781
Network For A Healthy California (Indirect)	10.561	04-35889;07-65333;08-85179,85180	CA Dept. of Public Health	962,075
Non-Assisted Benefits - CalWIN (Indirect)	10.561	1946001347 A7	CA Dept. of Social Services	1,286,783
Non-Assisted Benefits (Indirect)	10.561	1946001347 A7	CA Dept. of Social Services	18,640,999
Subtotal 10.561 (SNAP Cluster)				**21,358,638**
Value of Senior Farmer's Market Coupons (Indirect)	10.576		CA Dept. of Food and Agriculture	45,000
Subtotal - Dept. of Agriculture				**27,796,554**
Dept. of Commerce				
Hospital Preparedness Program to H1N1 (HPP H1N1) Grant (Indirect)	11.133	EPO 09-30	CA Dept. of Public Health	233,964
Public Health Emergency Response to H1N1 Phase I & II (Indirect)	11.206	EPO 09-30	CA Dept. of Public Health	259,275
Public Health Emergency Response to H1N1 Phase III (Indirect)	11.206	EPO P3-30	CA Dept. of Public Health	2,235,042
Subtotal 11.206				**2,494,317**
Subtotal - Dept. of Commerce				**2,728,281**

See accompanying Notes to the Schedule of Expenditures of Federal Awards and Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs, and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Education				
Workforce Investment Act Title II: Adult Education & Family Literacy Act (Indirect)	84.002	2330	CA Dept. of Education	$ 41,095
Individuals with Disabilities Education Act (IDEA) (Indirect)	84.027	09-14468-1030-01	Orange County Dept. of Education	11,076,007
Subtotal - Dept. of Education				**11,117,102**
Dept. of Energy				
ARRA: Energy Efficiency and Conservation (Direct)	81.128			165,040
Subtotal - Dept. of Energy				**165,040**
Dept. of Health and Human Services				
Title VII-B: Elder Abuse Prevention (Indirect)	93.041	AP 0910-22	CA Dept. of Aging	37,754
Title VII-A: Ombudsman (Indirect)	93.042	AP 0910-22	CA Dept. of Aging	99,982
Title III-D: Preventive Health (Indirect)	93.043	AP 0910-22	CA Dept. of Aging	150,513
Title III-B: Senior Supportive Services (Indirect)	93.044	AP 0910-22	CA Dept. of Aging	2,307,956
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP 0910-22	CA Dept. of Aging	1,910,476
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP 0910-22	CA Dept. of Aging	2,588,546
National Family Caregiver Support Program (Indirect)	93.052	AP 0910-22	CA Dept. of Aging	1,149,029
NSIP Title III-C1: Nutrition Services Incentive Program (Indirect)	93.053	AP 0910-22	CA Dept. of Aging	329,413
NSIP Title III-C2: Nutrition Services Incentive Program (Indirect)	93.053	AP 0910-22	CA Dept. of Aging	872,960
ARRA: Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.705	NS 0809-22	CA Dept. of Aging	232,349
ARRA: Title III-C1: Congregate Meals for Seniors (Indirect)	93.707	NS 0809-22	CA Dept. of Aging	471,960
Subtotal 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053, 93.705, and 93.707 (Aging Cluster)				**10,150,938**

See accompanying Notes to the Schedule of Expenditures of Federal Awards and Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs, and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Health and Human Services (Continued)				
Pandemic Influenza Emergency Preparedness (Indirect)	93.069	EPO 07-30	CA Dept. of Public Health	$ 240,329
Public Health Preparedness and Response to Bioterrorism Grant (Indirect)	93.069	EPO 08-30; EPO 09-30	CA Dept. of Public Health	2,869,376
Subtotal 93.069				**3,109,705**
MIPPA-Medicare Improvements for Patients and Providers Act (Indirect)	93.071	MI 0910-22	CA Dept. of Aging	29,618
TB Local Assistance (Base Award) (Indirect)	93.116		CA Dept. of Public Health	578,243
Projects for Assistance in Transition from Homelessness (PATH) Grant (Indirect)	93.150	2X06SM06000 05-09	CA Dept. of Mental Health	490,922
Childhood Lead Poisoning Prevention Program (CLPPP) (Indirect)	93.197	08-85076	CA Dept. of Public Health	274,202
Pediatric Immunization (Indirect)	93.268	08-85310	CA Dept. of Public Health	709,541
ARRA: Pediatric Immunization (Indirect)	93.712	08-85310	CA Dept. of Public Health	158,199
Subtotal 93.268 and 93.712 (Immunization Cluster)				**867,740**
Breast Cancer Early Detection Program (BCEDP) (Indirect)	93.394	06-55699	CA Dept. of Public Health	5,000
Family Preservation (Indirect)	93.556	1946001347 A7	CA Dept. of Social Services	2,009,000
Cal Works - CalWIN (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	1,072,147
Cal Works (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	72,285,936
Cal Works (Admin) (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	95,759,293
ARRA: Emergency Contingency Fund Subsidized Employment (Indirect)	93.714	1946001347 A7	CA Dept. of Social Services	1,113,639
Subtotal 93.558 and 93.714 (TANF Cluster)				**170,231,015**

See accompanying Notes to the Schedule of Expenditures of Federal Awards and Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs, and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Health and Human Services (Continued)				
Support Enforcement Incentive Fund (Indirect)	93.563	06-059	CA Dept. of Child Support Services	$ 3,118,392
Child Support Enforcement Program (Indirect)	93.563	06-059	CA Dept. of Child Support Services	30,473,944
ARRA: Child Support Enforcement Program (Indirect)	93.563	06-059	CA Dept. of Child Support Services	6,060,667
Subtotal 93.563				**39,653,003**
Welfare Aid to Refugees - CalWIN (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	8
Welfare Aid to Refugees (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	536,828
Refugee Cash Assistance (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	87,947
Refugee Employment Social Services (Indirect)	93.566	RESS0705; RESS0805; RESS0905	CA Dept. of Social Services	430,704
Subtotal 93.566				**1,055,487**
Refugee Health Assessment Program (Indirect)	93.567	08-30-90840-1; 09-30-90840	CA Dept. of Public Health	326,462
Targeted Assistance (Indirect)	93.576	TARL0805; TARL0905	CA Dept. of Social Services	8,969
HAVA Polling Place Accessibility Training Program (Indirect)	93.617	09G26132	CA Secretary of State	5,000
Child Welfare System Title IV-B (Indirect)	93.645	1946001347 A7	CA Dept. of Social Services	2,264,111
Children Welfare System Title IV-E (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	3,379,214
Children Welfare System Title IV-E (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	30,055,402
Welfare Aid to Children in Boarding Homes (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	11,478,345
ARRA: Welfare Aid to Children in Boarding Homes (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	1,225,924
Subtotal 93.658				**46,138,885**

See accompanying Notes to the Schedule of Expenditures of Federal Awards and Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs, and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Health and Human Services (Continued)				
Adoption Assistance (Indirect)	93.659	1946001347 A7	CA Dept. of Social Services	$ 17,587,601
ARRA: Adoption Assistance (Indirect)	93.659	1946001347 A7	CA Dept. of Social Services	2,178,420
Adoptions (Indirect)	93.659	1946001347 A7	CA Dept. of Social Services	2,996,126
Subtotal 93.659				**22,762,147**
Social Services Block Grant (Indirect)	93.667	1946001347 A7	CA Dept. of Social Services	9,823,580
Independent Living Skills (Indirect)	93.674	1946001347 A7	CA Dept. of Social Services	623,411
California Children Services (CCS) Healthy Families (Indirect)	93.767		CA Dept. of Health Care Services	1,542,938
Children in Foster Care Title XIX- EPSDT (Indirect)	93.778		CA Dept. of Health Care Services	193,750
Targeted Case Management (TCM) (Indirect)	93.778	30-0712	CA Dept. of Health Care Services	157,855
ARRA: Targeted Case Management (TCM) (Indirect)	93.778	30-0712	CA Dept. of Health Care Services	36,596
CMIPS II Project (Indirect)	93.778	1946001347 A7	CA Dept. of Health Care Services	297,929
Medi-Cal Administrative Activities (MAA) (Indirect)	93.778	09-86031	CA Dept of Health Care Services	303,500
Medi-Cal Administrative Activities (MAA) (Indirect)	93.778	09-86031	CA Dept. of Health Care Services	1,065,065
In-Home Supportive Services (IHSS) Program (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	342,073
Children in Foster Care Title XIX- HCPCFC (Indirect)	93.778		CA Dept. of Health Care Services	596,636
Child Health and Disability Prevention (CHDP) Program Title XIX (Indirect)	93.778		CA Dept. of Health Care Services	722,748
County Services Block Grant and Adult Protective Services - Health (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	1,886,849

See accompanying Notes to the Schedule of Expenditures of Federal Awards and Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs, and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Health and Human Services (Continued)				
Medi-Cal CalWIN (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	$ 2,397,289
California Children Services (CCS) Medi-Cal (Indirect)	93.778		CA Dept. of Health Care Services	4,507,841
Medi-Cal In Home Supportive Services (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	5,218,023
Medi-Cal In Home Supportive Services (Admin) (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	5,444,042
ARRA: Medi-Cal In Home Supportive Services (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	7,536,933
Medi-Cal Targeted Case Management (TCM) (Indirect)	93.778	30-0712	CA Dept. of Health Care Services	4,814,638
ARRA: Medi-Cal Targeted Case Management (TCM) (Indirect)	93.778	30-0712	CA Dept. of Health Care Services	1,116,033
Medi-Cal (Indirect)	93.778	MCAC 2009-04	CA Dept. of Health Care Services	52,248,797
Subtotal 93.778 (Medicaid Cluster)				**88,886,597**
Health Care Financing Research, Demonstrations and Evaluations (Indirect)	93.779	HI 0910-22	CA Dept. of Aging	158,912
National Bioterrorism Hospital Preparedness Program (HPP) (Indirect)	93.889	EPO 07-30; EPO 08-30; EPO 09-30	CA Dept. of Public Health	1,790,640
Minority AIDS Initiative (MAI) (Direct)	93.914			331,967
Ryan White Part A (Direct)	93.914			5,334,816
Subtotal 93.914				**5,666,783**
Prevention, Testing & Partner Services (Indirect)	93.917	07-65069	CA Dept. of Public Health-Office of AIDS	634,037
Care Services (Indirect)	93.917	07-65069	CA Dept. of Public Health-Office of AIDS	1,715,940
Subtotal 93.917				**2,349,977**

See accompanying Notes to the Schedule of Expenditures of Federal Awards and Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs, and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Health and Human Services (Continued)				
Ryan White Part C (HIV Primary Care) (Direct)	93.918			$ 866,006
Block Grants for Community Mental Health Services (SAMHSA) (Indirect)	93.958	3B09SM010005-09 S1	CA Dept. of Mental Health	2,368,479
Alcohol and Drug Program (Indirect)	93.959	07-NNA30	CA Dept. of Alcohol & Drug	18,996,930
Gonorrhea Isolate Surveillance Project (GISP) (Indirect)	93.977	09-11137	CA Dept. of Public Health	948
Syphilis Elimination (Indirect)	93.977	04-35728	CA Dept. of Public Health	41,873
Chlamydia Screening Project (CLASP) (Indirect)	93.977	09-11137	CA Dept. of Public Health	49,987
Subtotal 93.977				**92,808**
Maternal and Child Health (MCH) Allocation Title V and XIX (Indirect)	93.994	2009-30	CA Dept. of Public Health	312,266
Adolescent Family Life Program (AFLP) Title V and XIX (Indirect)	93.994	2009-30	CA Dept. of Public Health	569,743
Subtotal 93.994				**882,009**
Subtotal - Dept. of Health and Human Services				**434,009,517**
Dept. of Homeland Security				
Urban Areas Security Initiative (UASI) Grant (Indirect)	97.008	2007-0008; 2008-0006	City of Anaheim	174,033
2009 Boating Safety and Enforcement Grant (Indirect)	97.012	09-204-781	CA Dept. of Boating and Waterways	34,037
Santiago Canyon Fire (FEMA) (Indirect)	97.036	059-00000	CA Emergency Management Agency	249,274
2010 Winter Storms (FEMA) (Indirect)	97.039	059-00000	CA Emergency Management Agency	785
1998 Storm (Indirect)	97.039	059-00000	CA Emergency Management Agency	3,125

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COUNTY OF ORANGE, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Homeland Security (Continued)				
Hazard Mitigation Grant Program (FEMA) (Indirect)	97.039	059-00000	CA Emergency Management Agency	$ 29,165
Hazard Mitigation Grant Program (Indirect)	97.039	059-00000	CA Emergency Management Agency	1,074,961
Freeway Complex Fire (FEMA) (Indirect)	97.039	059-00000	CA Emergency Management Agency	60,415
Subtotal 97.039				**1,168,451**
Federal Emergency Management Agency (FEMA) (Indirect)	97.042	059-00000	CA Emergency Management Agency	3,408
2008 Emergency Management Preparedness Grant (EMPG) (Indirect)	97.042	2008-15	CA Emergency Management Agency	213,440
2009 Emergency Management Preparedness Grant (EMPG) (Indirect)	97.042	2009-15	CA Emergency Management Agency	233,440
Subtotal 97.042				**450,288**
State Homeland Security Grant (Indirect)	97.067	2008-0006	CA Emergency Management Agency	264,664
2006 Homeland Security Grant - Los Angeles, UASI (Indirect)	97.067	C-115831	City of Los Angeles	86,161
2007 Law Enforcement Terrorism Prevention Plan (LETPP) (Indirect)	97.067	2007-0008	CA Emergency Management Agency	238,869
2007 State Homeland Security Program (SHSP) (Indirect)	97.067	2007-0008	CA Emergency Management Agency	2,303
2007 Homeland Security Grant - UASI (Indirect)	97.067	059-95010	CA Emergency Management Agency	702,331
2007 Metropolitan Medical Response System (MMRS) (Indirect)	97.067	2007-0008	CA Emergency Management Agency	742,102
2007 State Homeland Security Program (SHSP) (Indirect)	97.067	2007-0008	CA Emergency Management Agency	871,925
2008 Homeland Security Grant - Anaheim/Santa Ana, UASI (Indirect)	97.067	059-95010	City of Anaheim	8,587
2008 Homeland Security Grant - LETPP (Indirect)	97.067	2008-0006	CA Emergency Management Agency	354,078

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For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Homeland Security (Continued)				
2008 Homeland Security Grant - SHSP (Indirect)	97.067	2008-0006	CA Emergency Management Agency	$ 975,209
2009 State Homeland Security Program (SHSP) (Indirect)	97.067	2009-0019	CA Emergency Management Agency	462,569
2009 Operation Stonegarden Supplemental Grant 2009-1004 (Indirect)	97.067	2009-1004	County of San Diego- Sheriff Dept	52,684
Subtotal 97.067 (Homeland Security Cluster)				**4,761,482**
TSA: National Explosives Detection Canine Team Program (Direct)	97.072			150,500
FBI National Joint Terrorism Task Force (Direct)	97.074			9,491
2007 Transit Security Grant Program - VIPR (Indirect)	97.075	2007-RL-T7-K111	CA Emergency Management Agency	73,295
TSA: Airport Checked Baggage Screening Program - Terminal C (Direct)	97.100			1,242,766
Disaster Housing Assistance Program - IKE (Direct)	97.109			40,117
Subtotal - Dept. of Homeland Security				**8,353,734**
Dept. of Housing and Urban Development				
Neighborhood Stabilization Program (Direct)	14.218			2,160,637
Community Development Block Grant (Direct)	14.218			4,520,351
ARRA: Community Development Block Grant Program (Direct)	14.253			331,608
Subtotal 14.218 and 14.253 (CDBG-Entitlement Grants Cluster)				**7,012,596**

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Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Housing and Urban Development (Continued)				
Neighborhood Stabilization Program (Indirect)	14.228	09-NSP1-6263	CA Dept. of Housing & Community Development	$ 2,620,226
Emergency Shelter Grant Program (Direct)	14.231			173,976
Shelter Plus Care (Direct)	14.238			5,862,912
HOME Investment Partnership Act (Direct)	14.239			3,893,821
Housing Opportunities for Persons with AIDS (HOPWA) (Indirect)	14.241		City of Santa Ana	943,046
ARRA: Homelessness Prevention and Rapid Rehousing Program (Direct)	14.257			277,402
Section 8 Housing Choice Vouchers (Direct)	14.871			115,639,968
Disaster Voucher Program (Direct)	14.UNKNOWN			26,598
Subtotal - Dept. of Housing and Urban Development				**136,450,545**
Dept. of Justice				
Juvenile Sex Offender Management (Direct)	16.203			157,004
Juvenile Accountability Block Grant (JABG) (Indirect)	16.523	CSA 144-09	Corrections Standards Authority	3,272
Juvenile Accountability Block Grant (JABG) (Indirect)	16.523	CSA 144-09	Corrections Standards Authority	25,803
Juvenile Accountability Block Grant (JABG) (Indirect)	16.523	CSA 144-09	Corrections Standards Authority	101,978
Juvenile Accountability Block Grant (JABG)/ AMYVPT (Indirect)	16.523	CSA 144-09 AMYVPT	Corrections Standards Authority	34,250
Subtotal 16.523				**165,303**
DMC-TAP II Title II Grant (Indirect)	16.540	CSA 360-09	Corrections Standards Authority	2,089

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Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Justice (Continued)				
2008 Solving Cold Cases with DNA (Direct)	16.560			$ 115,368
Victim Witness Assistance Program (Direct)	16.575	VW09280300	CA Emergency Management Agency	528,177
Child Abuse Treatment Services (Indirect)	16.575	AT08050300; AT09060300	CA Emergency Management Agency	178,003
Gang Victim Services Special Emphasis (Direct)	16.575	SE09190300	CA Emergency Management Agency	108,336
Subtotal 16.575				**814,516**
Advanced Technologies for Law Enforcement Initiative (Direct)	16.580			23,872
ARRA: Victim Witness Assistance Program (Indirect)	16.588	RV09010300	CA Emergency Management Agency	34,404
ARRA: Violence Against Women Vertical Prosecution (Indirect)	16.588	VV09010300	CA Emergency Management Agency	181,164
Subtotal 16.588				**215,568**
Residential Substance Abuse Treatment (RSAT) (Indirect)	16.593	RT09010300	CA Emergency Management Agency	129,196
Residential Substance Abuse Treatment (RSAT) (Indirect)	16.593	RT09010300	CA Emergency Management Agency	54,829
Subtotal 16.593				**184,025**
State Criminal Alien Assistance Program (SCAAP) (Direct)	16.606			18,209,065
2009 Bulletproof Vest Partnership (Direct)	16.607			30,308
2007 Bulletproof Vest Partnership (Direct)	16.607			44,675
Subtotal 16.607				**74,983**

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Schedule of Expenditures of Federal Awards
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Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Justice (Continued)				
2008 Project Safe Neighborhoods (Indirect)	16.609	US08010300	CA Emergency Management Agency	$ 3,737
2008 Project Safe Neighborhoods (Indirect)	16.609	US08010300	CA Emergency Management Agency	1,119
Anti-Gang Initiative Strategy - PSN (Indirect)	16.609	US09020300	CA Emergency Management Agency	4,780
Subtotal 16.609				**9,636**
2007 Edward Byrne Memorial Justice Assistance Grant (JAG) Program (Direct)	16.738			638
2007 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			135,274
2008 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			87,509
2009 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			285,162
2009 Anti-Drug Abuse Enforcement Program (Indirect)	16.738	DC09200300	CA Emergency Management Agency	10,555
2009 Anti-Drug Abuse Enforcement Program (Indirect)	16.738	DC09200300	CA Emergency Management Agency	96,594
2009 Anti-Drug Abuse Enforcement Program (Indirect)	16.738	DC09200300	CA Emergency Management Agency	915,862
Subtotal 16.738				**1,531,594**
2008 DN-BX-K062 DNA Backlog Reduction Program (Direct)	16.741			297,115
2009 DN-BX-K094 DNA Backlog Reduction Program (Direct)	16.741			143,770
2009 DN-BX-K033 DNA Unit Efficiency Improvement Program (Direct)	16.741			164,756
Subtotal 16.741				**605,641**
2008 Coverdell National Forensic Science Improvement Grants Program (Indirect)	16.742	CQ08060300	CA Emergency Management Agency	54,367
2009 Coverdell National Forensic Science Improvement Grants Program (Indirect)	16.742	CQ08060300	CA Emergency Management Agency	91,183
Subtotal 16.742				**145,550**

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Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Justice (Continued)				
ARRA: Victim Witness Assistance Program (Indirect)	16.801	VS09010300	CA Emergency Management Agency	$ 36,313
ARRA: Edward Byrne Memorial Justice Assistance Grant (JAG) (Indirect)	16.804	ZO09010300	CA Emergency Management Agency	458,710
ARRA: Edward Byrne Memorial Justice Assistance Grant (JAG) (Indirect)	16.804	ZO09010300	CA Emergency Management Agency	299,999
ARRA: 2009 Anti-Drug Abuse Enforcement Program (Indirect)	16.804	ZA09010300	CA Emergency Management Agency	32,929
ARRA: 2009 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.804			1,692,415
ARRA: Evidence Based Supervision Program (Indirect)	16.804	ZP09010300	CA Emergency Management Agency	180,316
Subtotal 16.804				**2,664,369**
US Immigration & Customs Enforcement (ICE) (Direct)	16.UNKNOWN			2,470
Cyber Crime Task Force (Direct)	16.UNKNOWN			10,280
DOJ-FBI-OCJTTF - Overtime (Direct)	16.UNKNOWN			16,110
Orange County Regional Computer Forensics Laboratory (OCRCFL) (Direct)	16.UNKNOWN			16,780
DOJ-FBI-Southern California Regional Sexual Felony Enforcement Team (Direct)	16.UNKNOWN			59,000
Southwest Border Prosecution Initiative (SWBPI) (Direct)	16.UNKNOWN			211,288
Southwest Border Prosecution Initiative (SWBP) (Direct))	16.UNKNOWN			344,194
High Intensity Drug Trafficking Area (HIDTA) (Direct)	16.UNKNOWN			398,387
Department of Justice Forfeiture Program (Direct)	16.UNKNOWN			465,299
Sheriff's Narcotic Program (SNP) Forfeitures (Direct)	16.UNKNOWN			870,428
Regional Narcotics Suppression Program (RNSP) Forfeitures (Direct)	16.UNKNOWN			2,110,894
Subtotal 16.UNKNOWN				**4,505,130**
Subtotal - Dept. of Justice				**29,460,026**

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Schedule of Expenditures of Federal Awards
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Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Labor				
Title V - Senior Community Services Employment Program (Indirect)	17.235	TV 0910-22	CA Dept. of Aging	$ 871,167
ARRA: Title V - Senior Community Services Employment Program (Indirect)	17.235	ES 0809-22	CA Dept. of Aging	182,199
Subtotal 17.235				**1,053,366**
Workforce Investment Act Title I Adult (2007) (Indirect)	17.258	R865476	CA Employment Development Dept.	111,200
Workforce Investment Act Title I Adult (2008) (Indirect)	17.258	R970554	CA Employment Development Dept.	1,179,099
Workforce Investment Act Title I Adult (2009) (Indirect)	17.258	K074158	CA Employment Development Dept.	1,602,906
ARRA: Adult (Indirect)	17.258	R970554	CA Employment Development Dept.	1,990,812
Workforce Investment Act Title I Youth (2008) (Indirect)	17.259	R970554	CA Employment Development Dept.	485,462
Workforce Investment Act Title I Youth (2009) (Indirect)	17.259	K074158	CA Employment Development Dept.	1,822,784
ARRA: Youth (Indirect)	17.259	R970554	CA Employment Development Dept.	2,439,916
Workforce Investment Act Title I Dislocated Worker (2007) (Indirect)	17.260	R865476	CA Employment Development Dept.	102,003
Workforce Investment Act Title I Dislocated Worker (2008) (Indirect)	17.260	R970554	CA Employment Development Dept.	3,855,854
Workforce Investment Act Title I Dislocated Worker (2009) (Indirect)	17.260	K074158	CA Employment Development Dept.	3,812,897
ARRA: Dislocated Worker (Indirect)	17.260	R970554	CA Employment Development Dept.	5,424,266
Subtotal 17.258, 17.259 and 17.260 (WIA Cluster)				**22,827,199**
Young Offender Planning Grant (Direct)	17.261			85,770
Youth - Young Offender (Direct)	17.261			106,740
Subtotal 17.261				**192,510**

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Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Dept. of Labor (Continued)				
Workforce Investment Act Title I Demonstration Project (2009) (Indirect)	17.266	K074158	CA Employment Development Dept.	$ 35,918
Technology-Based Learning Initiative (Direct)	17.269			72,386
Subtotal - Dept. of Labor				**24,181,379**
Dept. of the Interior				
Payments in Lieu of Taxes (PILT) (Direct)	15.226			121,746
Federal Forest Reserve Fund (Indirect)	15.916	12-5955	CA Dept. of Transportation	20,654
Subtotal - Dept. of the Interior				**142,400**
Dept. of Transportation				
Airport Improvement Programs 0233- 36, 37, 38, 40 (Direct)	20.106			6,464,263
Transportation Equity Act for the 21st Century (TEA-21) (Indirect)	20.205	12-5955	CA Dept. of Transportation	683,713
New Freedom (Indirect)	20.521	C-9-0647	Orange County Transportation Authority	148,072
2007 OTS-Avoid South 10 DUI Campaign (Indirect)	20.600	AL0724	CA Office of Traffic Safety	24,159
2010 OTS - Real DUI Media Contest & Real DUI Trial in Schools (Indirect)	20.600	AL1098	CA Office of Traffic Safety	29,636
2010 OTS - Avoid the 12 DUI Campaign (Indirect)	20.600	AL1099	CA Office of Traffic Safety	181,886
Subtotal 20.600 (Highway Safety Cluster)				**235,681**
Subtotal - Dept. of Transportation				**7,531,729**
Election Assistance Commission				
VoteCal Statewide Voter Registration System Project (Indirect)	90.401	09G30353	CA Secretary of State	1,169
Subtotal - Election Assistance Commission				**1,169**

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Federal Grantor County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Disbursements/ Expenditures
Environmental Protection Agency				
BEACH Act Grant (Indirect)	66.472	09-11378	CA Dept. of Public Health	$ 13,700
Pollution Prevention Grants Program (Direct)	66.708			1,485,965
Contaminated Fish Monitoring (Direct)	66.802			15,677
Subtotal - Environmental Protection Agency				**1,515,342**
Institute of Museum and Library Services				
LSTA: Fast Internet Matters Grant (Indirect)	45.310	40-7487	CA State Library	5,000
LSTA: Staff Education Program (Indirect)	45.310	40-7025	CA State Library	13,951
Subtotal - Institute of Museum and Library Services				**18,951**
Grand Total				**683,471,769**

LEGEND:
(1) Indirect refers to Federal monies passed through various nonfederal agencies, primarily State of California agencies.
(2) The State of California does not assign a pass-through identification number for certain programs passed to the County. Accordingly, a pass-through identification number is not listed for certain indirect programs.

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COUNTY OF ORANGE, CALIFORNIA

Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs For The Year Ended June 30, 2010

Program Name	CFDA#	Grant #		Categorical Expenditure Distribution: Personal Services	Categorical Expenditure Distribution: Operating Expenses	Total
Juvenile Accountability Block Grant (JABG)	16.523	CSA144-09	Federal	$ 129,632	$ 1,421	$ 131,053
			Match	14,402	159	14,561
				144,034	1,580	145,614
Juvenile Accountability Block Grant (JABG)/AMYVPT	16.523	CSA144-09	Federal	31,764	2,486	34,250
			Match	2,662	276	2,938
				34,426	2,762	37,188
Child Abuse Treatment Services (CHAT)	16.575	AT08050300	Federal	-	73,243	73,243
			Match	-	18,310	18,310
				-	91,553	91,553
Child Abuse Treatment Services (CHAT)	16.575	AT09060300	Federal	-	104,760	104,760
			Match	-	26,190	26,190
				-	130,950	130,950
Gang Victim Services Special Emphasis	16.575	SE09190300	Federal	103,050	5,286	108,336
			Match	25,262	1,820	27,082
				128,312	7,106	135,418

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COUNTY OF ORANGE, CALIFORNIA

Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs For The Year Ended June 30, 2010

Program Name	CFDA#	Grant #		Categorical Expenditure Distribution: Personal Services	Operating Expenses	Total
Victim Witness Assistance Program	16.575	VW09280300	Federal	$ 527,891	$ 286	$ 528,177
			State	346,820	96,007	442,827
			Advance	51,508	5,094	56,602
				926,219	101,387	1,027,606
ARRA: Victim Witness Assistance Program	16.588	RV09010300	Federal	34,049	355	34,404
			Match	11,470	-	11,470
				45,519	355	45,874
ARRA: Violence Against Women Vertical Prosecution	16.588	VV09010300	Federal	159,742	21,422	181,164
			Match	53,958	6,429	60,387
				213,700	27,851	241,551
Residential Substance Abuse Treatment (RSAT)	16.593	RT09010300	Federal	184,025	-	184,025
			Match	59,774	-	59,774
				243,799	-	243,799
ARRA: Victim Witness Assistance Program	16.801	VS09010300	Federal	36,215	98	36,313
			Match	9,078	-	9,078
				45,293	98	45,391

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Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs For The Year Ended June 30, 2010

Program Name	CFDA#	Grant #	Categorical Expenditure Distribution: Personal Services	Categorical Expenditure Distribution: Operating Expenses	Total
DMC-TAP II Title II Grant (1)	16.540	CSA360-09	$ 2,089	$ -	$ 2,089
2008 Project Safe Neighborhoods (1)	16.609	US08010300	3,737	1,119	4,856
Anti-Gang Initiative Strategy - PSN (1)	16.609	US09020300	3,959	821	4,780
2009 Anti-Drug Abuse Enforcement Program (1)	16.738	DC09200300	360,274	662,737	1,023,011
2008 Coverdell National Forensic Science Improvement Grants Program (1)	16.742	CQ08060300	-	54,367	54,367
2009 Coverdell National Forensic Science Improvement Grants Program (1)	16.742	CQ08060300	-	91,183	91,183
ARRA: Edward Byrne Memorial Justice Assistance Grant (1)	16.804	ZO09010300	-	758,709	758,709
ARRA: Evidence Based Supervision Program (1)	16.804	ZP09010300	177,291	3,025	180,316
ARRA: 2009 Anti Drug Abuse Enforcement Program (1)	16.804	ZA09010300	32,929	-	32,929
Vertical Prosecution Program (2)		VB08060300	665,387	27,025	692,412
2009 CAL-MMET Program (2)		MH08030300	291,408	3,203	294,611
			$ 3,318,376	$ 1,965,831	$ 5,284,207

(1) Federal = 100%
(2) State = 100%

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COUNTY OF ORANGE, CALIFORNIA

Supplementary Schedule of Grant Expenditures
For Grants Provided by the California Health and Human Services Agency, Department of Aging
For The Year Ended June 30, 2010**

Grantor County Program Name Direct or Indirect	Catalog of Federal Domestic Assistance Number (CFDA #)	Pass-Through Entity's Indentifying Number	Grant Award			Expenditures		
			Federal	State	Total	Federal	State	Total
U.S. Department of Health and Human Services								
Pass-through the California Department of Aging:								
Title VIIB: Elder Abuse Prevention (indirect)	93.041	AP 0910-22	$ 37,754	$ -	$ 37,754	$ 37,754	$ -	$ 37,754
Title VIIA: Ombudsman (indirect)	93.042	AP 0910-22	99,982	-	99,982	99,982	-	99,982
Title IIID: Preventive Health (indirect)	93.043	AP 0910-22	150,608	-	150,608	150,513	-	150,513
Title IIIB: Senior Supportive Services (indirect)	93.044	AP 0910-22	2,374,244	-	2,374,244	2,307,956	-	2,307,956
Title IIIC1: Congregate Meals for Seniors (indirect)	93.045	AP 0910-22	1,910,476	179,795	2,090,271	1,910,476	179,795	2,090,271
Title IIIC2: Home Delivered Meals for Seniors (indirect)	93.045	AP 0910-22	2,588,546	158,449	2,746,995	2,588,546	158,449	2,746,995
National Family Caregiver Support Program (indirect)	93.052	AP 0910-22	1,185,072	-	1,185,072	1,149,029	-	1,149,029
NSIP Title III-C1: Nutrition Services Incentive Program (indirect)	93.053	AP 0910-22	329,413	-	329,413	329,413	-	329,413
NSIP Title III-C2: Nutrition Services Incentive Program (indirect)	93.053	AP 0910-22	872,960	-	872,960	872,960	-	872,960
ARRA: Title III-C2: Home Delivered Meals for Seniors (indirect)	93.705	NS 0809-22	232,349	-	232,349	232,349	-	232,349
ARRA: Title III-C1: Congregate Meals for Seniors (indirect)	93.707	NS 0809-22	471,960	-	471,960	471,960	-	471,960
Subtotal 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053, 93.705, and 93.707 (Aging Cluster)			10,253,364	338,244	10,591,608	10,150,938	338,244	10,489,182
MIPPA-Medicare Improvements for Patients and Providers Act (indirect)	93.071	MI 0910-22	34,045	-	34,045	29,618	-	29,618
Health Care Financing Research, Demonstrations and Evaluations	93.779	HI 0910-22	183,077	415,205	598,282	158,912	415,205	574,117
Total U.S. Department of Health and Human Services			10,470,486	753,449	11,223,935	10,339,468	753,449	11,092,917
U.S. Department of Labor								
Pass-through the California Department of Aging:								
Title V - Senior Community Services Employment Program (indirect)	17.235	TV-0910-22	906,301	-	906,301	871,167	-	871,167
ARRA: Title V - Senior Community Services Employment Program (indirect)	17.235	ES 0809-22	182,214	-	182,214	182,199	-	182,199
Appropriation Act: Title V - Senior Community Services Employment Program (indirect)	17.235	AA 0910-22	87,112	-	87,112	-	-	-
Total U.S. Department of Labor			1,175,627	-	1,175,627	1,053,366	-	1,053,366
California Health and Human Services Agency, Department of Aging								
Community Based Service Programs			-	89,452	89,452	-	89,449	89,449
Ombudsman Volunteer Recruitment Initiative			-	243,354	243,354	-	199,100	199,100
Total California Health and Human Services Agency			-	332,806	332,806	-	288,549	288,549
Department of Transportation								
Pass-through the Orange County Transportation Authority: New Freedom	20.521	C-9-0647	500,000	-	500,000	148,072	-	148,072
Total			$ 12,146,113	$ 1,086,255	$ 13,232,368	$ 11,540,906	$ 1,041,998	$ 12,582,904

** All federal and state grants provided to the County of Orange, California by the California Health and Human Services Agency, Department of Aging.

See accompanying Notes to Schedule of Expenditures of Federal Awards and Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs, and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards, Supplementary Schedule of Categorical Expenditure Distribution for the Correction Standards Authority and California Emergency Management Agency Grant Programs and Schedule of Grant Expenditures For Grants Provided by the California Health and Human Services Agency, Department of Aging
Year Ended June 30, 2010

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Orange, California (County). The County's reporting entity is defined in Note 1 of the notes to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies, primarily the State of California, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the County's basic financial statements.

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards are in material agreement with the amounts reported in the related federal financial reports for the federal award programs.

5. CORRECTION STANDARDS AUTHORITY AND OFFICE OF EMERGENCY SERVICES GRANT PROGRAMS

At the request of the Correction Standards Authority and State of California Office of Emergency Services, the categorical expenditure distribution for their grant programs is included as a supplementary schedule on pages 22 through 24.

6. CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY, DEPARTMENT OF AGING

At the request of the California Health and Human Services Agency, Department of Aging, the schedule of grant expenditures for their grant programs is included as a supplementary schedule on page 25.

7. PASS-THROUGH AWARDS TO SUBRECIPIENTS

Included in the total expenditures of federal awards are the following amounts passed through to subrecipients:

County Program Title (Direct/Indirect)	CFDA #	Amount Provided to Subrecipient for the Year Ended June 30, 2010
Network For A Healthy California (Indirect)	10.561	$ 269,758
Value of Senior Farmer's Market Coupons (Indirect)	10.576	45,000
Individuals with Disabilities Education Act (IDEA) (Indirect)	84.027	3,510,525
Title VII-B: Elder Abuse Prevention (Indirect)	93.041	37,754
Title VII-A: Ombudsman (Indirect)	93.042	99,982
Title III-D: Preventive Health (Indirect)	93.043	38,930
Title III-B: Senior Supportive Services (Indirect)	93.044	1,788,712
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	1,615,383
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	2,434,249
National Family Caregiver Support Program (Indirect)	93.052	812,772
NSIP Title III-C1: Nutrition Services Incentive Program (Indirect)	93.053	329,413
NSIP Title III-C2: Nutrition Services Incentive Program (Indirect)	93.053	872,960
MIPPA-Medicare Improvements for Patients and Providers Act (Indirect)	93.071	26,895
Projects for Assistance in Transition from Homelessness (PATH) Grant (Indirect)	93.150	490,922
Refugee Employment Social Services (Indirect)	93.566	358,262
Targeted Assistance (Indirect)	93.576	7,392
ARRA: Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.705	209,114
ARRA: Title III-C1: Congregate Meals for Seniors (Indirect)	93.707	424,764
ARRA: Pediatric Immunization (Indirect)	93.712	156,699
Health Care Financing Research, Demonstrations and Evaluations (Indirect)	93.779	145,697
Minority AIDS Initiative (MAI) (Direct)	93.914	291,961
Ryan White Part A (Direct)	93.914	2,078,017
Care Services (Indirect)	93.917	440,847
Prevention, Testing & Partner Services (Indirect)	93.917	302,139
Block Grants for Community Mental Health Services (SAMHSA) (Indirect)	93.958	1,297,942
Alcohol and Drug Program (Indirect)	93.959	9,067,120
Maternal and Child Health (MCH) Allocation Title V and XIX (Indirect)	93.994	8,211
2008 Emergency Management Preparedness Grant (EMPG) (Indirect)	97.042	213,440
2007 Metropolitan Medical Response System (MMRS) (Indirect)	97.067	739,865
2007 State Homeland Security Program (SHSP) (Indirect)	97.067	601,189
2007 Law Enforcement Terrorism Prevention Plan (LETPP) (Indirect)	97.067	4,900
2007 Homeland Security Grant - UASI (Indirect)	97.067	1,937
2008 Homeland Security Grant - SHSP (Indirect)	97.067	128,603
2007 Transit Security Grant Program - VIPR (Indirect)	97.075	7,247
Community Development Block Grant (Direct)	14.218	3,453,013
Emergency Shelter Grant Program (Direct)	14.231	165,148

7. PASS-THROUGH AWARDS TO SUBRECIPIENTS (CONTINUED)

County Program Title (Direct/Indirect)	CFDA #	Amount Provided to Subrecipient for the Year Ended June 30, 2010
Housing Opportunities for Persons with AIDS (HOPWA) (Indirect)	14.241	881,351
ARRA: Community Development Block Grant Program (Direct)	14.253	300,080
ARRA: Homelessness Prevention and Rapid Rehousing Program (Direct)	14.257	274,831
Juvenile Sex Offender Management (Direct)	16.203	97,500
Child Abuse Treatment Services (Indirect)	16.575	178,003
ARRA: Violence Against Women Vertical Prosecution (VAWA) (Indirect)	16.588	16,041
2007 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738	106,323
2008 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738	68,975
2009 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738	253,407
2009 Anti-Drug Abuse Enforcement Program (Indirect)	16.738	504,680
ARRA: 2009 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.804	1,520,461
ARRA: Edward Byrne Memorial Justice Assistance Grant (JAG) (Indirect)	16.804	458,710
Southwest Border Prosecution Initiative (SWBPI) (Direct)	16.999	2,325
Title V - Senior Community Services Employment Program (Indirect)	17.235	798,663
ARRA: Title V - Senior Community Services Employment Program (Indirect)	17.235	167,624
Workforce Investment Act Title I Adult (2007) (Indirect)	17.258	80,937
ARRA: Adult (Indirect)	17.258	1,872,399
Workforce Investment Act Title I Adult (2008) (Indirect)	17.258	1,080,748
Workforce Investment Act Title I Adult (2009) (Indirect)	17.258	1,071,529
ARRA: Youth (Indirect)	17.259	907,114
Workforce Investment Act Title I Youth (2008) (Indirect)	17.259	388,640
Workforce Investment Act Title I Youth (2009) (Indirect)	17.259	1,361,117
Technology-Based Learning Initiative (Indirect)	17.269	68,447
ARRA: Dislocated Worker (Indirect)	17.260	5,121,938
Workforce Investment Act Title I Dislocated Worker (2008) (Indirect)	17.260	3,383,834
Workforce Investment Act Title I Dislocated Worker (2007) (Indirect)	17.260	74,884
Workforce Investment Act Title I Dislocated Worker (2009) (Indirect)	17.260	3,003,480
Youth - Young Offender (Direct)	17.261	85,770
Workforce Investment Act Title I Demonstration Project (2009) (Indirect)	17.266	31,961
New Freedom (Indirect)	20.521	148,072
Total		**$ 56,786,606**

8. OUTSTANDING LOANS OF FEDERAL FUNDS

The following schedule presents the amount of outstanding loans by CFDA number. All loans are provided by the U.S. Department of Housing and Urban Development (HUD):

CFDA No.	Federal Program	Oustanding Loans at June 30, 2010	Prior Year Loans with Continuing Compliance Requirements	New Loans in Fiscal Year Ended June 30, 2010
14.218	Community Development Block Grant	$ 3,175,260	$ 3,175,260	$ -
14.239	HOME Investment Partnership Act	15,396,548	11,727,048	3,669,500

COUNTY OF ORANGE, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.561	Supplemental Nutrition Assistance Program Cluster, ARRA Supplemental Nutrition Assistance Program Cluster
93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053, 93.705, 93.707	Aging Cluster, ARRA Aging Cluster
93.069	Public Health Emergency Preparedness
93.558, 93.714	Temporary Assistance for Needy Families (TANF) Cluster, ARRA Temporary Assistance for Needy Families (TANF) Cluster
93.658	Foster Care Title IV-E, ARRA Foster Care Title IV-E
93.667	Social Services Block Grant
93.778	Medicaid Cluster, ARRA Medicaid Cluster
97.067	Homeland Security Cluster
14.218, 14.253	Community Development Block Grant Entitlement Grants Cluster, ARRA Community Development Block Grant Entitlement Grants Cluster
14.238	Shelter Plus Care
14.871	Section 8 Housing Choice Vouchers
16.738	Edward Byrne Memorial Justice Assistance Grant
16.804	ARRA Edward Byrne Memorial Justice Assistance Grant Program / Grants To Units Of Local Government
17.235	Senior Community Service Employment Program, ARRA Senior Community Service Employment Program
17.258, 17.259, 17.260	Workforce Investment Act Cluster, ARRA Workforce Investment Act Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000
Auditee qualified as low-risk auditee?	Yes

II. FINANCIAL STATEMENT FINDINGS

Finding 2010-01

RATE COVENANT CALCULATION – ORANGE COUNTY WASTE AND RECYCLING (OCWR)

Criteria:

In accordance with the terms of the Sublease and Trust Agreement for OCWR's 1997 Waste Management System Refunding Revenue Bonds, the County is required to maintain rates that will produce Net Operating Revenues, that when combined with Available Funds (which amount shall not constitute more than twenty percent (20%) of aggregate Debt Service Expenses during such Fiscal Year) will be at least equal to one hundred twenty percent (120%) of the aggregate Debt Service Expenses payable in such Fiscal Year.

Condition:

During our audit of OCWR's rate covenant requirements for the 1997 Waste Management System Refunding Revenue Bonds, we noted discrepancies with the method OCWR used to calculate the rate covenant. The original calculation prepared by management was not calculated based on the terms of the Sublease agreement, and indicated that OCWR did not meet the 120% coverage threshold. Upon management's recalculation using the terms and definitions of the Sublease agreement, we noted that OCWR did meet the rate covenant threshold. We also noted that subsequent to June 30, 2010, Fitch Ratings performed a ratings update of OCWR's 1997 Waste Management System Refunding Revenue Bonds and publicly released the results of its rating update dated November 30, 2010. The ratings update resulted in an A+, outlook stable rating and reported positively on OCWR's cash reserve position. However, Fitch Ratings reported in its press release that OCWR did not meet the 120% coverage threshold. We noted OCWR provided Fitch with the rate covenant calculation that indicated OCWR fell below the 120% threshold.

Context:

OCWR is required to comply with various bond covenants related to the 1997 Waste Management System Refunding Revenue Bonds.

Cause:

OCWR did not calculate the rate covenant in accordance with the Sublease agreement. It appears that there was not a proper internal review of the calculation before its release to the rating agency.

Effect:

The effect of this control deficiency resulted in inaccurate information provided to the rating agency, which resulted in negative commentary in the rating agency's press release.

Recommendation:

We recommend that OCWR adopt the revised calculation in their debt covenant monitoring policies and procedures. We also recommend that OCWR implement a formal policy, and/or review their current informal policies over the dissemination of financial information to outside entities to ensure there are proper safeguards in place to prevent inaccurate financial information from being made public.

II. FINANCIAL STATEMENT FINDINGS

Finding 2010-01 (Continued)

View of responsible officials and corrective action:

OCWR concurs with the finding that the rate covenant calculation was not performed in strict adherence to the Sublease agreement. OCWR also concurs with the recommendation. A procedure will be developed to include the formula prescribed in the Sublease agreement. In addition, a policy and procedure will be developed to ensure that proper safeguards are in place prior to making financial information public.

Please note, OCWR has contacted Fitch Rating's and requested that a revised press release be issued clarifying that the 120% coverage threshold was met, based on the revised calculation. Fitch Rating's has indicated its willingness to review the information and potentially issue a revised press release.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-02
Program: Homeland Security Cluster
CFDA No.: 97.067
Federal Grantor: U.S. Department of Homeland Security
Passed-through: State of California
Award No.: Various
Award Year: 2007, 2008, 2009
Compliance Requirement: Procurement and Suspension and Debarment

Criteria:

The *June 2010 Office of Budget and Management (OMB) Circular A-133 Compliance Supplement* states that when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)*, collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

Condition:

While testing the annual contracts entered into with County vendors, we noted that documentation supporting that a check of the EPLS was performed could not be provided, nor was a verification clause included in contracts to ensure the vendor was not suspended or debarred.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing of the procurement and suspension and debarment requirements of the program.

Effect:

The County increases its risk of contracting with a suspended and debarred vendor.

Cause:

The County did not maintain procedures requiring verification of the suspended and debarred status of contracted engineering consultants.

Recommendation:

We recommend strengthening procedures to ensure that procurements and subawards of federally funded projects are verified against the EPLS for suspension or debarment.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-02 (Continued)

View of Responsible Official and Planned Corrective Actions:

Concur. The Sheriff Department's purchasing staff were instructed to verify if parties have been excluded from Federal Grant Purchases via https://www.epls.gov. Staff verified the website; however, they did not print the results unless vendors were listed. We will immediately implement the recommendation and have staff print out the search results and include them in the procurement folder.

Finding 2010-03
Program: Homeland Security Cluster
CFDA No.: 97.067
Federal Grantor: U.S. Department of Homeland Security
Passed-through: State of California
Award No.: Various
Award Year: 2007, 2008, 2009
Compliance Requirement: Subrecipient Monitoring

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* states that a pass-through entity is responsible for "*Award Identification* – At the time of the award, identifying to the subrecipient the federal award information (e.g., CFDA title and number, award name, name of federal agency) and applicable compliance requirements."

Condition:

While testing subrecipient monitoring provisions, it was noted that the agreements between the County and the providers (subrecipients) did not include the CFDA title and number and name of federal agency as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the County's contracts/ agreements with subrecipients.

Effect:

The subrecipient agreements do not specifically identify the CFDA title and number, award name and federal agency. Accordingly, subrecipients may not be aware that they have received federal funding, which might require the subrecipient to have a Single Audit performed.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-03 (Continued)

Cause:

The County's subrecipient monitoring procedures did not specifically ensure that the CFDA title and number, award name and federal agency were identified in the formalized agreement executed with subrecipients.

Recommendation:

We recommend the County enhance its policies and procedures to ensure that information required by *OMB Circular A-133* is included in subrecipient agreements.

View of Responsible Official and Planned Corrective Action:

Concur. Transfer agreements are executed at the inception of the three year grant performance period. Those expenditures noted in this finding relate to transfer agreements executed in 2007 and 2008 grant years. The Sheriff Department has included the CFDA numbers, title, and federal agency on all transfer agreements entered into since this recommendation was first made in the Fiscal Year (FY) 2007-08 Single Audit. The Sheriff Department has also included the CFDA numbers on approved Project Request Forms and Check Requests. The Sheriff Department will continue to reference the CFDA title, number, and name of federal agencies in future transfer agreements in order to meet the required elements cited for *OMB Circular A-133*.

Finding 2010-04
Program: Homeland Security Cluster
CFDA No.: 97.067
Federal Grantor: U.S. Department of Homeland Security
Passed-through: State of California
Award No.: Various
Award Year: 2008
Compliance Requirement: Reporting

Criteria:

OMB Circular A-133 requires that entities report federally funded activity on the Schedule of Expenditures of Federal Awards (SEFA).

Condition:

While testing reporting requirements, it was noted that certain expenditures were reported twice in the SEFA.

Questioned Costs:

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-04 (Continued)

Context:

The condition noted above was identified during our examination of the County's reconciliation from its accounting records to the SEFA.

Effect:

As a result of the condition identified, adjustments were proposed and posted to the SEFA.

Cause:

The County's reporting procedures did not specifically ensure that the amounts provided for inclusion on the SEFA were reconciled to the underlying accounting records.

Recommendation:

We recommend the County enhance its policies and procedures to ensure that information included in the SEFA is reconciled to the underlying accounting records.

View of Responsible Official and Planned Corrective Action:

Concur. The Sheriff Department will continue its efforts and commitment to reconcile all grant accounts between agencies involved in the Homeland Security grants in order to eliminate duplication of amounts reported on the SEFA.

Finding 2010-05
Program: American Recovery and Reinvestment Act (ARRA) Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government
CFDA No.: 16.804
Federal Grantor: U.S. Department of Justice
Passed-through: State of California
Award No.: Z009 01 0300
Award Year: FY 2009-10
Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must "document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds."

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-05 (Continued)

Condition:

It was noted that the ARRA information was not communicated to subrecipients at the time of award or when funds were disbursed as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County's contracts/ agreements with subrecipients. Written documentation with the required elements was provided to the subrecipients in February 2011.

Effect:

The communication of required information to subrecipients did not occur at the time of award or when disbursements were made.

Cause:

The County's procedures did not specifically ensure that the CFDA title and number, award name and federal agency, and amount of ARRA provided were identified at the time of disbursement.

Recommendation:

We recommend the County enhance its procedures to ensure that the federal award number, CFDA number, and the amount of ARRA funds is consistently included in subrecipient communication at the time of award and when disbursements are made as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

Concur. Current procedures will be enhanced to ensure notifications of CFDA numbers and ARRA funding are properly communicated to subrecipients at the time of award and when disbursements are made.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-06
Program: TANF Cluster, ARRA TANF Cluster
CFDA No.: 93.558 and 93.714
Federal Grantor: U.S. Department of Health and Human Services
Passed-through: State of California – California Department of Social Services
Award No.: 1946001347 A7
Award Year: FY 2009-10
Compliance Requirement: Eligibility and Special Tests and Provisions – Income Eligibility and Verification System (IEVS)

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires that the County determine the eligibility of program participants based on several requirements including, but not limited to, the existence of a minor child in the home, "needy" status, and financial eligibility. To facilitate the eligibility determination, the County utilizes the following:

IEVS Report – Income Eligibility Verification System. This report is required to be generated and reviewed by the service worker. This report is generated/filed within 45 days of approval of benefits.

Condition:

Of the 65 case files selected for testing the following was noted:

Nine IEVS reports were run after the 45 days required by regulations.

Questioned Costs:

None

Context:

The condition noted above was identified during examination of the County's process over determining eligibility.

Effect:

The County increases its risk of non-compliance with the Eligibility Requirements and Special Tests and Provisions requirements applicable to the program.

Cause:

The County's procedures did not consistently ensure that the IEVS reports were obtained within a timely manner.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-06 (Continued)

Recommendation:

We recommend that the County strengthen procedures to ensure that required forms and reports are obtained within a timely manner and maintained in case files.

Views of Responsible Officials and Planned Corrective Actions:

Social Services Agency (SSA) appreciates the observations and recommendations of this audit regarding strengthening procedures to ensure that the required forms and reports are obtained within a timely manner and maintained in the case files.

SSA continues to make every effort to ensure that the IEVS reports are obtained within a timely manner and documented in the participant case files. These efforts include:

1) IEVS reports are no longer distributed via hard copy. The information is now automated, displayed, and processed in the IEVS Applicant Reports windows in CalWIN.
2) It is the responsibility of the worker of record to review IEVS matches at initial application when adding a program, adding a person with a social security number (SSN) to an active case, entering/changing a SSN for a person in an active case and processing a QR7 or RRR.
3) The Family Self-Sufficiency (FSS) Priority List has been updated to reflect IEVS reports processing as a priority.
4) For CalWIN problems with IEVS processes (including generating the reports in CalWIN), staff has been advised to submit a trouble ticket.
5) Overtime has been authorized and offered to staff beginning December 2010 and ongoing to process the backlog of IEVS/IFD reports.
6) A task force has been formed and had their first meeting on March 15, 2010 to reassess the formation of a specialized IEVS unit to centralize the processing of IEVS/IFD reports.
7) The following IEVS policies are available on the FSS Intranet:
    - Applicant Match
    - Integrated Fraud Detection (IFD)
    - Payment Verification System (PVS)
    - New Hire Registry (NHR)
8) The corresponding CalWIN Resource Guides for each of the IEVS policies listed above are available in the CalWIN Intranet:
    - IEVS Applicant Reports
    - IEVS Recipient – IFD Reports
    - IEVS NHR/PVS Reports

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-07
Program: ARRA Supplemental Nutrition Assistance Program (SNAP) Cluster
CFDA No.: 10.561
Federal Grantor: U.S. Department of Agriculture
Passed-through: State of California
Award No.: 1946001347 A7
Award Year: FY 2009-10
Compliance Requirement: Reporting

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires that a FNS-209 – *Status of Claims Against Households* be submitted.

The California Department of Social Services requires the completed Form FNS-209 to be submitted at the end of every quarter, no later than 30 days following the end of each quarter.

Condition:

Two of the four FNS-209 quarterly reports for FY 2009-10 were submitted after the due date.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the County's reporting process.

Effect:

It was noted that the reports were prepared and filed. However, the reports were submitted after the due date.

Cause:

The County's procedures did not ensure that FNS-209 reports were consistently submitted on or before the due date.

Recommendation:

We recommend that the County strengthen procedures to ensure that required reports are submitted by the required due dates.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-07 (Continued)

View of Responsible Official and Planned Corrective Action:

SSA appreciates the observations and recommendations of this audit. The finding above was for FY 2008-09 and given to us in March 2010. We have made every effort to ensure the reports are submitted no later than 30 days following the end of each quarter. Since March 2010, all the reports have been submitted by the required date.

SSA will continue its efforts and commitment to the timely submission of the FNS-209 reports. The primary factor contributing to the late submission of the FNS-209 reports in the prior years was the lack of available resources to work on the report due to staff reductions. As there was no material financial impact caused by the delayed submission of the FNS-209 reports, a higher priority was given to projects and deadlines which would have a material impact either financially or in terms of the quality of services rendered to SSA clients.

Follow up corrective actions will continue to include the following:

1) Reinforce the importance of timely submission of the reports to staff at management meetings.
2) Designate a staff person to monitor timely submission of the reports to staff at management meetings and designate a staff person to monitor timely submission of the FNS-209 reports.

Finding 2010-08
Program: ARRA Justice Assistance Grant
CFDA No.: 16.804
Federal Grantor: U.S. Department of Justice
Passed-through: State of California
Award No.: ZO09 01 0300
Award Year: FY 2009-10
Compliance Requirement: Allowable Cost and Reporting

Criteria:

The *June 2010 OMB Circular A-133 Part 3 Allowable Costs Compliance Requirement Supplement* states that the requirements for allowable costs are contained in the *A-102 Common Rule, OMB Circular A-110 (2 CFR section 215.27)*, program legislation, federal awarding agency regulations, and the terms and conditions of the award. The *California Emergency Management Agency (Cal EMA) 2010 Recipient Handbook Section 6320.3* states that the claimed expenses must be grant–related and be incurred during the grant period.

Condition:

It was noted that the Report of Expenditures and Request for Funds submitted for the quarter ending June 2010 was supported by an expense summary spreadsheet which included 66 timecards and training costs. For 3 out of 20 timecards tested, the hours per the expense spreadsheet were more than the hours certified on the timecard. For 1 out of 20 timecards tested, the hourly pay rate per the expense spreadsheet was more than the actual pay rate.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-08 (Continued)

Questioned Costs:

Questioned costs in the amount of $1,561 represents hours charged in excess of actual hours supported.

Context:

The condition noted above was identified during our examination of the County's reporting process.

Effect:

The County reported hours that were greater than the amounts certified on the timecard.

Cause:

The County's reporting procedures did not ensure that hours on the certified timecard agreed to the Report of Expenditures and Request for Funds.

Recommendation:

We recommend the County strengthen procedures to ensure that hours on the certified timecard agree to the Report of Expenditures and Request for Funds.

View of Responsible Official and Planned Corrective Action:

There was a change of program administrators at the end of March 2010. The staff analyst mistakenly used the previous administrators' higher hourly pay when calculating the new administrators' claims. The difference for all hours claimed during the audit period amounts to $58.62, which will be deducted from the next quarterly claim in order to reimburse Cal EMA. The staff analyst has corrected the pay rate and will review all subsequent claims to make similar adjustments as needed.

When calculating the Paid Time Off (PTO) allocation, the staff analyst mistakenly apportioned all of the PTO to the ARRA grant for a staff assigned to two grants. The PTO should have been apportioned according to the percentage of the staff position supported by the ARRA grant, with the remaining PTO apportioned to the other unrelated grant(s). The difference for all hours claimed during the audit period amounted to $1,502.76, which will be deducted from the next quarterly claim in order to reimburse Cal EMA. The staff analyst will ensure that all future claims for staff assigned to two or more grants have the PTO apportioned according to the percentage of each grant.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-09
Program: ARRA Foster Care Title IV-E
CFDA No.: 93.658
Federal Grantor: U.S. Department of Health and Human Services
Passed-through: State of California
Award No.: 1946001347 A7
Award Year: FY 2009-10
Compliance Requirement: Reporting

Criteria:

The State of California Department of Social Services requires the County to submit the *Caseload Movement and Expenditures Report CA 237 FC* report within 20 days of month end.

Condition:

During our testing of the reporting requirements, it was noted that 2 of the 4 monthly reports tested were submitted after the deadline.

Questioned Costs:

None

Context:

The condition was identified during our examination of the Foster Care Title IV-E program reporting requirements.

Effect:

The County has an increased risk of non-compliance for the reporting of the *Caseload Movement and Expenditures Report CA 237 FC*.

Cause:

The County's procedures did not ensure that the *Caseload Movement and Expenditures Report CA 237 FC* report was submitted timely on a consistent basis.

Recommendation:

We recommend that the County strengthen its procedures to ensure that required reports are submitted timely.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-09 (Continued)

View of Responsible Official and Planned Corrective Action:

SSA appreciates the observations and recommendations of this audit. The above finding was for FY 2008-09 and given to us in March 2010. We have made every effort to ensure the reports are submitted monthly within twenty days of month end. Since March 2010, all the reports have been submitted to the State by the required date.

SSA will continue its efforts and commitment to the timely submission of the CA 237 FC reports. The primary factor contributing to the late submission of the CA 237 FC reports in the prior years was the lack of available resources to work on the report due to staff reductions. As there was no material financial impact caused by the delayed submission of the CA 237 FC reports, a higher priority was given to projects and deadlines which would had a material impact either financially or in terms of the quality of services rendered to SSA clients.

Follow up corrective actions will continue to include the following:

1. Reinforce the importance of timely submission of the reports to staff at management meetings.
2. Designate a staff person to monitor timely submission of the CA 237 FC reports.

Finding 2010-10
Program: ARRA Medicaid Cluster
CFDA No.: 93.778
Federal Grantor: U.S. Department of Health and Human Services
Passed-through: State of California – California Department of Health Care Services/Social Services
Award No.: 1946001347 A7
Award Year: FY 2009-10
Compliance Requirement: Eligibility

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires that the County determine eligibility in accordance with the specific eligibility requirements defined in the approved State plan. These requirements include the maintenance of documentation necessary to support eligibility determinations and re-determinations. To ensure compliance with the eligibility requirements for the Medicaid program, the County maintains the following primary source documents:

1. MC 13 – Citizenship Documentation used for non-US Citizens to determine proper citizenship status for benefits
2. MC 210 RV – Statement of Facts used during annual redetermination process

Condition:

Of the 60 case files selected for testwork, we noted the following:

1. 2 case files did not contain the MC 13 when required
2. 2 case files where the MC 210 RV was not included in the case file at the time of annual re-determination

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-10 (Continued)

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the SSA's participant case files of the Medi-Cal program.

Effect:

As a result of the condition, the internal control and compliance with regards to the above forms/requirements were not consistently documented.

Cause:

The County's eligibility procedures did not ensure that the required documents were consistently obtained.

Recommendation:

We recommend that the County strengthen its procedures to ensure that the required forms are consistently obtained and maintained in the case file.

Views of Responsible Officials and Planned Corrective Actions:

SSA appreciates the observations and recommendations of this audit regarding missing case documents. During the audit period, SSA converted approximately 200,000 Medi-Cal and SNAP cases to electronic imaged files in a span of four months. Although quality control protections were in place, some documents failed imaging or were inadvertently indexed to incorrect cases. We believe this is what occurred with one MC 210 and both MC 13 documents missing from the electronic case files. Since this massive initial effort to convert cases to imaged files, we have implemented additional safeguards to reduce the possibility of missing documents. Eligibility Technicians sending documents for imaging now include a coversheet bar-coded with the case number to eliminate the possibility of clerical staff misinterpreting the case number. This ensures that documents will be indexed to the correct case in the imaging process and will be available for later viewing. Replacement documents will be obtained and imaged into the case records.

The other MC 210 RV document was missing due to a computer system error. We are researching this issue with our programming vendor to identify the exact cause of the error so that the problem can be avoided in the future.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-11
Program: ARRA SNAP Cluster
CFDA No.: 10.561
Federal Grantor: U.S. Department of Agriculture
Passed-through: State of California
Award No.: 1946001347 A7
Award Year: FY 2009-10
Compliance Requirement: Special Tests and Provisions – ADP System for SNAP

Criteria:

The *June 2010 OMB Circular A-133 Part 6* states that the auditee is responsible for "establishing and maintaining internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements."

In order to determine eligibility to receive benefits, the County utilizes several required forms and reports including but not limited to:

1. SAWS1—Program application. This form must be signed by the applicant and retained in the participant's file.
2. Statement of Facts— is used to collect all the necessary information to determine eligibility. The worker must review the completed form, question-by-question with the client during the phone or face-to-face interview. These reports are required to be signed by the participant and retained in the participant's file.
3. QR-7 reports are submitted by the participant on a quarterly basis to report any changes in income, housing, or status. These reports are required to be signed by the participant and retained in the participant's file.
4. TEMP 2215—Electronic Benefit Transfer (EBT) Important Information. This form certifies that information has been read and understood by the applicant and is required by the California Department of Social Services to be signed and maintained.
5. IEVS Report—Income Eligibility Verification System (IEVS). This report is required to be generated and reviewed by the service worker. The service worker evidences review through signature on the report or through electronic signature on the CalWIN System.

Condition:

Of the 60 case files selected for testwork, the following was noted:

1. Six SAWS1 forms could not be located.
2. Three Statement of Fact documents could not be located.
3. One Statement of Fact document was not signed by the participant.
4. QR-7s could not be located for three case files.
5. One QR-7 was not signed by the participant.
6. Eight TEMP 2215 EBT forms could not be located.
7. Five case files did not have FY 2009-10 IEVS reports.
8. Seventeen IEVS reports were not reviewed by the service worker.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-11 (Continued)

Questioned Costs:

None

Context:

The condition noted above was identified during examination of the case files for the required federal and state forms.

Effect:

There is an increased risk of non-compliance with the special test and provision requirements set forth in *OMB A-133 Compliance Supplement.*

Cause:

The County's procedures did not ensure that the required federal and state forms and reports were consistently reviewed by service workers and maintained in the case files.

Recommendation:

We recommend that the County strengthen procedures to ensure that required forms and reports are reviewed by the appropriate persons and maintained in case files.

View of Responsible Official and Planned Corrective Action:

During the audit period, SSA converted approximately 200,000 Medi-Cal and SNAP cases to electronic imaged files in a span of four months. Although quality control protections were in place, some documents failed imaging or were inadvertently indexed to incorrect cases. We believe this is what occurred with the documents which could not be located in the electronic case files. Since this massive initial effort to convert cases to imaged files, we have implemented additional safeguards to reduce the possibility of missing documents. Eligibility Technicians sending documents for imaging now include a coversheet bar-coded with the case number to eliminate the possibility of clerical staff misinterpreting the case number. This ensures that documents will be indexed to the correct case in the imaging process and will be available for later viewing. Replacement documents will be obtained and imaged into the case records.

Regarding the unsigned QR7, a reminder will be issued to staff to ensure required signatures are obtained.

Reviewing IEVS reports at this time of scarce resources has become a major challenge, especially when the number of applications to process has increased to levels not previously experienced in our county. Additionally, IEVS reports have increased given the volume of participants currently receiving unemployment benefits. A workgroup is being formed to evaluate available resources and the feasibility of reinstating the specialized IEVS unit. The cases cited in the audit have been reviewed and we have confirmed that the benefits issued were accurate.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-12
Program: Public Health Emergency Preparedness
CFDA No.: 93.069
Federal Grantor: U.S. Department of Health and Human Services
Passed-through: State of California
Award No.: EPO 09-30
Award Year: FY 2009-10
Compliance Requirement: Procurement

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* states that when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

Condition:

While testing the annual contracts entered into with County vendors, we noted that for one selection, documentation supporting that a check of the EPLS was performed could not be provided, nor was a verification clause included in contracts to ensure the vendor was not suspended or debarred.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing of the procurement and suspension and debarment requirements of the program.

Effect:

The County increases its risk of contracting with a suspended and debarred vendor.

Cause:

The County did not maintain procedures requiring verification of the suspended and debarred status of items under fixed asset account codes.

Recommendation:

We recommend strengthening procedures to ensure that procurements and subawards of federally funded projects are verified against the EPLS for suspension or debarment.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-12 (Continued)

View of Responsible Official and Planned Corrective Actions:

Concur. Current procedures will be enhanced to include appropriate screenings through the EPLS for purchases of items under fixed asset account codes where the contract costs total $25,000 or more.

Finding 2010-13
Program: ARRA Senior Community Service Employment Program, ARRA WIA Cluster, ARRA Aging Cluster, ARRA CDBG Entitlement Grants Cluster
CFDA No.: 17.235, 17.258, 17.259, 17.260, 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053, 93.705, 93.707, 14.218, 14.253
Federal Grantor: U.S. Department of Labor, U.S. Department of Health and Human Services, U.S. Department of Housing and Urban Development
Passed-through: State of California
Award No.: Various
Award Year: Various
Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must "document at the time of the subaward and disbursement of funds, the federal award number, CFDA number, and the amount of ARRA funds."

Condition:

It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County's contracts/ agreements with subrecipients.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The County's procedures did not specifically ensure that the CFDA title and number, award name and federal agency, and amount of ARRA provided were identified at the time of disbursement.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-13 (Continued)

Recommendation:

We recommend the County enhance its procedures to ensure that the Federal award number, CFDA number, and the amount of ARRA funds is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

Concur. OC Community Resources (OCCR) Accounting staff that process payments have already been instructed to identify the disbursement of ARRA funds and include the CFDA number and pass-through number in the remittance section of each subrecipient check. This will be included in the procedures.

Finding 2010-14
Program: ARRA CDBG Cluster
CFDA No.: 14.218, 14.253
Federal Grantor: U.S. Department of Housing and Urban Development
Passed-through: N/A
Award No.: B-09-UY-06-0504
Award Year: 2009
Compliance Requirement: Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must "identify to first-tier sub recipients the requirement to register in the Central Contractor Registration (CCR), including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintaining the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c))."

Condition:

It was noted that the County did not review whether first-tier subrecipients registered with the CCR.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the subrecipient monitoring requirements associated with the County's contracts/agreements with subrecipients.

Effect:

The communication of the CCR requirement to subrecipients did not occur at the time the pass-through agreements were made.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-14 (Continued)

Cause:

The County's subrecipient monitoring procedures did not specifically ensure that the CCR requirement associated with ARRA funding was communicated to the subrecipients.

Recommendation:

We recommend the County enhance its procedures to ensure that CCR requirements associated with the pass-through of ARRA funding are identified to the subrecipients.

View of Responsible Official and Planned Corrective Action:

Concur. The County will ensure that CCR requirements are met. The County has updated the files with subrecipient's DUNS number for HUD reporting systems and will require CCR for future ARRA funding.

Finding 2010-15
Program: Senior Community Service Employment Program, ARRA Senior Community Service Employment Program
CFDA No.: 17.235
Federal Grantor: Department of Labor
Passed-through: State of California
Award No.: Various
Award Year: 2009-10
Compliance Requirement: Subrecipient Monitoring

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* states that a pass-through entity is responsible for "During-the-Award-Monitoring – Monitoring the subrecipient's use of federal funds."

Condition:

During our testing, we noted that the County performs onsite monitoring of the subrecipient, however, the participant timesheets are not reviewed as part of the County's monitoring process.

Questioned Costs:

None

Context:

The condition noted above was identified during testing of the subrecipient monitoring requirements. The costs supported by the timesheets are significant to the program.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-15 (Continued)

Effect:

As a result of the condition noted, there are costs supported by information maintained at the subrecipient that is not being monitored by the County.

Cause:

The onsite fiscal monitoring included only the costs on the reimbursement requests submitted to the County by the subrecipient. The program participants are paid directly from the County payroll system and therefore, the cost is not included on the subrecipient's reimbursement requests. Each participant's time is approved on timecards maintained at the subrecipient location.

Recommendation:

We recommend that the County enhance procedures over subrecipient monitoring to ensure that reported costs are properly supported.

View of Responsible Official and Planned Corrective Action:

Concur. Subrecipient monitoring procedures were enhanced for FY 2010-11 and now require staff, before on-site subrecipient monitoring is performed, to prepare a written plan of documentation to review. The planning process, approved by the Claims/Fiscal Monitoring Manager, will ensure that monitoring procedures cover both subrecipient reimbursement requests and participant timesheets for programs paid from the County payroll system.

Finding 2010-16
Program: Foster Care Title IV-E, ARRA Foster Care Title IV-E
CFDA No.: 93.658
Federal Agency: U.S. Department of Health and Human Services
Passed-through: State of California
Award No.: 1946001347 A7
Award Year: FY 2009-10
Compliance Requirement: Eligibility

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires that the County determine eligibility in accordance with the specific eligibility requirements defined in the approved state plan. These requirements include the maintenance of documentation necessary to support eligibility determinations and re-determinations. To ensure compliance with the eligibility requirements for the Foster Care program, the County maintains the following primary source documents; Statement of Facts Supporting Eligibility for AFDC-Foster Care and a required worksheet to determine whether certain eligibility requirements were met by potential Foster Care recipients, FC-2 and FC-3A respectively. As part of the County's procedures, the FC-2 must be signed by the eligibility worker and reviewed by the eligibility worker's supervisor.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2010-16 (Continued)

Condition:

Of the 60 case files selected for testwork, we noted one FC-2 did not have the eligibility worker's signature present and two case files where the eligibility worker's supervisor's review was not evidenced on the FC-2.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Foster Care Title IV-E program recipient case files.

Effect:

As a result of the condition, the internal control and compliance with regards to the above forms/requirements were not consistently documented.

Cause:

The County's procedures did not ensure that the Statement of Facts Supporting Eligibility for AFDC-FC (FC-2) was consistently reviewed.

Recommendation:

We recommend that the County enhance its procedures to ensure that the FC-2 is consistently signed by the eligibility worker documenting the review.

Views of Responsible Officials and Planned Corrective Actions:

SSA is committed to ensuring proper documentation and signatures are on file in our Foster Care cases. Eligibility for the cited cases was reviewed and correct benefits were issued. The re-determination forms have now been signed. In February 2011, we met with staff and supervisors and reminded them of the importance of ensuring application and re-determination forms are reviewed and signed. In March 2011, we implemented a new process providing supervisors with a report of all cases due for re-determination each month. Supervisors will use this report to ensure they have reviewed and signed the re-determination forms for the month. Additionally, we will continue our process of having second-line supervisors review a sample of re-determination cases for signature.

COUNTY OF ORANGE, CALIFORNIA

SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2010

Finding No.	Program	CFDA No.	Compliance Requirement	Status of Corrective Action
2009-01	SNAP Cluster, ARRA SNAP Cluster	10.551, 10.561	Reporting	Partially Implemented - See Current Year Finding 2010-07
2009-02	SNAP Cluster, ARRA SNAP Cluster	10.551, 10.561	Special Tests and Provisions	Not Implemented. See Current Year Finding 2010-11
2009-03	HOME	14.239	Special Tests and Provisions	Implemented
2009-04	Regional Narcotics Supression Program	16.Unknown	Reporting	Implemented
2009-05	WIA Cluster, ARRA WIA Cluster, Aging Cluster, Homeland Security Cluster	17.258, 17.259, 17.260, 93.041, 93.042, 93.044, 93.045, 93.052, 93.053, 97.067	Subrecipient Monitoring	Partially Implemented - See Current Year Finding 2010-03
2009-06	WIA Cluster, ARRA WIA Cluster	17.258, 17.259, 17.260	Subrecipient Monitoring	Implemented
2009-07	Temporary Assistance for Needy Families	93.558	Eligibility and Special Tests and Provisions	Partially Implemented - See Current Year Finding 2010-06
2009-08	Foster Care Title IV-E	93.658	Reporting	Partially Implemented - See Current Year Finding 2010-09
2009-09	Foster Care Title IV-E	93.658	Eligibility	Partially Implemented - See Current Year Finding 2010-16
2009-10	Foster Care Title IV-E and Adoption Assistance Program	93.658, 93.659	Reporting	Implemented
2009-11	Medicaid Cluster	93.778	Eligibility	Partially Implemented - See Current Year Finding 2010-10
2009-12	Homeland Security Cluster	97.067	Eligibility	Implemented

COUNTY OF ORANGE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

DAVID E. SUNDSTROM, CPA
AUDITOR-CONTROLLER

Heritage Hill Historical Park

This year's cover depicts Heritage Hill Historical Park which is Orange County's first historic park. This 4 acre property is home to the Serrano Adobe, the El Toro Grammar School, St. George's Episcopal Mission, and the Bennett Ranch House. These fully restored early California buildings have nineteenth and twentieth century furnishings, artifacts and landscaping set in a historic village setting.

Programs and Special Events:

Free weekly "walk-in" tours are available for individuals and groups of seven or less on Wednesday, Thursday, and Friday at 2:00 p.m., Saturday and Sunday at 11:00 a.m. and 2:00 p.m. Tours for groups of eight or more should be arranged at least three weeks in advance. The fee for group tours is $2 per person.

In addition to the individual and prearranged group tours, there are programs specifically offered to children. Third grade students can enjoy a hands-on program with activities at the various historical buildings. Fourth grade students can experience a turn-of-the-century school day as a part of the Living History program. All elementary school children have the opportunity to take a Native American tour which features a visit to the Indian village exhibit. Small group nature tours are available to groups of all ages.

Heritage Hill Historical Park offers a unique and charming setting for a wide variety of special events including weddings, receptions, corporate functions, Victorian teas, as well as country and western style events. The park is also widely known for its Christmas celebration held on the first Saturday of December.

Location:

Heritage Hill Historical Park is situated in the community of Lake Forest (El Toro) near the intersection of Lake Forest Drive and Serrano Road. The park is open Wednesday through Sunday, from 9:00 a.m. to 5:00 p.m.

For more information about Heritage Hill Historical Park, please visit www.ocparks.com/heritagehill/ or call (949) 923-2230.

Acknowledgements:

Information courtesy of OC Parks

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Cover Design by Agustin Guzman, Volunteer Graphic Artist
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County of Orange

State of California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2010

David E. Sundstrom, CPA
Auditor-Controller

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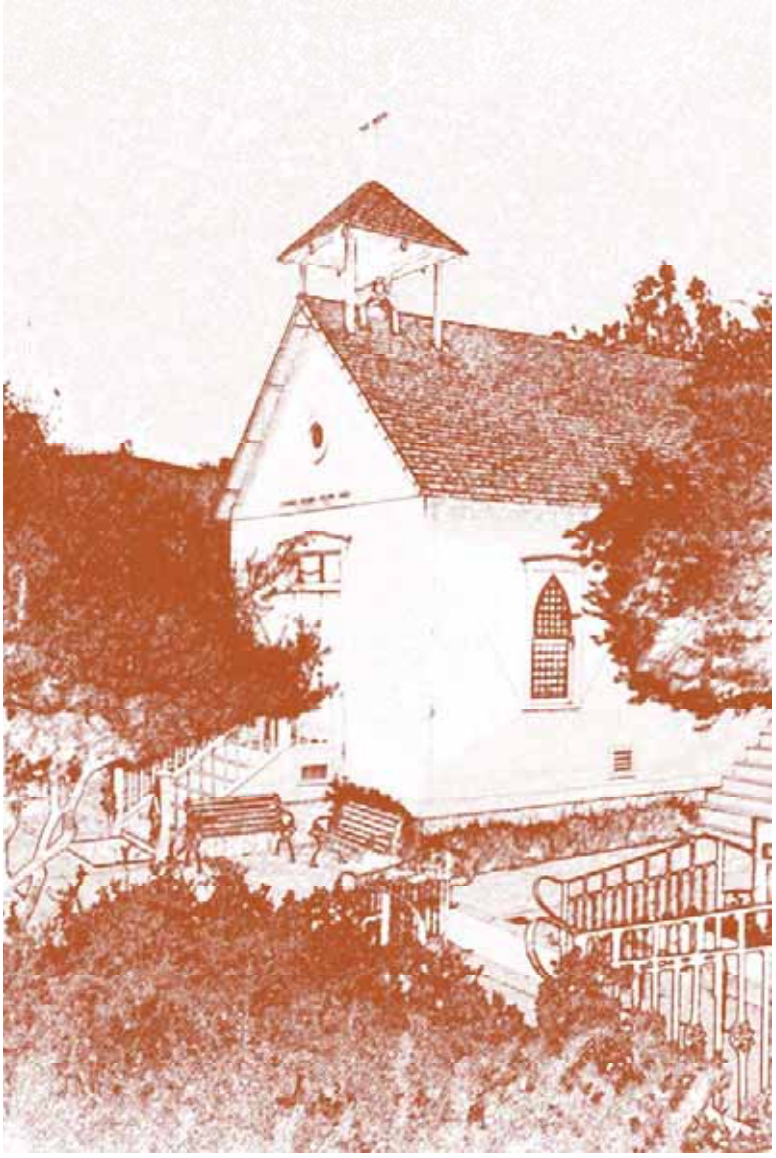
COUNTY OF ORANGE
CALIFORNIA



Heritage Hill Historical Park, St. George's Episcopal Mission, Lake Forest, CA

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COUNTY EXECUTIVE OFFICE
COUNTY OF ORANGE

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December 16, 2010

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, 2010, 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 Vavrinek, Trine, Day & Co., LLP. The goal of the independent audit was to provide reasonable assurance about whether the basic financial statements of the County for the year ended June 30, 2010, are free of material misstatement. The independent certified public accounting firm has issued an unqualified ("clean") opinion on the County's financial statements as of and for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

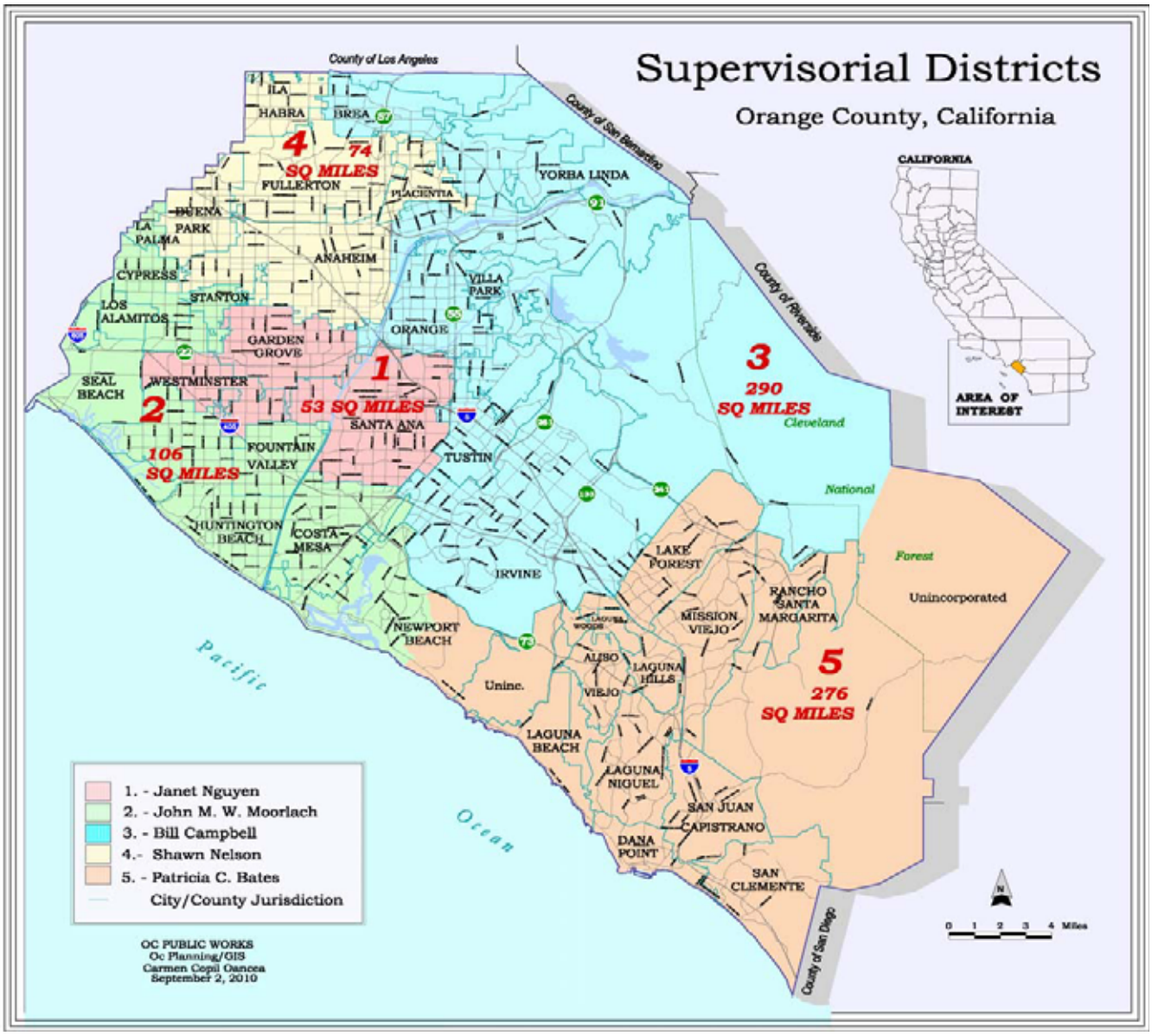
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and an analysis of the basic financial statements.

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 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 14, 2001, incorporating the results of the 2000 census. A County Executive Officer directly oversees 17 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)	Indigent Medical Services
Agricultural Commissioner	Jails & Juvenile Facilities
Airport	Juvenile Justice Commission
Child Protection & Social Services	Landfills & Solid Waste Disposal
Child Support Services	Law Enforcement
Clerk-Recorder	Local Agency Formation Commission
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
Grand Jury	Tax Assessment Collection & Appeals
Harbors, Beaches & Parks	Veterans Services
Disaster Preparedness	Weights & Measures

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

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

Source: County of Orange Facts and Figures, 2010

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 one component unit, the Children and Families Commission of Orange County, which requires 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, 2010: the Orange County Flood Control District, Orange County Development Agency, Orange County Housing Authority, Orange County Financing Authority, Orange County Special Financing Authority, Orange County Public Financing Authority, Orange County Public Facilities Corporation, In-Home Supportive Services Public Authority, and certain special districts. Additional information on these entities can be found in Note 1 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 Supplementary 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; encumbrances outstanding at that time are reported as reservations of fund balances for the following year's budget. Additional information on the budgetary process can be found in Note 1 in the Notes to the Basic Financial Statements.

The County of Orange eGovernment website portal at http://egov.ocgov.com/ocgov/ provides online services and extensive information about County government to Orange County residents, businesses, partners, and visitors. During Fiscal Year (FY) 2009-2010, the website received over 8 million visits and served just under 36 million pages of information. The County's website includes information about the Board, County job listings, purchasing bid solicitations, County directories, 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, such as ordering birth, death and marriage certificates, performing a fictitious business name search, looking up election results and polling places, and paying property taxes. It also includes the ability to view both live and archived Board meetings, and online public comments to Board agendas. The County continues to improve the website by increasing the citizens' 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 routinely out-performs local surrounding counties, the state and national economies (in annual percentage growth), and, in fact, ranks higher (in absolute dollars) than the economies of the majority of the world's countries. External indicators show a leveling off in the local economy.

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

According to Chapman University, Orange County's job growth is expected to decrease by 1.3% in 2010 and result in approximately 17,755 fewer jobs relative to 2009. This compares to decreases of 1.4% for the State of California and 0.3% at the national level.

According to Chapman University, inflation, as measured by the Consumer Price Index (CPI), is expected to be comparable for Orange County relative to the U.S. and the State of California in 2010. (see Table 2).

Table 1 : Unemployment Rate Comparison

Primary Government Entity	August 2010 Unemployment Rate
United States	9.6%
California	12.4%
Los Angeles County	12.9%
Orange County	**9.6%**
Riverside County	15.3%
San Bernardino County	14.2%
San Diego County	10.6%

Unemployment and Expected Job Growth Rates

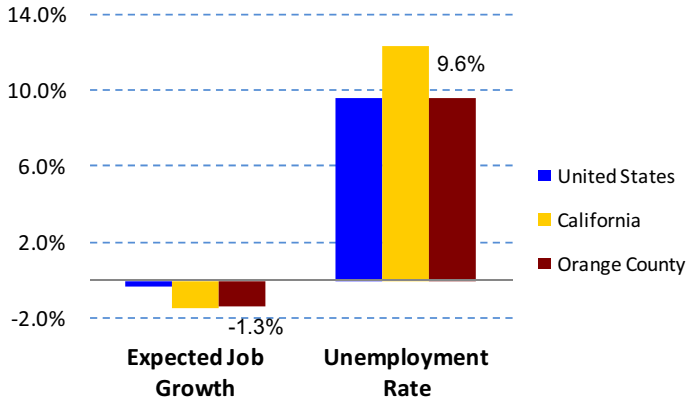


Table 2: 2010 – Projected Increase of the CPI

United States	California	Orange County
2.5%	2.4%	2.5%

Sources: State of California, Employment Development Department
Economic & Business Review, Chapman University, June 2010

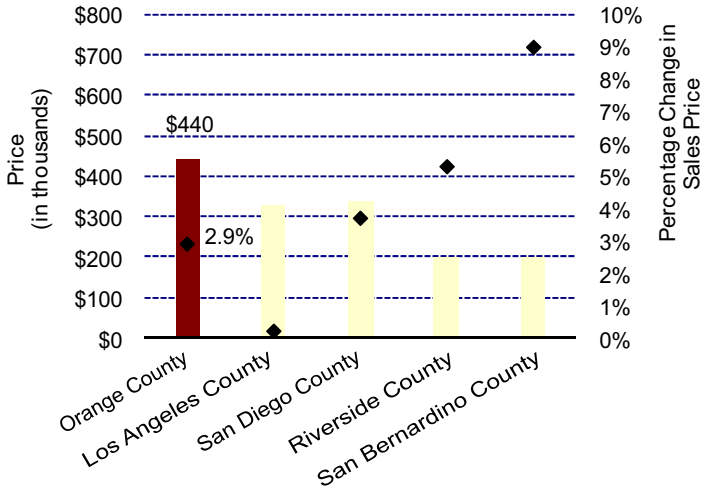
Orange County's Housing and Urban Development median family income is expected to be $87,200 (absolute dollars) in 2010, up from $86,100 (absolute dollars) in 2009. Median family incomes in Orange County continue to exceed all surrounding Southern California counties, the State of California and the nation (see Table 3).

According to DataQuick Information Systems, the median home sales price for new and existing homes in Orange County was $440,000 (absolute dollars) in August 2010, representing a 2.9% increase relative to August 2009. This increase is a reversal in trend when compared to the same time in 2009 when home prices actually decreased by 2.8% in August 2009 relative to August 2008. This change in trend is also reflected in other Southern California counties as well. The actual median sales price in Orange County continues to exceed all surrounding counties (see Table 4).

For the future, Chapman University is projecting housing affordability (compared to other parts of the country) will remain low.

In terms of internal trends, current and projected indicators suggest that the Orange County economy will level off throughout 2010. Historical point-in-time unemployment rates in Orange County during the month of August show a leveling off in 2010 relative to 2009.

Comparison of Median Home Sales Price and Price Changes Among Counties

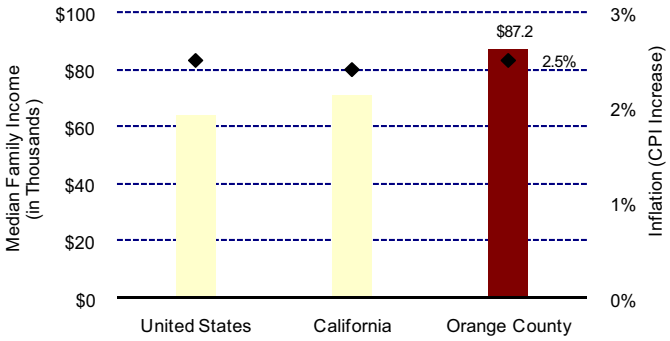


Source: DataQuick Information Systems, October 2010

Table 3: Median Family Income Comparison

Primary Government Entity	Median Family Income (absolute dollars)
United States	$64,400
California	$71,000
Los Angeles County	$63,000
Orange County	**$87,200**
Riverside County	$65,000
San Diego County	$75,500

Comparisons of Inflation and Median Family Income



Sources: Economic & Business Review, Chapman University, June 2010
U.S. Department of Housing and Urban Development, 2010

Table 4: Median Home Sales Price Comparison – Southern California Counties – August 2010

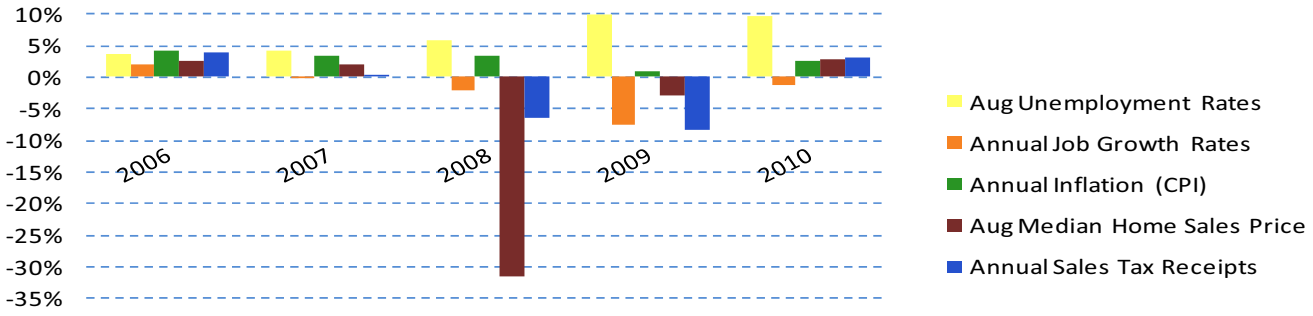
Primary Government Entity	Median Home Sales Price Change Increase	Median Home Sales Price (absolute dollars)
Los Angeles County	0.2%	$330,000
Orange County	**2.9%**	**$440,000**
Riverside County	5.3%	$200,000
San Bernardino County	9.0%	$158,000
San Diego County	3.7%	$337,000

Table 5 shows various internal indicators reflecting the leveling off or slight recovery of Orange County's economy. First, job growth loss is expected to be less in 2010 compared to 2009, -1.3% versus -7.4%. Second, year-to-year home sales prices have reversed in trend from -2.8% in August 2009 to +2.9% in 2010. Third, changes in taxable sales in Orange County have also reversed in trend from -8.3% in 2009 to an expected +3.0% in 2010.

Table 5: Orange County Historical Data

Historical Indicators	2006	2007	2008	2009	2010
Aug Unemployment Rates	3.6%	4.2%	5.8%	9.8%	9.6%
Annual Job Growth	1.9%	(0.2%)	(2.2%)	(7.4%)	(1.3%)
Annual CPI Inflation	4.3%	3.3%	3.5%	0.8%	2.5%
Aug Median Home Sales Price increase	2.6%	1.9%	(31.5%)	(2.8%)	2.9%
Annual Change in Taxable Sales	3.9%	0.2%	(6.4%)	(8.3%)	3.0%

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 2010
DataQuick Information Systems, August 2010

In summary, the economy in Orange County is beginning to show some signs of recovery, although still very slow.

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 2010 Strategic Financial Plan (SFP) on December 14, 2010. The 2010 SFP is the foundation in planning for continued financial stability and will be augmented by the monitoring and establishment of budgetary controls, via the FY 2010-11 quarterly budget reporting process and the adoption of the FY 2011-12 Budget. The five-year SFP projections indicate that General Purpose Revenue growth will be in the range of 1% to 2% for the early years of the plan with improved growth rates of 3% to 4% in years four and five respectively. The low 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 2010 SFP reflects a 20% reduction in FY 2011-12 Net County Cost limits compared to FY 2007-08
- New lower benefit pension tier for general employees
- Increased pension contribution for most safety employees
- Negotiation of labor contracts with general and safety members that includes no general salary increase
- Continuation of the policy to not backfill State budget reductions
- Internal financial program to support major information technology projects
- Departments continue to monitor the State budget for additional impact and take action when quantifiable

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 2014.

The SARMP is designed to provide flood protection to the growing urban communities in Orange, Riverside and San Bernardino Counties. The proposed improvements to the system cover 75 miles, from the headwater of the Santa Ana River east of the city of San Bernardino to the mouth of the river at the Pacific Ocean between the cities of Newport Beach and Huntington Beach. The project will increase levels of flood protection to more than 3.35 million people within the three county areas. The project includes seven independent features: Seven Oaks Dam, Mill Creek Levee, San Timoteo Creek, Oak Street Drain, Prado Dam, Santiago Creek and the Lower Santa Ana River. More information on the SARMP is available in Note 15, Construction and Other Significant Commitments. To learn more about the SARMP, visit the Orange County Flood Control Division's website at http://www.ocflood.com.

Trial Court Facilities: On September 30, 2002, Governor Gray Davis signed the Trial Court Facilities Act of 2002 (SB 1732). This landmark legislation shifts governance of California's more than 450 courthouse facilities from the counties to the State. The bill took effect on January 1, 2003, and required the transfer of all court facilities before June 30, 2007. In April 2008, AB 1491 extended the deadline to December 31, 2009, for the transfer of court facilities to the State. The State Administrative Office of Courts (State AOC) is under direction to continue to work on transfers, and to prepare the transfer agreements, pending legislative approval. The County formed a transition task force and negotiating team to develop a plan to identify the impacts and the steps necessary to ensure a smooth and timely transition. Some important issues were bonded indebtedness, calculation of county facilities payments for each court facility, seismic ratings of court buildings, County space allocation, parking space allocation, approved capital projects, former Federal modular court facility, and transfer/financing of the proposed new South Justice Center. All of the important issues have been resolved by the County through negotiations and dispute resolution processes.

On July 28, 2009, the Board approved an agreement with the State AOC to transfer the Harbor Court facility. On October 20, 2009, the Board approved an agreement with the State AOC to transfer the Irvine Lease and Laguna Hills leased court facilities in South County. On November 10, 2009, the Board approved an agreement with the State AOC to transfer the North County Trial Court facilities located in Fullerton and the West Justice Center Trial Court facilities located in Westminster. On November 24, 2009, the Board approved an agreement with the State AOC to transfer the Lamoreaux Court facilities located in Orange. On December 8, 2009, the Board approved an agreement with the State AOC to transfer the Central Court, the Civil Complex Center and the Community Court facilities located in Santa Ana. The transfer of title for the West Court, North Court, Lamoreaux Court, and Harbor Court is deferred for the next 35 years or until we are relieved from the seismic liabilities. These actions complete the Court Transfer process required by State legislation.

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 $170,000 pending final project design approvals. The initial phase of improvements are expected to be funded with a combination of bond proceeds, State Department of Boat and Waterways (DBW) loans ($24,500), and funds on hand that have been reserved for the Harbor Improvement Plan. The OC Dana Point Harbor and County Executive

Office Public Finance staff are expected to present the initial financial plan to the Public Facilities Advisory Committee and the Board during calendar year 2011.

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. The following table summarizes the County's financial management practices. For additional information regarding the County's financial management practices, visit the CEO Finance and Budget website at www.ocgov.com/financials/finance.asp.

Relevant Financial Policies	
Department Business Plans	Each County Department prepares a biennial Business Plan. Business Plans communicate the value the department brings to the community and outcome indicators that measure performance. A business plan sets forth long-term goals, operational and budget challenges, strategies for overcoming challenges and progress towards achieving those goals during the coming year.
Multi-year Strategic Financial Plan	The County's Strategic Financial Plan 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. Department Business Plans are a key element of the Strategic Financial Plan 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 Strategic Financial Planning process. Department budgets are consistent with the priorities and operations plans contained in the Strategic Financial Plan and the approved departmental business plans. 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 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.

Relevant Financial Policies (Continued)	
Contingency Planning Policy	The County General Fund maintains a Reserve for Contingencies. The target amount for this reserve is 10% of ongoing annual general purpose revenues (excludes fund balance available and one-time amounts and transfers). For FY 2009-10, the Board set the target amount for the reserve as $61,300. The current balance is $61,300. 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.
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 Strategic Financial Plan 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 as Ex-Officio (non-voting), the Performance Audit Director as Ex-Officio (non-voting), 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.

Relevant Financial Policies (Continued)	
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 initiates an annual audit of the Treasurer's compliance with the IPS. Annually, the TOC submits the IPS to the Board of Supervisors for approval including any additions or amendments thereto. The TOC membership consists of the following: the elected Auditor-Controller, the County Executive Officer, the elected County Superintendent of Schools, one special district representative member, and one member from the public sector appointed 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.

Investment Strategies in Uncertain Financial Markets

The Treasurer's Investment Pools have weathered the turbulent financial markets well. Over the last year, the Treasurer maintained his strategy of a heavy concentration in United States government agencies effectively guaranteed by the Federal government. The Treasurer combined a strategic focus to keep the Pools' investments safe with maintenance of liquidity in excess of the participants' cash needs.

Credit and Debt Management Policy Strategies in Uncertain Financial Markets

Ratings downgrades occurred for a variety of public and private entities. However, the County of Orange has not experienced any downgrades nor is the County on credit watch by any of the rating agencies. In June 2010, the County received the best available short-term ratings (MIG 1 by Moody's, and SP-1+ by S&P) for its 2010-11 Tax and Revenue Anticipation Note of $150,000 and had its long-term issuer rating confirmed.

Major Initiatives

Water Quality: 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 program, a section of the federal Clean Water Act. Permits are issued by two regional water quality control boards covering Orange County for five-year terms. The County is the principal Permittee under both permits. The most recent permits issued in 2009 imposed stricter, more detailed, requirements than previous municipal storm water permits to increase Permittee accountability, expand local regulatory oversight of the built environment, transform land development requirements and include additional Total Maximum Daily Loads (TMDLs). The Permittees are specifically required to integrate water quality protection, Low Impact Development (LID) and hydromodification mitigation obligations into the Permittee's planning approval processes for land development; inspect commercial and industrial businesses, construction sites and municipal facilities to ensure the adoption of appropriate water quality protection measures (termed best management practices or BMPs); conduct public education and outreach; monitor the water quality in streams, flood control channels, harbors, bays, and beaches; and report their activities and monitoring results to the two regional water quality control boards. The permits also require collaborative water quality planning initiatives in all eleven major watersheds in the County and direct the Permittees to cooperate in appropriate water quality management programs across the region.

Because of the importance of beach recreation to Orange County's economy and quality of life, the Permittees are investing heavily in runoff reduction and treatment programs. At the same time, the County is leading a regional coalition to review and update the water quality standards that are used to determine whether beaches and streams are unsafe because of pollution. Recently, completed projects include a $50,000 restoration of Upper Newport Bay that improves the ecosystem and achieves regulatory compliance for the County, the OC Flood Control District, and cities upstream of the Bay.

Labor Agreements: Multi-year labor agreements that include pension reform, no general salary increases and reductions in overtime costs have been approved with the Orange County Employees Association (OCEA) and several other bargaining units. These agreements are for three years through June of 2012. The Orange County Managers Association (OCMA) agreed to an extension of their contract through January of 2011 and the Orange County Attorneys Association (OCAA) agreed to an extension of their contract to June 2011 and was granted a previously negotiated general salary increase of 3.5% effective June 18, 2010; a work furlough program was implemented for the remainder of the fiscal year to help cover the cost of the increase. These groups represent over 15,000 of the County's 17,658 employees.

The pension reform provides new and existing employees the option of selecting a new retirement benefit formula (1.62% of pay times years of service at age 65) which would significantly reduce retirement benefit costs for employees and the County. Employees selecting the new plan would be eligible for a new Defined Contribution Plan with a County match of contributions up to a maximum of 2% of pay. The County continues to work with the Internal Revenue Service (IRS) to implement regulatory changes that are required for existing employees to select the new benefit formula.

Negotiations with the Association of Orange County Deputy Sheriffs (AOCDS) concluded in February 2010 for the Peace Officer and Supervising Peace Officer bargaining unit. The key elements of the agreement are:

- Three-year term from October 9, 2009 through October 4, 2012
- No general salary increases
- Employee contributions to pension of 5%, phased in over the term of the contract
- New, lower retirement formula of "3% at 55" for new employees hired after the Board Resolution was adopted
- New employee pension contributions of 6.6%
- Overtime paid on hours actually worked, not on all hours paid

County of Orange Retiree Medical Plan: On April 6, 1993, the Board approved the County of Orange Retiree Medical Plan (the Retiree Medical Plan) to become effective August 1, 1993. Historically, the County funded the Retiree Medical Plan on a "pay-as-you-go" basis and had not established a long term financing plan. Based on actuarial valuation of the plan as of June 30, 2005, the County's Unfunded Actuarial Accrued Liability (UAAL) for this Other Postemployment Benefits (OPEB) plan was $1,418,692 (unaudited).

Following the Board's approval of agreements with labor groups for the restructuring of the Retiree Medical Plan, the County's total UAAL for the June 2009 valuation of the restructured plan was approximately $361,895 (unaudited), a decrease of over one billion dollars from the June 30, 2005, valuation. The County is paying the full amount of its Annual Required Contribution (ARC) for its OPEB obligation. The County is one of the few large government entities that has significantly reduced its OPEB obligation.

Refer to Note 19, Postemployment Health Care Benefits, for further details on the Retiree Medical Plan.

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, 2009. This represents the County's 15th 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 generally accepted accounting principles 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 seventh consecutive Popular Annual Financial Report (PAFR) titled the "OC Citizens' Report" for the year ended June 30, 2009. 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://egov.ocgov.com/ocgov/Auditor-Controller - David Sundstrom/Financial Statements.

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

Respectfully submitted,

David E. Sundstrom, CPA
Auditor-Controller

Robert Franz
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Orange California

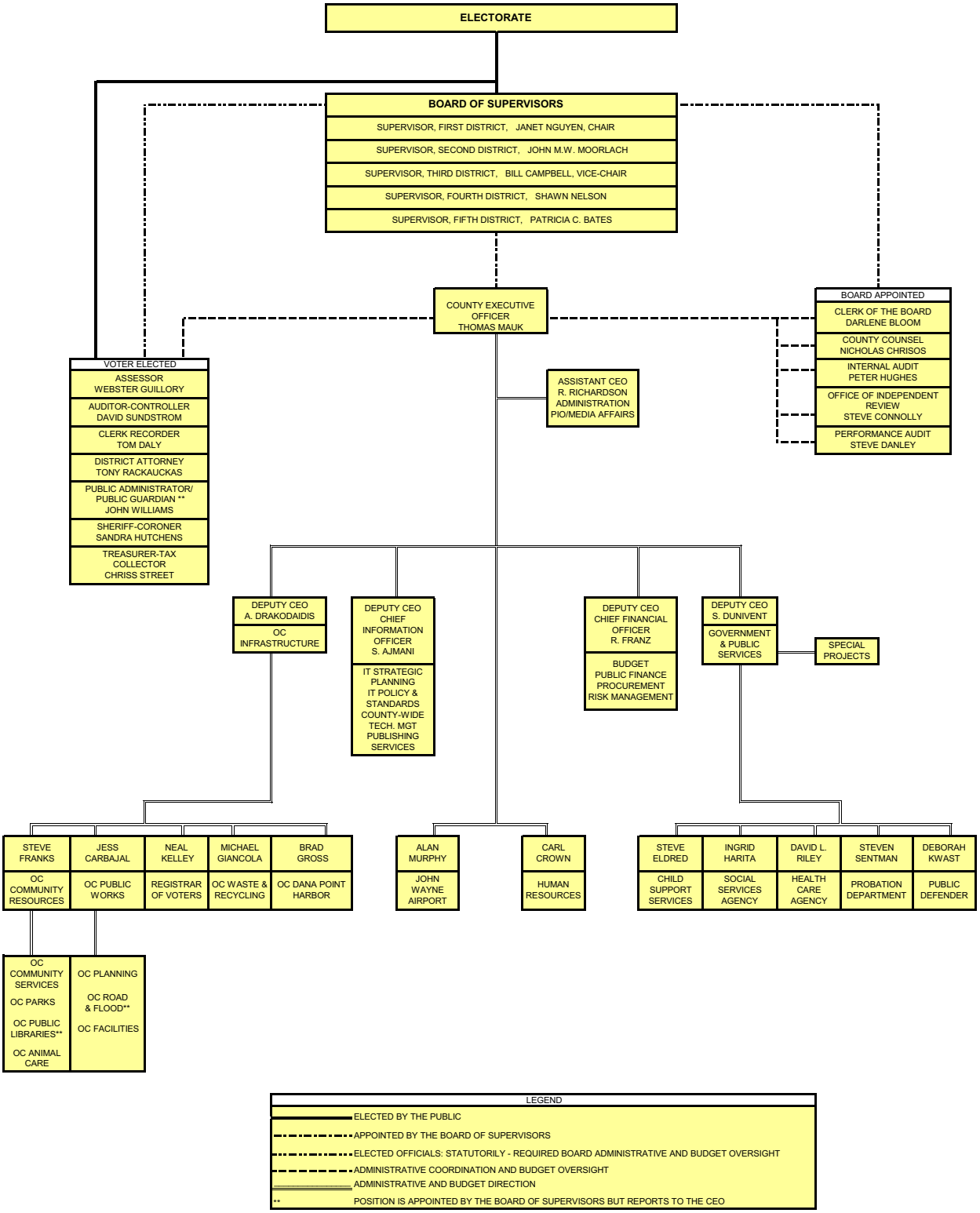
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

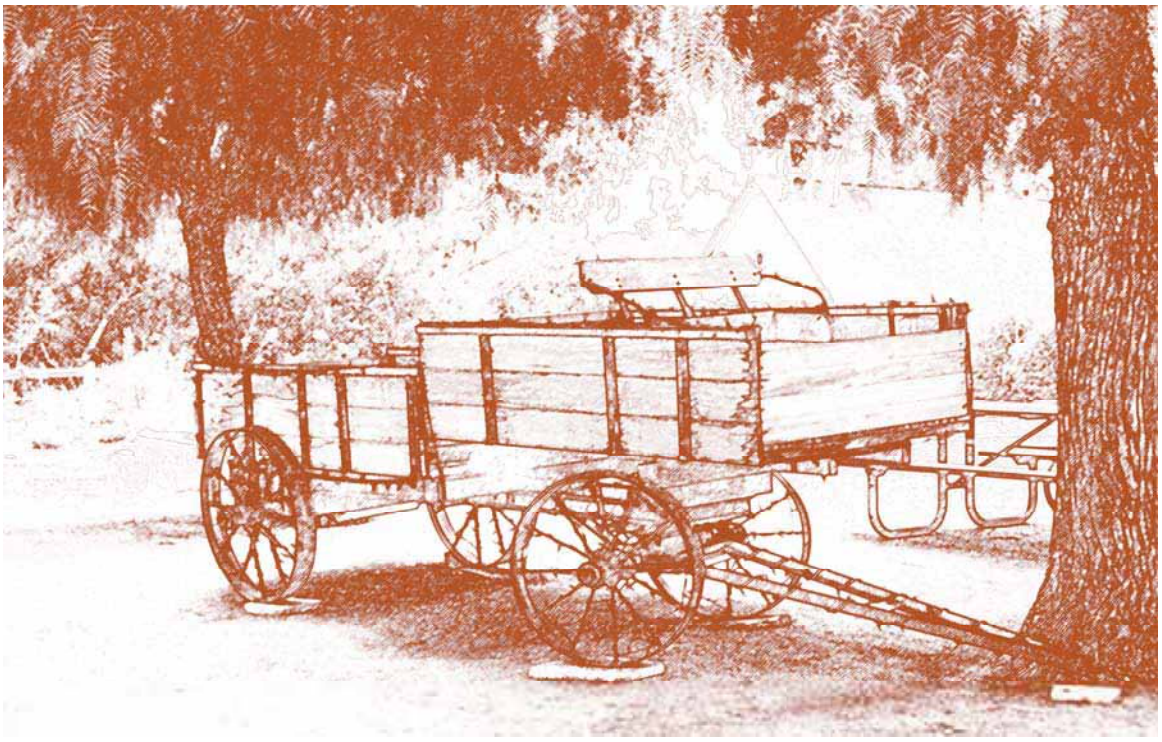
Executive Director

ORGANIZATIONAL CHART
(As of June 30, 2010)



SOURCE: Orange County Executive Office/County Budget

COUNTY OF ORANGE
CALIFORNIA



Heritage Hill Historical Park, Lake Forest, CA

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of Orange, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Orange, California (County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and each of the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 2 to the financial statements, the County has adopted the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* as of July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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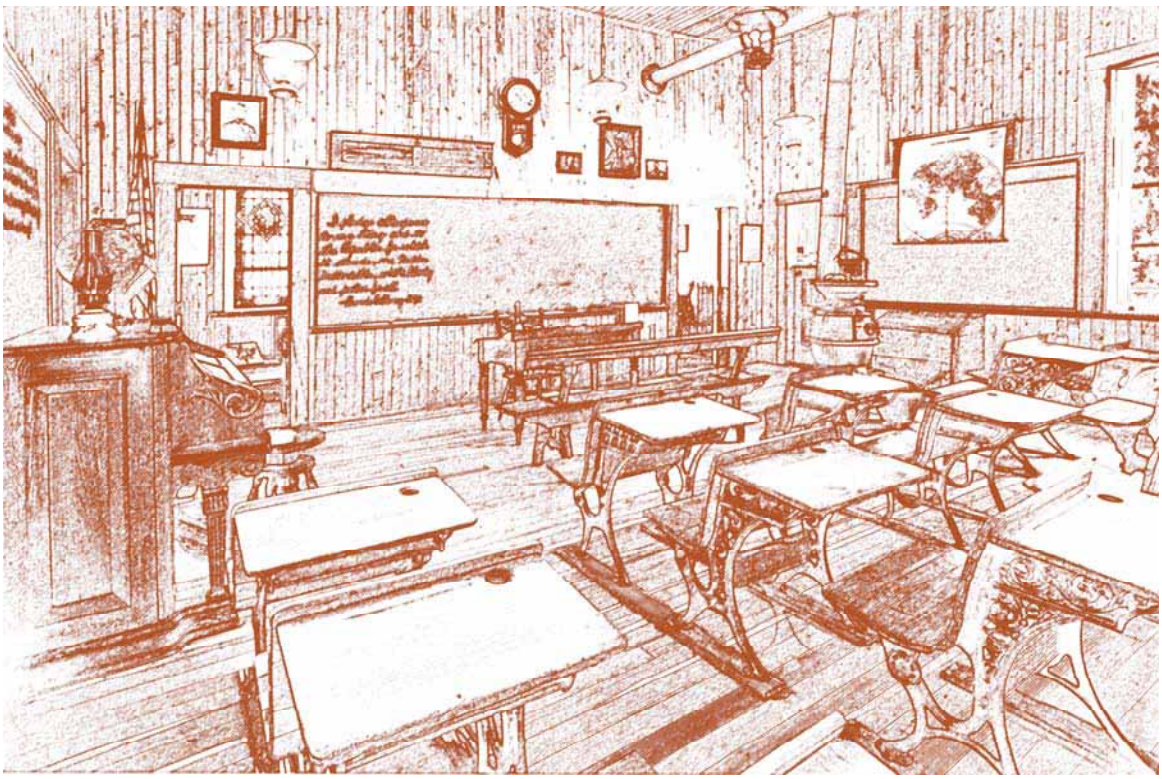
The management's discussion and analysis on pages 17 through 41 and the schedules of funding progress and employer contributions on pages 145 through 146 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 16, 2010

COUNTY OF ORANGE
CALIFORNIA



Heritage Hill Historical Park, El Toro Grammar School, Lake Forest, CA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2010. 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 assets increased by $138,802, or 3% as compared to last year.
- Long-term debt increased by $141,570, or 22% during the current fiscal year.
- The County's governmental funds reported combined ending fund balances of $1,748,880, an increase of $2,057, or less than 1% in comparison with the prior year.
- Unreserved fund balance in the General Fund was $6,443, or less than 1% of total FY 2009-10 expenditures and transfers of $2,603,746.
- General Fund revenues and transfers ended the year 5% below budget.
- General Fund expenditures and transfers ended the year 8% below budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

<table>
<tr><th colspan="4">Basic Financial Statements</th></tr>
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<tr><th>Governmental Funds</th><th>Proprietary Funds</th><th>Fiduciary Funds</th></tr>
<tr><td rowspan="2">Statement of Net Assets</td><td>Balance Sheet</td><td>Statement of Net Assets</td><td rowspan="2">Statement of Fiduciary Net Assets</td></tr>
<tr><td rowspan="2">Statement of Revenues, Expenditures, and Changes in Fund Balances</td><td rowspan="2">Statement of Revenues, Expenses, and Changes in Fund Net Assets</td></tr>
<tr><td rowspan="2">Statement of Activities</td><td rowspan="2">Statement of Changes in Fiduciary Net Assets</td></tr>
<tr><td>Budgetary Comparison Statement</td><td>Statement of Cash Flows</td></tr>
<tr><td colspan="4">Notes to the Basic Financial Statements</td></tr>
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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 Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Fund Net Assets Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
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 and current financial resources measurement focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources focus
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 Assets 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 Assets*** provides information regarding all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets 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 Assets 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 Children and Families Commission of Orange County, a discretely presented component unit, is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

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

The fund financial statements report on groupings of related funds that are used to maintain control over resources that have been segregated for specific activities or objectives. A fund is a separate accounting entity with a self-balancing set of accounts. Like other state and local governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental and proprietary fund financial statements is on major funds as determined by the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 34 *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."* 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 2009-10, an increase of $61,751 in net assets in the government-wide financial statements was reported, and an increase of $2,057 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 fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport and Waste Management operations, which are both considered to be major funds of the County. Conversely, the Internal Service Funds are combined into a single, aggregated presentation in the proprietary 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 assets may serve over time as a useful indicator of the County's financial position. At June 30, 2010, the County's combined net assets (governmental and business-type activities) totaled $4,794,221, an increase of 3% from FY 2008-09.

COMPONENTS OF NET ASSETS

- Invested in Capital Assets, Net of Related Debt
- Restricted
- Unrestricted

The largest component of the County's net assets (65%) was **invested in capital assets, less any related outstanding debt** used to acquire those assets. In FY 2009-10, the County implemented GASB Statement No. 51, *"Accounting and Reporting for Intangible Assets,"* which requires identifiable intangible assets be reported in the statement of net assets. As a result, the County's net assets invested in capital assets net of related debt increased, since capital assets now include land, structures and improvements, equipment, construction in progress, infrastructure, and intangible assets, such as software and software in development. 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. Refer to Note 2, Changes in Accounting Principles, for more information regarding GASB Statement No. 51.

The County's **restricted** net assets total $1,384,586 which represents 29% of its net assets. Restricted net assets are resources subject to external restrictions on how they may be used. 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 assets is **unrestricted net assets.** Unrestricted net assets are resources that the County may use to meet its ongoing obligations to citizens and creditors. As of June 30, 2010, governmental activities showed a $9,986 deficit in unrestricted net assets, compared to a deficit of $1,271 in FY 2008-09. The deficit in unrestricted net assets is primarily the result of the County's bankruptcy related debt, and is not a reflection of the County's lack of resources to meet its ongoing obligations to the citizens and creditors. Due to the County's inclusion of intangible assets, unrestricted net assets is shown more positively, since the deficit balance would have been greater had the expenditures for the intangible assets not been capitalized.

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

NET ASSETS – Primary Government
June 30, 2010

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current and other assets	$ 2,725,572	$ 2,773,189	$ 894,078	$ 733,000	$ 3,619,650	$ 3,506,189
Capital assets	2,634,116	2,523,055	653,768	558,032	3,287,884	3,081,087
Total Assets	**5,359,688**	**5,296,244**	**1,547,846**	**1,291,032**	**6,907,534**	**6,587,276**
LIABILITIES						
Long-term liabilities	1,087,441	1,315,785	466,356	253,060	1,553,797	1,568,845
Other liabilities	472,347	279,866	87,169	83,146	559,516	363,012
Total Liabilities	**1,559,788**	**1,595,651**	**553,525**	**336,206**	**2,113,313**	**1,931,857**
NET ASSETS						
Invested in capital assets, net of related debt	2,560,468	2,445,397	537,375	493,658	3,097,843	2,939,055
Restricted	1,249,418	1,256,467	135,168 *	461,168 *	1,384,586	1,717,635
Unrestricted	(9,986)	(1,271)	321,778 *	-- *	311,792	(1,271)
Total Net Assets	**$ 3,799,900**	**$ 3,700,593**	**$ 994,321**	**$ 954,826**	**$ 4,794,221**	**$ 4,655,419**

* In accordance with GASB 2010-11 Comprehensive Implementation Guide, net assets for business-type activities have been reclassified in the government-wide statements to be consistent with the classification of net assets in the enterprise fund financial statements.

As of June 30, 2010, the County's total assets increased by 5% or $320,258 during the current fiscal year. Current and other assets increased by $113,461 (3%) due primarily to an increase in restricted cash and cash equivalents for the unspent bond proceeds from the issuance of the Airport Revenue Bonds, Series 2009A and 2009B. The increase in current and other assets is also attributable to State allocations of Mental Health Services Act (MHSA) funds. The recognition of intangible assets in the statement of net assets was a factor contributing to the total increase in capital assets of $206,797 (7%). Other significant causes for the increase in capital assets include construction for the Airport Improvement Program (AIP) and the acquisition of property for the Prado Dam project.

Total liabilities for FY 2009-10 increased by 9% or $181,456. Other liabilities increased by $196,504 (54%), mostly due to the restructuring of the Teeter program from long-term bonds to a short-term commercial paper program. Long-term liabilities decreased by $15,048 (1%) due to the restructuring of the Teeter program offset by the issuance of the Airport Revenue Bonds, Series 2009A and 2009B. Refer to Note 10, Short-Term Obligations, for information on the Teeter Plan Obligation Commercial Paper Notes Series A and Note 11, Long-Term Obligations, for information on the Airport Revenue Bonds, Series 2009A and 2009B.

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

CHANGES IN NET ASSETS – Primary Government
For the Year Ended June 30, 2010

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program Revenues:						
Charges for Services	$ 508,632	$ 531,250	$ 209,227	$ 218,551	$ 717,859	$ 749,801
Operating Grants and Contributions	1,741,762	1,641,501	1,432	171	1,743,194	1,641,672
Capital Grants and Contributions	16,828	94,031	8,077	7,466	24,905	101,497
General Revenues:						
Property Taxes	475,988	456,924	--	--	475,988	456,924
Property Taxes in Lieu of Motor Vehicle License Fees	229,635	232,760	--	--	229,635	232,760
Other Taxes	93,024	94,184	--	--	93,024	94,184
Grants and Contributions not Restricted to Specific Programs	10,299	27,637	--	--	10,299	27,637
State Allocation of Vehicle Motor License Fees	46,697	50,390	--	--	46,697	50,390
Other General Revenues	70,037	63,021	8,864	18,118	78,901	81,139
Total Revenues	**3,192,902**	**3,191,698**	**227,600**	**244,306**	**3,420,502**	**3,436,004**
EXPENSES						
General Government	165,489	268,092	--	--	165,489	268,092
Public Protection	1,160,823	1,230,894	--	--	1,160,823	1,230,894
Public Ways and Facilities	120,135	108,748	--	--	120,135	108,748
Health and Sanitation	578,983	593,331	--	--	578,983	593,331
Public Assistance	931,469	898,668	--	--	931,469	898,668
Education	41,009	41,265	--	--	41,009	41,265
Recreation and Cultural Services	90,649	81,896	--	--	90,649	81,896
Interest on Long-Term Debt	53,782	59,751	--	--	53,782	59,751
Airport	--	--	92,068	91,959	92,068	91,959
Waste Management	--	--	84,754	79,374	84,754	79,374
Compressed Natural Gas	--	--	95	--	95	--
Total Expenses	**3,142,339**	**3,282,645**	**176,917**	**171,333**	**3,319,256**	**3,453,978**
Excess/(Deficit) before Transfers	50,563	(90,947)	50,683	72,973	101,246	(17,974)
Transfers	11,188	14,129	(11,188)	(14,129)	--	--
Increase/(Decrease) in Net Assets	**61,751**	**(76,818)**	**39,495**	**58,844**	**101,246**	**(17,974)**
Net Assets - Beginning of the Year, as Restated	3,738,149	3,777,411	954,826	895,982	4,692,975	4,673,393
Net Assets - End of the Year	**$ 3,799,900**	**$ 3,700,593**	**$ 994,321**	**$ 954,826**	**$ 4,794,221**	**$ 4,655,419**

As of June 30, 2010, the County's net assets increased by $101,246 during the current fiscal year. Revenues for the year totaled $3,420,502, a decrease of $15,502 from the previous year, and expenses totaled $3,319,256, a decrease of $134,722 from last year's total expenses.

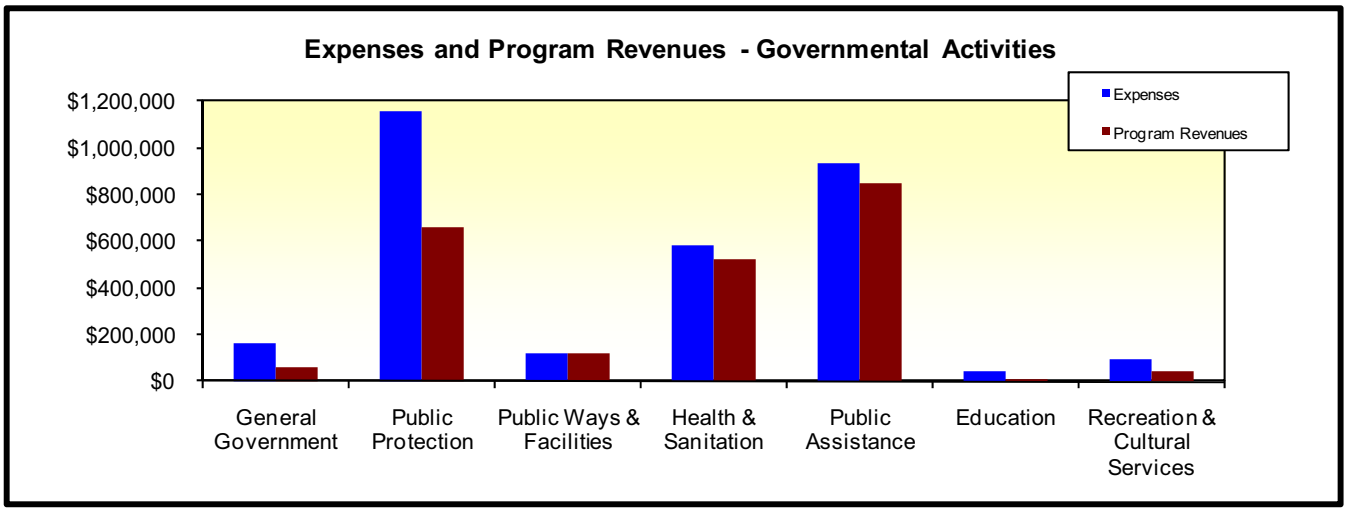
Governmental Activities

The County's governmental activities rely on several sources of revenue to finance ongoing operations. Operating grants and contributions comprised the largest revenue source for the County followed by charges for services. Operating grants and contributions are monies received from parties outside the County and are generally restricted to one or more specific programs such as State and Federal revenues for public assistance and for health care. In the governmental funds, expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. As expenditures increase, revenues increase proportionately. 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.

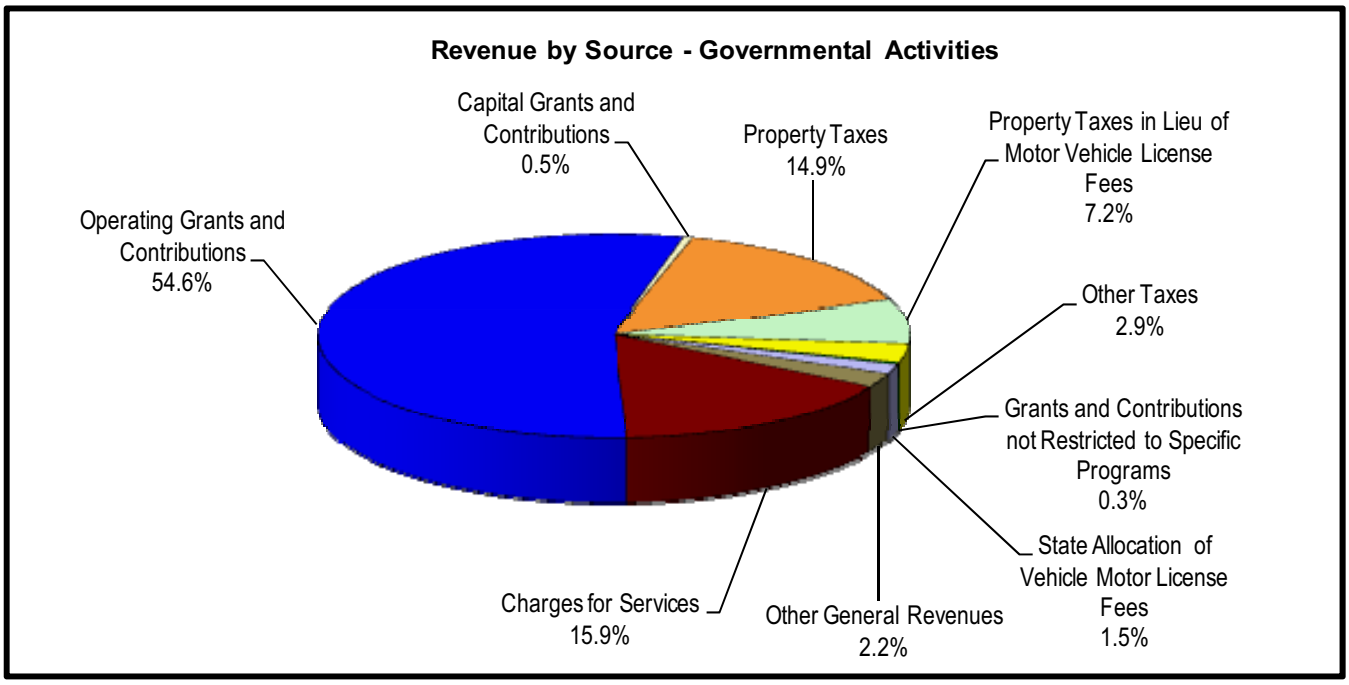
At the end of FY 2009-10, total revenues for governmental activities, including transfers from the business-type activities were $3,204,090, a decrease of $1,737 from the previous year. Expenses totaled $3,142,339, a decrease of $140,306 from the prior year. Governmental activities increased the County's net assets by $61,751, accounting for a majority of the total increase in the net assets of the County. In addition to the effects of expenditure-driven grants, key elements of the increase are as follows:

- Operating grants and contributions increased by $100,261 due primarily to an increase in State revenues for MHSA and Proposition 1B – Local Street and Road Improvement funds, interest earnings on investments held by trustee, and federal revenues for the Coverage Initiative, economic stimulus funding for the Workforce Investment Act, and the Section 8 – Housing Choice Voucher program. The increase in revenue was partially offset by a decline in State allocations of Proposition 172 Public Safety Sales Tax revenues and Realignment revenues.
- Property tax revenues increased by $19,064 due to the increase in the annual property tax allocation of $35,000 received by the County for FY 2009-10 as a result of State legislation enacted in 2009.
- Capital grants and contributions decreased by $77,203, due mostly to the donation of road infrastructure from cities to the County recorded in FY 2008-09, as well as a decline in State reimbursements for construction expenditures for the Santa Ana River Mainstem Project.
- Charges for services decreased by $22,618 due primarily to an overall decrease in supplemental property tax administration fees, charges for election services, and traffic school and bail fees.
- Grants and contributions not restricted to specific programs decreased by $17,338 primarily due to a decrease in the amount of claims filed with the State for SB 90 mandated cost reimbursements.
- An overall decrease in salaries and employees benefits (S&EB) of $82,519 in most functions resulting from higher vacancy factors, reduction of overtime, furloughs, layoffs, efforts to control annual leave payouts, as well as attrition.
- A decrease of $102,603 in general government due primarily to a decline in expenses related to the restructuring of the Teeter Plan in FY 2008-09 from long-term bonds to a commercial paper program and to a deferral of deliverables for the HR/Payroll application upgrade to FY 2010-11.
- A decrease of $70,071 in public protection as a result of a decline in S&EB of $54,004 and an overall decrease in professional services.
- A decrease of $14,348 in health and sanitation due primarily to a reduction in S&EB of $12,133.
- An increase of $32,801 in public assistance resulting from an increase in caseloads for California Works Opportunities and Responsibility to Kids (CalWORKs) program, and an increase in professional services for the Workforce Investment Act, the Housing and Economic Recovery Act - Neighborhood Stabilization Program, the Shelter Plus Care program, and the Section 8 – Housing Choice Voucher program.

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

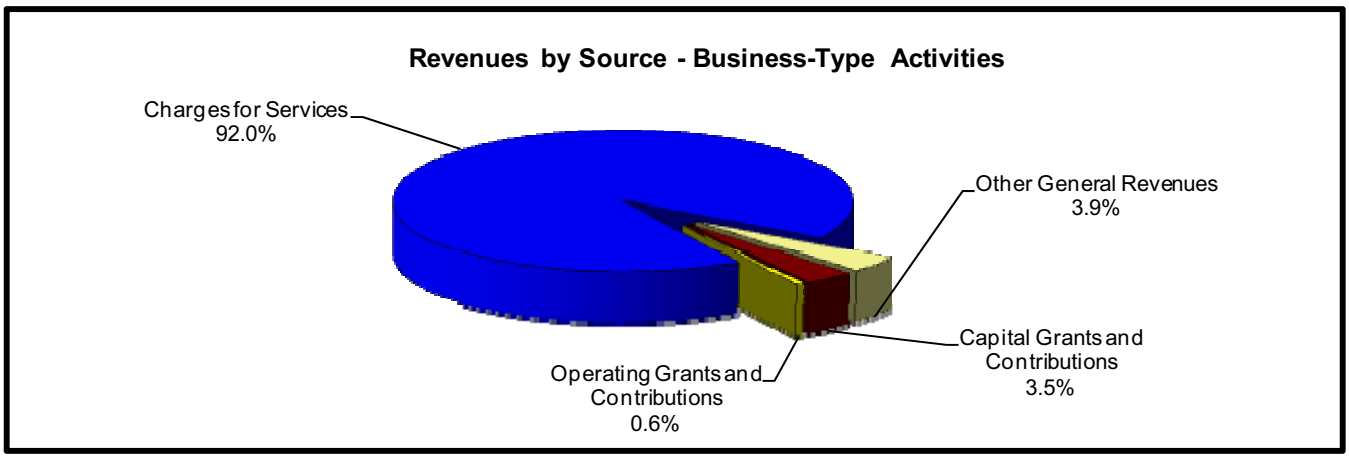


The chart below presents the percentage of total revenues by source for governmental activities:



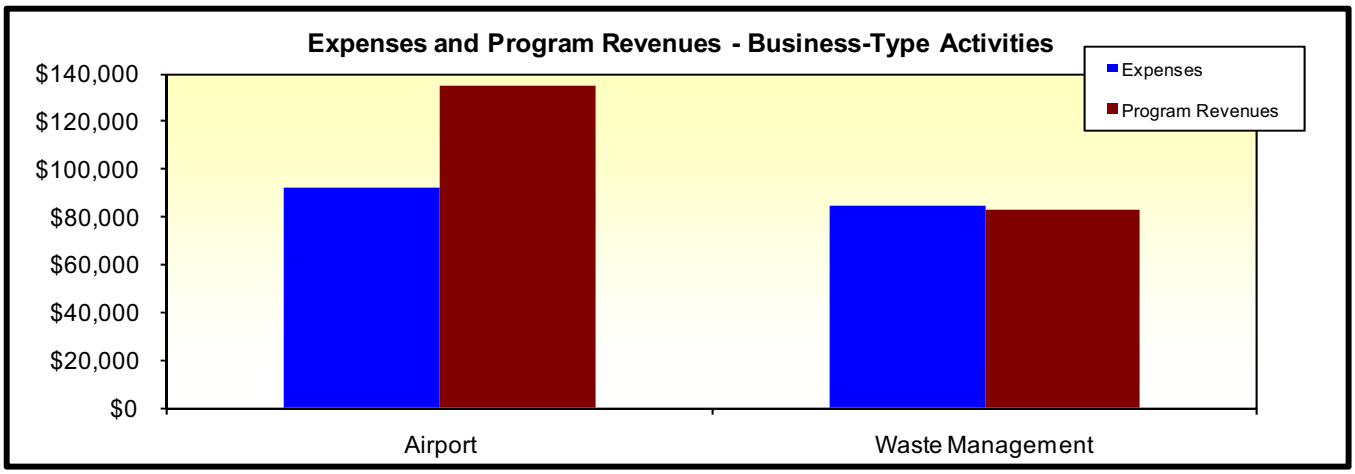
Business-Type Activities

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 2009-10, the business-type activities' total revenues exceeded expenses resulting in an increase in net assets of $39,495, compared to the prior year's increase of $58,844. Revenues totaled $227,600, a decrease of $16,706 from the previous fiscal year, which is primarily attributable to a decrease of $9,324 in charges for services due to a decline in the amount of disposal fees collected for waste and recycling and importation of refuse in the current year versus prior year, as well as a decrease in other general revenues of $9,254 due to a decrease in interest revenue resulting from declining investment yields in the county's investment pool. Expenses, including transfers to governmental activities, totaled $188,105, representing an increase of $2,643 from the previous year. Waste Management experienced a $5,380 increase in expenses due primarily to an increase in landfill site closure/postclosure care costs. Additionally, there was an increase in contributions to other non-County governmental agencies resulting from the cooperative agreement with the City of Brea for the extension of operation and expansion of the Olinda Alpha Landfill. Partially offsetting this increase was a decrease in expenses for equipment maintenance due to FY 2008-09 equipment upgrades to meet new gas system maintenance and regulatory compliance requirements, as well as a decrease in transfers to other funds. Program revenues financed the majority of expenses recorded for the business-type activities. Other factors concerning the finances of the County's two major enterprise funds are discussed in the Proprietary Funds section of the "Financial Analysis of the County's Funds."

The following chart displays expenses and the associated program revenues by function for the business-type activities (major enterprise funds):



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to demonstrate legal compliance and 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. Such information may be useful in evaluating the County's near-term financing requirements.

In particular, unreserved fund balance may serve as a valuable measure of the government's resources that are available for spending at the end of the 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. Other than the General Fund, all other County funds are restricted for the particular purpose for which each fund was established. For example, special revenue funds have either legal or operational requirements to restrict expenditures for specified purposes, and debt service funds are restricted for payment of principal and interest on general long-term debt.

Commitments by the County related to executorial contracts for goods or services are recorded and established as reservations of fund balances in the governmental funds.

At June 30, 2010, the County's governmental funds reported total fund balances of $1,748,880 which is an increase of $2,057 in comparison with the prior year. Of the total fund balances for the governmental funds, $1,154,945 (66%) constitutes unreserved fund balances.

A significant amount of these unreserved fund balances are designated by the Board for the following uses in the next fiscal year and are deemed to be restrictions, commitments, or limitations, which affect the availability of fund resources in the next fiscal year:

Funds		Planned Uses of Unreserved Fund Balances
General Fund	-	Re-budgeted capital projects, information systems projects and upgrades, and increases to reserves.
Roads	-	Construction and maintenance of roadways, and for specialized engineering services to other governmental units and the public.
Flood Control District	-	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.
OC Parks	-	Development and maintenance of County harbors, tidelands and related aquatic recreational facilities, as well as the acquisition, operation and maintenance of County beaches, inland regional park recreation facilities and community park sites in the unincorporated areas.
Other Public Protection	-	Safety and law enforcement activities such as automated fingerprint identification systems, investigation teams and child support information.
Teeter Plan Obligation Commercial Paper Program Note	-	Financing activities related to the Teeter Plan Commercial Paper Notes Program including the transfer of excess penalty to the General Fund.
Other Governmental	-	Construction of various capital projects including affordable housing, for accounting of revenues received and reserved for future incorporation agreements, mental health services, and operational contingencies.

The remaining fund balances are reserved. Reserved fund balances primarily represent assets that are not available for spending or assets with restrictions imposed by parties outside the County.

Comparative Analysis of Changes in Fund Balances

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

GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2010

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	2010	2009	2010	2009	2010	2009
General Fund	$ 2,583,986	$ 2,677,046	$ 2,603,746	$ 2,703,975	$ (19,760)	$ (26,929)
Roads	99,578	57,373	73,783	72,155	25,795	(14,782)
Flood Control District	110,382	128,178	142,983	127,282	(32,601)	896
OC Parks	97,223	108,113	87,686	94,154	9,537	13,959
Other Public Protection	59,260	70,933	68,909	152,902	(9,649)	(81,969)
Teeter Plan Obligation Commercial Paper Program Note	35,113	153,375	23,120	168,478	11,993	(15,103)
Other Governmental	598,100	755,720	581,358	950,456	16,742	(194,736)
Total	**$ 3,583,642**	**$ 3,950,738**	**$ 3,581,585**	**$ 4,269,402**	**$ 2,057**	**$ (318,664)**

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 2009-10, expenditures exceeded revenues resulting in a decrease in fund balances of $19,760 compared to last year's decrease in fund balances of $26,929. Revenues decreased by $93,060 and expenditures decreased by $100,229 resulting in a net change in fund balances of $7,169 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 2009-10:

- The decline in revenues of $93,060 is due primarily to (1) a decline of $24,079 in intergovernmental revenues resulting from decreases in Proposition 172 Public Safety Sales Tax revenues, Realignment revenues, and motor vehicle license fees offset by an increase in State and Federal allocations for CalWORKs and Aid to Families with Dependent Children – Foster Care (AFDC-FC) due to an increase in caseloads, (2) a decline of $22,911 in charges for services for decreases in supplemental property tax administration fees, candidate statements and election recount services, traffic school fees and bail, and delayed reimbursement of court security services, and (3) a decline of $67,541 in special revenue transfers to the General Fund of various purpose-restricted revenues such as excess public safety sales tax, tobacco settlement funds, realignment reserves, Substance Abuse and Crime Prevention Act (SACPA) funds, State Criminal Alien Assistance Program (SCAAP) funds, and drawdown of bond proceeds for construction expenditures related to the Cogeneration Plant project at the Central Utility Facility, partly offset by MHSA funds, and Sheriff-Coroner construction and facility development funds. The decrease in revenues was offset by a $22,632 increase in taxes caused mainly by the additional $35,000 received by the County as a result of State legislation enacted in 2009 which increases the County's annual property tax allocation.

- The decline in expenditures of $100,229 is due primarily to (1) a decline in S&EB of $57,129 in all functions, most notably public protection ($42,934) and health and sanitation ($8,388), as a result of cost saving measures, which include higher vacancy factors, reduction of overtime, furloughs, layoffs, efforts to control annual leave payouts, as well as attrition (2) a decline of $9,377 in health and sanitation due to Health Care Agency's delayed startup for MHSA human service contracts and OC Watersheds completion of the Upper Newport Bay Ecosystem Restoration project in FY 2008-09, and postponement of current capital projects, and (3) a decline of $23,567 in capital outlay as a result of the completion of the Cogeneration Plant project at the Central Utility Facility in November 2009, as well as the deferral and cancellation of various other projects.

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 2009-10, fund balances increased by $25,795 compared to last year's decrease in fund balances of $14,782. Revenues increased by $42,205 as result of an increase in intergovernmental revenues of $43,626 due primarily to receipt of the County's share of the State's allocation of Proposition 1B general obligation bonds to fund transportation projects that will benefit motorists throughout the County. Expenditures increased by $1,628 as a result of an increase in capital outlay of $4,619 primarily due to the Moulton Parkway and Ortega Highway widening projects offset by a decrease in public ways and facilities expenditures of $2,992 for professional services resulting from delays in awarding the southerly segment of the Alton Parkway project, as well as other budgeted projects.

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 2009-10, there was a decrease in fund balances of $32,601 compared to last year's increase in fund balances of $896. Revenues decreased by $17,796 as a result of a decrease in use of money and property ($5,575) due to declining interest yields in the County's Investment Pool and a decrease in other revenues ($16,578) due to the sale of Katella Yard in FY 2008-09. These decreases in revenue were partly offset by an increase in intergovernmental revenues ($6,596) due to reimbursements from the California Department of Water Resources for construction expenditures related to the San Juan Creek Channel and the Santa Ana River Mainstem Project. Expenditures increased by $15,701 due primarily to an increase in capital outlay ($11,212) for the acquisition of land and the relocation of tenants for the Prado Dam Project, and an increase in public protection expenditures ($4,769) mainly due to Santa Ana River construction projects.

OC Parks

This fund accounts for the development of aquatic recreational facilities and the acquisition, operation, and maintenance of County beaches, inland regional park recreational facilities, and community park sites in the unincorporated areas. At the end of FY 2009-10, there was a $9,537 increase in fund balances compared to last year's increase of $13,959 in fund balances. Revenue decreased by $10,890 as a result of a decrease in use of money and property ($2,713) due to declining interest yields in the County's Investment Pool, a decrease in intergovernmental revenues ($3,312) due to a decline in State grants for construction, and a reduction of transfers ($2,565) from other funds to support park capital projects. Expenditures decreased by $6,468 as a result of a decline in capital outlay ($4,609) due to the completion of maintenance dredging projects for the Newport Dunes Marina and Dana Point Harbor in FY 2008-09 and the delay and deferral of other FY 2009-10 budgeted capital projects, as well as a decrease in transfers ($5,125) to other funds due to a one-time transfer to the General Fund for the purchase of the Chestnut Avenue Complex in FY 2008-09. The decrease in expenditures was partly offset by an increase in expenditures for recreation and cultural services ($3,265) due to an increase in salaries and employees benefits resulting from an increase in the number of regular positions, the completion of capital improvement and facility maintenance projects for various parks, including Irvine Ranch Historic Park and Yorba Regional Park, and a construction payment to the City of Orange to relocate the Cannon Pump Station for the Santiago Creek Bike Trail.

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 2009-10, there was a much smaller decrease in fund balances of $9,649 compared to last year's significant decrease in fund balances of $81,969. Revenues decreased by $11,673, which is attributable to (1) a decline in license, permits, and franchises ($3,239) due to a decline in demand for building permits caused by the County's current economic situation, (2) a decrease in use of money and property ($4,048) related to lower cash balances earning interest, and declining interest yields in the County's Investment Pool, (3) a decrease in intergovernmental revenues ($3,821) primarily due to the State's elimination of funding for SACPA and the deferral of federally funded grant projects to FY 2010-11, partly offset by increased revenues for Federal Asset Forfeitures and receipt of the Youthful Offender Block Grant for development and implementation of the Juvenile Justice Development Plan for non-707(b) juvenile offenders, and (4) a decrease in other revenues ($1,816) resulting from lower jail commissary revenues and recording of revenues in FY 2008-09 for the Dana Point water tank site installation of Motorola equipment. The decrease in revenue was partially offset by an increase in fines, forfeitures, and penalties ($3,014) for receipt of Proposition 64 – Consumer Protection settlement revenues. Expenditures

decreased by $83,993 mainly due to a decline in transfers ($70,661) to other funds for allocation of SACPA revenues, public safety sales tax revenues, and SCAAP revenues, as well as a decline in capital outlay ($10,087) resulting from the acquisition of the new Regional Narcotics Suppression Program building in FY 2008-09 and the deferral of various 800 MHz equipment purchases, radio site development projects, and equipment replacement and maintenance projects to future periods.

Teeter Plan Obligation Commercial Paper Program Note

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. At the end of FY 2009-10, there was an increase in fund balances of $11,993 compared to last year's decrease in fund balances of $15,103. Revenues decreased by $118,262, which is attributable to a decrease of $118,258 in transfers from other funds caused by the transfer of residual balances in the Orange County Special Financing Authority Debt Service Fund in FY 2008-09. Expenditures decreased by $145,358 due to a decrease of $102,024 in transfers to other funds due to the FY 2008-09 transfer of funds to the Orange County Special Financing Authority Debt Service Fund to retire the Teeter Plan Revenue Bonds, Series 1995A through E, and a decrease of $43,081 in general government expenditures as a result of the establishment of the teeter tax loss reserves in the Tax Loss Reserve Fund in FY 2008-09.

Other Governmental Funds

At the end of FY 2009-10, there was an increase in fund balances of $16,742 compared to last year's considerable decrease in fund balances of $194,736. Expenditures decreased by $369,098, primarily due to a decrease in transfers of $232,749 to other funds as a result of the residual equity transfer in FY 2008-09 of the Special Assessment Districts, Community Facilities District and Service Areas Capital Projects Fund to the Service Areas, Lighting, Maintenance and Assessment Districts Special Revenue Fund as part of the consolidation process to combine similar activities and the transfer of residual balances in FY 2008-09 of the Orange County Special Financing Authority to the Teeter Plan Obligation Commercial Paper Program Note Fund. In addition, principal retirement decreased by $116,401 primarily due to the retirement of the Teeter Plan Revenue Bonds, Series 1995A through E, in FY 2008-09. Revenues decreased by $157,620 due primarily to a decrease in transfers of $223,947 from other funds, which is attributable to the FY 2008-09 residual transfer of equity from the Special Assessment Districts, Community Facilities District and Service Areas Capital Projects Fund to the Service Areas, Lighting, Maintenance and Assessment Districts Special Revenue Fund and the FY 2008-09 transfer from the Teeter Plan Obligation Commercial Paper Program Note Fund to the Orange County Special Financing Authority Debt Service Fund for the aforementioned debt retirement. The decline in revenue was partially offset by an increase in use of money and property of $38,797 as a result of the current year increase in the fair market value of investments held by trustee for debt service related to the Pension Obligation Bonds versus prior year's decline and an increase in intergovernmental revenues of $53,224 from receipt of MHSA funding for prevention, education, and intervention allocations for prior and current fiscal years, one-time federal economic stimulus funding for the Workforce Investment Act, and an increase in federal funding for the Section 8 – Housing Choice Voucher program.

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

COMPARATIVE FUND BALANCE
Governmental Funds *
June 30, 2010 and 2009

	2010	2009	Increase/(Decrease) %
General Fund	$ 268,284	$ 288,044	(7)%
Roads	125,903	100,108	26 %
Flood Control District	280,722	313,323	(10)%
OC Parks	144,952	135,415	7 %
Other Public Protection	105,922	115,571	(8)%
Teeter Plan Obligation Commercial Paper Program Note	(3,110)	(15,103)	79 %
Other Governmental Funds	826,207	809,465	2 %
Total	**$ 1,748,880**	**$ 1,746,823**	--

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, which are considered to be major funds of the County, and Compressed Natural Gas, a new nonmajor fund of the County. Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Comparative Analysis of Changes in Fund Net Assets

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

ENTERPRISE FUNDS
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2010

	Revenues, Contributions and Transfers		Expenses, Special Items and Transfers		Change in Fund Net Assets	
	2010	2009	2010	2009	2010	2009
Airport	$ 137,177	$ 139,907	$ 88,799	$ 93,290	$ 48,378	$ 46,617
Waste Management	89,671	105,720	94,688	92,883	(5,017)	12,837
Compressed Natural Gas	680	--	95	--	585	--
Total	**$ 227,528**	**$ 245,627**	**$ 183,582**	**$ 186,173**	**$ 43,946**	**$ 59,454**

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 2009-10, there was an increase in fund net assets of $48,378, compared to the prior year increase of $46,617. Revenues decreased by $2,730 and expenses decreased by $4,491 as a result of a decline in interest revenue and interest expense, respectively. In accordance with FASB Statement No. 62, *"Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants,"* the interest expense net of related interest revenue of the Airport Revenue Bonds, Series 2009A and 2009B, were capitalized since the bonds represent tax-exempt borrowings restricted for specific construction projects.

Waste Management
This fund is used to account for the operation, expansion, and 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 2009-10, there was a decrease in fund net assets of $5,017, compared to the prior year increase of $12,837. Revenues declined by $16,049, which is primarily due to a decrease in charges for services as a result of a decline in the amount of gate tipping fees collected, and a decrease in interest revenue resulting from declining investment yields. Expenses increased by $1,805 primarily due to an increase in landfill site closure/postclosure care costs and an increase in taxes and other fees as a result of the cooperative agreement with the City of Brea to expand the Olinda Alpha Landfill and extend operations. The increase in expenses was mostly offset by a decrease in services and supplies due to FY 2008-09 expenses for equipment upgrades to meet new gas system maintenance and regulatory compliance requirements and a mitigation payment to the Puente Hills Landfill Native Habitat Preserve Authority to restore 15 acres of coastal sage scrub to compensate for the lost coastal sage scrub as a result of the expansion of the Olinda Alpha Landfill.

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 Assets, 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:

Taxes

- A decrease of $9,158 due to a decline in secured property tax, supplemental property tax, and property taxes in-lieu of motor vehicle license fees, primarily due to a 1.23% decrease in the Local Assessed Roll of Values over the prior year, including a decrease in the Secured Roll of 1.4%.

Fines, Forfeitures, and Penalties

- A decrease of $1,138 in Trial Courts due to declines in Court statutory fines, fees, and penalties from vehicle code fines, general Court fines, and Court fees from traffic school bail.
- A decrease of $6,437 resulting from the timing lag in collections of delinquent property tax penalties and costs.

Intergovernmental

- A decrease of $10,935 in the Health Care Agency primarily due to timing of State payments, projected shortfalls in Realignment revenues, and timing of eligible expenditures and delays in start-up of new contracts resulting in reduced drawdown of funds in the current fiscal year.
- An overall decrease of $3,146 in Sheriff-Coroner primarily due to a decline in Proposition 172 Public Safety Sales Tax revenues, which was significantly offset by increased funding from various Federal grants, including the 2009 Homeland Security Grant Program, the 2009 Paul Coverdell Forensic Science Improvement Program Grant, the 2009 Operation Stonegarden Grant, and the 2009 Urban Areas Security Initiative grant.
- Partially offsetting the above mentioned decreases, there was an overall increase of $5,671 in social service programs, primarily due to an increase in federally funded caseloads.

Other

- A decrease of $17,650 in the County Accounting and Personnel System (CAPS) Program and Data Systems Development due to a change in the funding source for the costs associated with various Information Technology projects.

Transfers In

- An increase of $19,924 in the County Accounting and Personnel System (CAPS) Program and Data Systems Development due to a change in the funding source for the costs associated with various Information Technology projects.
- An increase of $5,340 in District Attorney to offset shortfalls in Proposition 172 – Public Safety Sales Tax revenues with transfers from various sources, including *Other Governmental* and *Other Public Protection* major special revenue funds.
- An increase of $8,564 in the Health Care Agency to offset State reductions to the annual Managed Care allocation with transfers from the *Health Care Programs* special revenue fund and to transfer unanticipated allocation of grant funds recognized in the *Health Care Programs* special revenue fund.
- An increase of $19,271 in Sheriff-Coroner to offset shortfalls in Proposition 172 – Public Safety Sales Tax revenues with transfers from various sources, including the *Other Governmental* and *Other Public Protection* major special revenue funds.

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:

Registrar of Voters

- A $4,902 increase in appropriations to cover projected costs of the November 17, 2009, Special 72nd Assembly Primary, the January 12, 2010, General Election, the February 2, 2010, Special Recall Election for the City of Mission Viejo, and the June 8, 2010, Primary Election.

District Attorney

- An increase of $4,136 in appropriations needed to support fraud investigation for auto insurance, workers' compensation insurance, life and annuity insurance, and program integrity efforts related to the In-Home Supportive Services program, as well as vertical prosecution of violent crimes against women.

Probation

- A decrease of $6,638 in appropriations due to cost savings measures, which include reducing ongoing salary expenditures through layoffs and attrition, closely controlling the use of overtime, and monitoring office and professional service expenditures.

Public Defender

- A decrease of $3,219 in appropriations resulting from efforts to save on salaries and benefits by not filling vacant positions over an extended period of time.

Sheriff-Coroner

- A $17,890 increase in appropriations to support terrorism prevention, forensic science, and border security issues with funding for overtime, training, equipment purchases, information technology, and professional/specialized services.

Health Care Agency

- A decrease of $6,140 in appropriations due primarily to delayed start-up of newly funded human service contracts, savings in health insurance costs, and cost containment measures, which were partially offset by an increase in transfers out to the MHSA Housing fund created in December 2009 to track revenues and expenditures related to a new Behavioral Health Services program in accordance with the MHSA. The increase in transfers-out from the General Fund is completely offset by a transfers-in from the MHSA Housing fund.

Aid to Families with Dependent Children - Foster Care

- A decrease of $8,723 in appropriations due to lower than budgeted caseloads in the Wraparound program.

California Works Opportunities and Responsibility to Kids

- An increase of $11,482 in appropriations due considerable growth in caseloads, which is a result of the current state of the economy and high unemployment.

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:

Charges for Services

- A $2,067 positive variance in the Miscellaneous Agency due to County-Wide Cost Allocation Plan (CWCAP) revenues in excess of estimates.
- A $2,157 negative variance in OC Community Resources due to lower than budgeted city billing revenue for OC Animal Care services.

- A $1,915 negative variance in District Attorney is a result of lower than budgeted drawdown from the DA Consumer Protection Fund due to lower than estimated expenditures for the White Collar Crime Prosecution Team.
- A $2,409 negative variance in Sheriff-Coroner due to prior period overtime adjustments, vacancy credits, and reduced cost applies, which affect charges for Law Enforcement services.
- A $3,414 negative variance in OC Public Works due primarily to current economic conditions, which have led to a lower demand for services to both internal and external customers.
- A $2,314 negative variance in Trial Courts caused by the decline in distribution of traffic school fees and a traffic school bail revenues.
- A $3,927 negative variance in the County General Fund due to lower property tax administration fees than budgeted.

Intergovernmental Revenues

- A $7,081 negative variance in OC Watersheds due to delays and withdrawals of projects targeted to receive Proposition 50 California River Parkways Grant Program funding.
- A $6,514 negative variance in the Health Care Agency is a result of lower Realignment revenues due to reduced State-wide sales tax and vehicle license fee receipts, which was partially offset by greater than anticipated federal program revenues for the Coverage Initiative, which provides medical care for indigent adults.
- A $13,644 negative variance in Sheriff-Coroner is largely due to delayed reimbursement of claims filed for the Homeland Security grant, as well as other Federal grants.
- A $13,694 negative variance in SSA is a result of lower than budgeted claimable expenditures for federal funding due primarily to cost containment measures, which include savings from a greater number of vacant positions and implementation of a child care temporary waiver program.

Transfers In

- An $8,443 negative variance in District Attorney due to reductions in expenditures and higher than anticipated Proposition 172 Public Safety Sales Tax revenues resulting in a reduction of actual transfers in from special revenue funds.
- A $49,769 negative variance in Health Care Agency was due primarily to delays in projects and start-up of contracted services resulting in a reduction of actual transfers from special revenue funds.
- A $7,813 negative variance in SSA due to reductions in directly funded Wraparound Program service contracts and other expenditures resulting in reduced transfers from the SSA Wraparound fund.

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 $10,784 positive variance due to the cancellation of capital projects and deferral of capital project to FY 2010-11.

District Attorney

- A $12,700 positive variance resulting from the implementation of several expenditure reduction measures which include layoffs, furloughs, pay cuts, and eliminating positions, as well as introducing a variety of initiatives aimed at reducing the use of resources in prosecuting certain types of cases in order to meet revenue shortfalls.

Probation

- A $12,879 positive variance resulting from the implementation of cost containment measures which include closely controlling use of overtime, layoffs, elimination of positions, and reducing office and professional service expenditures, utilities, and building alterations and improvements.

Sheriff-Coroner

- A $23,162 positive variance resulting from cost saving measures to reduce overtime and service and supply, as well as deferral of Homeland Security Grant equipment purchases to FY 2010-11.

OC Watersheds

- An $11,578 positive variance is primarily due to the delay of capital projects and projects involving contributions to others.

Health Care Agency

- A $48,350 positive variance resulting from cost saving strategies, and delayed start-up of human service contracts and deferral of projects for the MHSA.

Social Services Agency

- A $19,931 positive variance due to cost containment measures which include maintaining a greater number of vacant positions, delayed information technology and facilities projects, sustained reductions to contracts, and the implementation of a temporary child care waiver program.

Capital Assets

At June 30, 2010, the County's capital assets for both the governmental and business-type activities amounted to $3,287,884 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 increase in the County's investment in capital assets for the current year was 5.4%.

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

CAPITAL ASSETS
(Net of Depreciation)
June 30, 2010

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2010	2009	2010	2009	2010	2009	% Change
Land	$ 689,544	$ 644,822	$ 38,083	$ 38,083	$ 727,627	$ 682,905	6.5 %
Structures and Improvements	552,433	526,052	158,002	157,891	710,435	683,943	3.9 %
Equipment	84,494	95,242	34,726	34,943	119,220	130,185	(8.4)%
Software	991	790	--	--	991	790	25.4 %
Infrastructure	879,015	876,244	225,050	184,096	1,104,065	1,060,340	4.1 %
Software in Development	55,992	36,766	--	--	55,992	36,766	52.3 %
Construction in Progress	371,647	380,695	197,907	143,019	569,554	523,714	8.8 %
Total	**$ 2,634,116**	**$ 2,560,611**	**$ 653,768**	**$ 558,032**	**$ 3,287,884**	**$ 3,118,643**	**5.4 %**

The following lists the significant expenditures for capital assets in FY 2009-10:

General Fund

- $3,732 for the Cogeneration Plant at the Central Utilities Facility.
- $3,704 for the construction on floors 4 and 5 of the multi-phased floor by floor heating, ventilation, and air conditioning remodel and the Americans with Disability Act upgrade of restrooms and courtrooms at the Central Justice Center.

Roads

- $6,871 for the Ortega Highway Widening Project.
- $1,847 for the widening of Irvine Avenue from University to Bristol Street.
- $2,063 for the widening of Moulton Parkway from El Pacifico to Santa Maria Avenue.

Flood Control District
- $42,270 for the acquisition of property and relocation of tenants in the flood plain or in the right-of-way construction area for the Prado Dam project.
- $10,793 for the San Juan Creek Channel improvement project.
- $5,241 for construction of the compressed natural gas fueling station located at 2023 Collins Avenue.
- $5,025 for the construction of a new pump and pump house at the Los Alamitos Pump Station.
- $1,648 for the San Diego Creek mitigation project.

Other Governmental Funds
- $3,117 for the Central Jail Complex – Consolidated Maintenance Project to ensure the ongoing safe operation of these facilities.

Airport
- $48,426 for the Terminal C gate expansion.
- $27,515 for the design of the new Parking Structure C.
- $2,910 for the construction of the new South Remain Overnight (RON) airplane parking.
- $20,857 for the design and construction of the Central Plant.
- $2,558 to upgrade the controls on the baggage system and fix baggage belt merges.
- $2,007 for the design and construction of the Terminal C automated baggage handling system.

Waste Management
- $2,213 for the construction of administration and crew quarters Green Building at the Prima Deshecha Landfill.

Additional information on the County's capital assets can be found in Note 5, Changes in Capital Assets.

Commitments for Capital Expenditures
At the end of FY 2009-10, significant commitments for capital expenditures included the following:

- $388,000 for the Santa Ana River Mainstem Project.
- $82,332 for the Terminal C gate expansion at John Wayne Airport.
- $13,494 for the design of the new Parking Structure C.
- $11,940 for the Foothill Circulation Project – Alton Parkway to Irvine Boulevard.
- $11,588 for the design and construction of the Terminal C automated baggage handling system.
- $9,236 for the design and construction of the Central Plant.
- $7,686 for the construction of a new pump and pump house at the Los Alamitos Pump Station.
- $7,496 for the Westminster Channel Improvement project from Hoover Street to Beach Boulevard.
- $6,858 for the Alton Parkway Road extension project from Irvine Boulevard to Commercentre Drive.
- $6,797 for the Katella Avenue Smart Street improvement project.
- $6,554 for the Ortega Highway from Antonio Parkway to Central entrance project.

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

Long-Term Debt

At June 30, 2010, the County had a total debt obligation outstanding of $794,791, excluding capital lease obligations, compensated absences and other liabilities. During the year, the County's outstanding bond obligations increased by 22%, which is attributable to the increase in debt issuances for business-type activities of $232,928 in revenue bonds. This increase in debt was offset by the retirement of $92,609 of bond obligations, including $63,280 of bankruptcy related debt. 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 because as of the end of the fiscal year, the County had no net general obligation bonded debt. The County's debt obligations are in the form of revenue bonds,

certificates of participation (COPs), and other forms of debt not covered by the general obligation bonded debt limitation.

The following table summarizes the County's outstanding bonds at June 30, 2010:

LONG-TERM DEBT BOND OBLIGATIONS
June 30, 2010

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2010	2009	2010	2009	2010	2009	% Change
Revenue Bonds	$ 356,525	$ 415,725	$ 292,234	$ 67,604	$ 648,759	$ 483,329	34 %
Certificates of Participation	4,758	5,502	--	--	4,758	5,502	(14)%
Pension Obligation Bonds	59,331	69,711	--	--	59,331	69,711	(15)%
Recovery Bonds	79,806	93,606	--	--	79,806	93,606	(15)%
Add: Premium on Bonds Payable	29,627	32,661	1,180	1,798	30,807	34,459	(11)%
Less: Deferred Amount on Refunding	(25,093)	(28,630)	(3,577)	(4,756)	(28,670)	(33,386)	(14)%
Total	**$ 504,954**	**$ 588,575**	**$ 289,837**	**$ 64,646**	**$ 794,791**	**$ 653,221**	**22 %**

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

Bond Ratings

The County issuer ratings increased from Aa2 to Aa1 from Moody's Investors Service and maintained its rating of AA- from Standard & Poor's (S&P); currently Fitch Ratings does not provide issuer ratings. The Orange County Development Agency (OCDA) 2003 Santa Ana Heights (SAH) Bonds are AAA insured from Fitch Ratings and S&P with a municipal bond insurance policy, but are not currently rated (NR indicates not rated).

In FY 2009-10, the following changes occurred in the County's underlying debt ratings as compared to the previous year:

- Increased Moody's Rating from Aa3 to Aa2 and Fitch Rating from AA- to AA for the 2005 Refunding Recovery Bonds.
- Increased Moody's Rating from A1 to Aa3 and Fitch Rating from AA- to AA for the 2005 Lease Revenue Bonds.
- Increased Moody's Rating from A1 to Aa3 for the 1991 Parking COPs.
- Increased Moody's Rating from A2 to A1 for the 1991 OCDA Neighborhood Development and Preservation Project Tax Allocation Refunding Bonds.
- Increased Moody's Rating from A1 to Aa3 and Fitch Rating from AA- to AA for the 2002 & 2006 Lease Revenue Bonds.
- Increased Moody's Rating from Aa2 to Aa1 and Fitch Rating from AA- to AA for the 1996 & 1997 Pension Obligation Bonds.
- Issued Airport 2009A and 2009B Revenue Bonds with an AA- rating from S&P, Aa3 from Moody's, and AA- from Fitch Ratings.

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

LONG-TERM DEBT RATINGS June 30, 2010	Standard and Poor's	Moody's	Fitch
2005A Refunding Recovery Bonds	A+	Aa2	AA
2005 Lease Revenue Bonds	A+	Aa3	AA
1991 Parking COPs	NR	Aa3	WD
OCDA 2001 Neighborhood Development and Preservation Project Tax Allocation Refunding Bonds	A	A1	WD
2002 Lease Revenue Bonds	A+	Aa3	AA
2006 Lease Revenue Bonds	A+	Aa3	AA
OCDA 2003 SAH Tax Allocation Revenue Bonds	NR	WD	WD
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:

Governmental Activities

State Legislation and Budget

The FY 2010-11 State budget is $86,600,000, which includes a reserve of $1,300,000. In balancing the budget, the legislature closed less than half of the $17,900,000 deficit with expenditure reductions. The remaining balancing actions include $3,300,000 in State revenue enhancement, $5,400,000 in new federal revenue, and $2,700,000 in one-time loans and transfers.

The State budget places a constitutional amendment to build State reserves on the ballot in 2012, the Budget Stabilization Fund (BSF), also referred to as the Rainy Day Fund. This would amend the 2004 voter-approved Budget Stabilization Act as follows:

- Increases the threshold from five percent to ten percent of overall annual General Fund (GF) revenues, which must be achieved before the contribution from the GF to the BSF ceases.
- Requires the state to always contribute three percent of GF revenues to the rainy day fund, except in years when the State deficit is large enough to use the fund.
- Creates the Supplemental Budget Stabilization Account which can only be used to pay for one-time capital outlay and debt service obligations.

Funds would be restricted from being transferred from the Budget Stabilization Fund to the GF under certain conditions.

On November 2, 2010, voters approved Propositions 22, 25, and 26, which will affect future budgets:

- Proposition 22 prohibits the State from borrowing or taking funds used for transportation, redevelopment, or local government projects, and services.

- Proposition 25 allows the State budget to be approved with a simple majority vote of the legislature. Tax increases and certain fees protected under Proposition 26 (November 2010) still require a two-thirds vote of the legislature.

- Proposition 26 requires that certain State and local fees be approved by two-thirds vote of the legislature.

County departments have completed their initial review of the State budget and estimate the following impacts:

Health and Human Services

Overall this budget includes cuts and policy changes that result in reduction in eligibility and/or reduced service levels for health and social programs.

Assembly Bill (AB) 3632 – The governor line-item vetoed $132,900 of funding to pay counties for unreimbursed costs from FY 2004-05 through FY 2008-09 for complying with the AB 3632 mandate (Handicapped and Disabled Students I and II, and Seriously Emotionally Disturbed Pupils programs). In addition, the governor suspended the mandate on counties for FY 2010-11. With the suspension of the mandate, school districts will be required to ensure that special education students receive required mental health services. Impacts assessment for the County is complicated due to the notification of suspension three months into the fiscal year. The County, school districts, and other stakeholders are meeting to identify the appropriate set of actions to minimize negative impacts. The Health Care Agency (HCA) has 75 full time equivalents (FTEs) and $18,000 budgeted for this program. The Social Services Agency has $4,600 budgeted to support an average caseload of 213 placements.

The AB 3632 program provides mental health services to children who qualify for special education services and have emotional problems that impact their ability to benefit from their education. These services include assessment, individual and family therapy, and medication management. The County provides services to about 1,200 school children in Orange County, who will be affected by the elimination of funding. As of November 8, 2010, HCA will not accept new referrals for the program and existing AB 3632 clients will be transitioned to services provided by the school district as soon as appropriate for individual clients, with this transition to be complete by December 31, 2010, unless pay for service agreements can be negotiated with the school districts.

The County is committed to working with school districts, Special Education Local Plan Areas (SELPA), and the County Department of Education to ensure a smooth transition of services for children and families. HCA has met with school districts and has offered to continue providing these services on a contracted basis. To date, no school district has expressed a desire to contract with the County.

The County is owed $55,000 by the State for AB 3632 services provided in prior years dating back to the late 1990's. The cost of services provided to students by the County from July to December 2010 is estimated at $9,000.

Eleven counties, Contra Costa, Fresno, Humboldt, Los Angeles, Monterey, Sacramento, San Diego, Santa Clara, Solano, Tulare, and Yolo, have been given the authority to participate in a lawsuit to be filed in Sacramento Superior Court regarding the suspension of the AB 3632 mandate. Essentially, these 11 counties believe that unless a mandate is affirmatively suspended by the legislature, a county's remedy under the Constitution and Government Code where no money is appropriated to perform the mandate is to seek relief from the mandate in Sacramento Superior Court. There is no money to perform the mandate. However, since no governor has tried to suspend a mandate during the line item veto process, these counties feel it is unknown for certain whether the governor's declared suspension of the mandate meets the requirement that a mandate be suspended by the legislature.

HCA is currently of the opinion that the governor acted under legislative powers conferred upon him when he suspended the mandate, and as such, the mandate has been validly suspended and no court action is necessary.

Immunization Assistance Program – The governor line-item vetoed $18,000 in funding for the Infectious Disease Branch's Immunization Program. The County estimates funding loss of $109 impacting community clinics and $284 for the California Immunization Registry program. HCA has five FTEs and $393 budgeted for these programs.

Medi-Cal Administration – The budget includes a decrease of $43,900 in Statewide County Administration funding for Medi-Cal. The specific impacts to the County are unclear as there are other components of the Medi-Cal allocation which are still unknown. Once the Social Services Agency (SSA) receives the final State allocation notification, specific impacts can be identified.

In-Home Supportive Services (IHSS) – The budget includes a 3.6 percent across the board reduction to the hours assessed for IHSS recipients. The reduction will take effect 90 days after enactment of the budget and will remain in effect until June 30, 2012. SSA's Net County Cost (NCC) is estimated to be reduced by $568.

Administration of Justice

Juvenile Parole - Shifts the responsibility for the supervision of juveniles released from the State Department of Juvenile Justice to county probation departments. The level of service to be provided is at the discretion of county probation departments. The additional supervision services will require the addition of two or more deputy probation officers. The State will fund $15 per year per parolee. There is no NCC impact to the Probation Department so long as State funding continues.

Other Programs

Highway User Tax Account (HUTA) – For the months of July 2010 to March 2011, the State budget identifies potential deferrals of HUTA apportionments. Any deferred amounts will be paid on or within two business days of April 28, 2011.

Election Reimbursements – The budget includes funding to reimburse counties for the May 19, 2009, special election. Orange County's estimate of reimbursement due is $4,900.

Cash Flow Management

In July 2010, the County of Orange issued $150,000 in Tax and Revenue Anticipation Notes (TRANs) to finance seasonal cash flow requirements during FY 2010-11. The proceeds from the TRANs cover anticipated cash deficits resulting from the uneven flow of revenues. County General Fund expenditures occur in relatively level amounts throughout the year, while receipts follow an uneven pattern. Secured property tax installments, which represent the largest component of general purpose revenues, are primarily received in December and April of each year. Additionally, the late adoption of the final State budget as well as the State's cash deferral policy (ABX8 5) resulted in delays to the reimbursement of many health and human service programs administered by counties. The County will repay the TRANs borrowing by June 30, 2011, from available cash balances within the General Fund.

Long-Term Financial Planning

Property Tax Management System Upgrade

The County's property tax assessment, collection and allocation system processes approximately $6,000,000 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 the contract with Tata Consultancy Services (TCS) to develop and implement the new PTMS based on the requirements specifications documented during the needs assessment. During the fiscal year, the TCS contract was amended for modification to the scope and project timeline. The contract timeline was extended to December 31, 2011, at a total cost not to exceed $7,602.

PTMS is being developed in three tiers which will result in periodic movement of data between the Assessment Tax System (ATS) and PTMS while in transition stages. The project is scheduled to be completed in FY 2010-11. The total estimated cost for the project at this time is $14,113, with cumulative expenditures of $7,025 spent as of June 30, 2010.

Assessment Tax Systems (ATS) Re-Engineering

The Assessor Department is mandated under the provisions of the California State Constitution and the Revenue and Taxation Code to discover and value all tangible properties in the County of Orange and produce the Rolls of Values. The assessed value for the 2010 annual roll was over $416,000,000, which impacts the billing and collection of over $6,000,000 in tax revenue and special assessments to support the operations of the schools, cities, special districts, and the County.

The Assessment Tax Systems (ATS) is a mainframe application that has been used by the Assessor Department since 1987. The vendor support for the programming language (IDEAL) for the current ATS is being phased out. Starting in 2006, under the approval of the Board as a Strategic Initiative, a project to re-engineer the Assessor ATS was initiated. The new ATS will adopt current open systems platform and work flow technologies to enhance the user interface and strengthen the effectiveness and efficiency of the valuation and assessment work products.

The Assessor Department assembled a project team of in-house managers and subject matter experts, ACS contract staff, and outside vendors to complete this work. The project is scheduled to be completed in FY 2010-2011. The total estimated cost for the project at this time is $24,100.

Renewal of Information Technology Services Contract

The County's ten year contract with its information technology service provider is scheduled to expire on June 30, 2011. The current contract is valued at $250,000. The County is currently developing a sourcing strategy and approach to meet its future information technology needs.

Airport Improvement Program

The Airport is currently implementing the AIP that will create additional terminal area capacity in the form of new aircraft gates, holdrooms, concessions, passenger/baggage screening capabilities, and more parking. It will also help redistribute traffic between Terminal A, B and C, thus achieving a balanced operation throughout the terminal complex. A key objective of the AIP is to ensure that the new facilities are designed and developed in a way that creates a single, seamless environment for passengers.

The AIP includes the construction of a new multi-level 282,000 square foot terminal building (Terminal C), two new commuter/regional hold rooms that will each accommodate four regional aircraft at ground level, a South Remain-Over-Night (South RON) aircraft parking area, demolition of the former Parking Structure B1 to make room for Terminal C, a new parking structure (Parking Structure C) and improvements to the existing Terminals A and B. In July 2009, the Board awarded contracts for the construction of Terminal C and Parking Structure C. The new terminal and parking structure are scheduled to be completed and opened by late 2011. In 2009, the South RON aircraft parking area, a major enabling project, was completed.

Pursuant to the comprehensive financial program approved by the Board in December 2005 (and updated in mid-2007), the Airport has begun to implement the financing plan for the AIP, which is estimated to cost approximately $543,000. The capital costs are to be funded from various sources, including: (1) Airport revenues; (2) FAA AIP grants; (3) Transportation Security Administration (TSA) grants; (4) Passenger Facility Charge (PFC) revenues; (5) airport revenue bonds; and (6) future subordinated debt. In July 2009, the County issued $233,115 in Airport Revenue Bonds, Series 2009A and 2009B, to finance a portion of the AIP. Refer to Note 11, Long-term Obligations, for additional information on the bonds.

As is the case with any substantial capital improvement program, the Airport anticipates encountering many challenges in balancing the current level of operation and high standards for customer service with the substantial construction activity. For additional details on the AIP, refer to Airport's website at http://www.ocair.com.

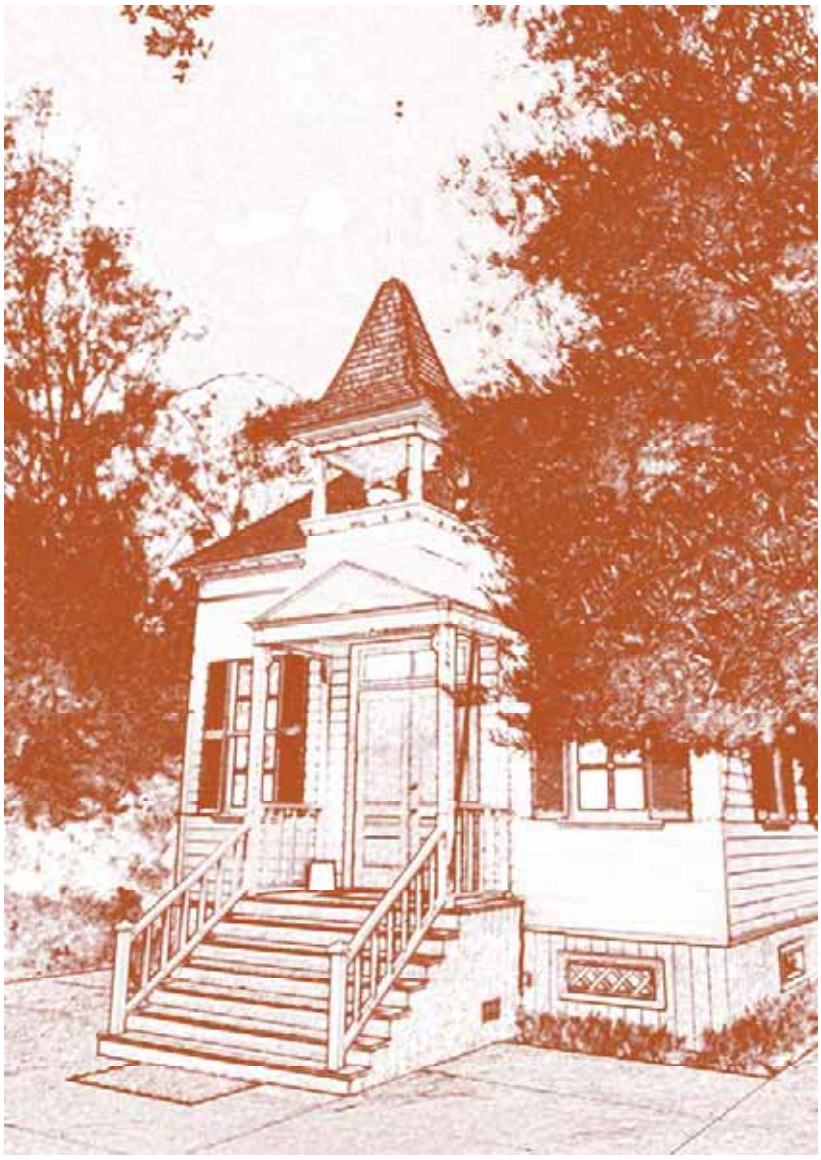
Funding Progress of the County's Retirement System (System)

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 68.77% as of December 31, 2009 (69.11% for County of Orange rate groups). 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. A schedule of funding progress for OCERS is included in the Required Supplemental Information (RSI) section.

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.

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://egov.ocgov.com/ocgov/Auditor-Controller - David Sundstrom.



Heritage Hill Historical Park, El Toro Grammar School, Lake Forest, CA

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and Cash Equivalents (Notes 1 and 4)	$ 1,754,916	$ 439,710	$ 2,194,626	$ 118,741
Restricted Cash and Cash Equivalents (Notes 1 and 4)	287,645	362,313	649,958	--
Investments (Notes 1 and 4)	8,047	17,964	26,011	--
Deposits In-Lieu of Cash	65	47,515	47,580	--
Internal Balances	2,277	(2,277)	--	--
Due from Component Unit (Note 7)	350	--	350	--
Due from Primary Government (Note 7)	--	--	--	346
Prepaid Costs (Notes 1 and 18)	105,179	5,534	110,713	--
Inventory of Materials and Supplies (Note 1)	1,171	--	1,171	--
Land and Improvements Held for Resale (Note 1)	719	--	719	--
Receivables, Net of Allowances (Note 6)				
Accounts	19,907	15,981	35,888	4
Taxes	67,476	--	67,476	5,309
Interest/Dividends	4,018	2,035	6,053	227
Deposits	1,649	--	1,649	34
Advances	30	--	30	--
Loans	2,958	--	2,958	--
Due from Other Governmental Agencies (Note 6)	393,197	5,303	398,500	422
Notes Receivable (Note 6)	32,388	--	32,388	--
Net Other Postemployment Benefits (Note 19)	43,580	--	43,580	--
Capital Assets (Notes 1 and 5)				
Not Depreciable/Amortizable	1,117,183	235,990	1,353,173	--
Depreciable/Amortizable (Net)	1,516,933	417,778	1,934,711	1
Total Capital Assets	2,634,116	653,768	3,287,884	1
Total Assets	5,359,688	1,547,846	6,907,534	125,084

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

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES				
Accounts Payable	$ 71,224	$ 26,610	$ 97,834	$ 7,284
Salaries and Employee Benefits Payable	57,802	1,446	59,248	78
Retainage Payable	3,887	394	4,281	4,327
Interest Payable	6,953	6,643	13,596	--
Notes Payable (Note 10)	210,975	--	210,975	--
Deposits from Others	34,275	49,012	83,287	--
Due to Primary Government (Note 7)	--	--	--	350
Due to Component Unit (Note 7)	346	--	346	--
Due to Other Governmental Agencies	27,705	1,555	29,260	10,011
Unearned Revenue (Note 1)	58,430	1,509	59,939	--
Estimated Liability - Litigation and Claims (Note 17)	750	--	750	--
Long-Term Liabilities				
Due Within One Year				
Insurance Claims Payable (Notes 1 and 16)	59,715	--	59,715	--
Compensated Employee Absences Payable (Notes 1 and 11)	90,929	2,406	93,335	105
Arbitrage Rebate Payable (Note 11)	730	--	730	--
Capital Lease Obligations Payable (Notes 11 and 13)	4,129	--	4,129	--
Bonds Payable (Note 11)	82,249	13,232	95,481	--
Net Other Postemployment Benefit Obligation (Notes 20)				
Pollution Remediation Obligation (Notes 11 and 17)	--	585	585	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	1,988	1,988	--
Due in More than One Year				
Interest Accretion on Capital Appreciation Bonds Payable (Note 11)	152,697	--	152,697	--
Insurance Claims Payable (Notes 1 and 16)	119,399	--	119,399	--
Compensated Employee Absences Payable (Notes 1 and 11)	77,377	2,585	79,962	85
Arbitrage Rebate Payable (Note 11)	879	217	1,096	--
Capital Lease Obligations Payable (Notes 11 and 13)	75,985	--	75,985	--
Bonds Payable (Note 11)	422,705	276,605	699,310	--
Net Pension Obligation (Notes 11 and 18)	647	--	647	--
Pollution Remediation Obligation (Notes 11 and 17)	--	6,841	6,841	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	161,897	161,897	--
Total Liabilities	1,559,788	553,525	2,113,313	22,240
NET ASSETS				
Invested in Capital Assets, Net of Related Debt (Note 1)	2,560,468	537,375	3,097,843	1
Restricted for (Note 1):				
Expendable				
Other Postemployment Benefits	43,580	--	43,580	--
Capital Projects	58,947	--	58,947	--
Debt Service	76,936	--	76,936	--
Legally Segregated Special Revenue Funds Restricted for Grants and Other Purposes	1,069,801	--	1,069,801	--
Children and Families Commission of Orange County	--	--	--	102,843
Airport	--	48,225	48,225	--
Waste Management	--	86,943	86,943	--
Nonexpendable				
Regional Park Endowment	154	--	154	--
Unrestricted (Note 1)	(9,986)	321,778	311,792	--
Total Net Assets	$ 3,799,900	$ 994,321	$ 4,794,221	$ 102,844

Functions/Programs	Net Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government					
Governmental Activities					
General Government	$ 217,361	$ (51,872)	$ 27,452	$ 34,763	$ --
Public Protection	1,128,358	32,465	278,355	377,329	6,465
Public Ways and Facilities	121,437	(1,302)	45,809	74,101	--
Health and Sanitation	571,820	7,163	86,430	436,450	2,000
Public Assistance	923,540	7,929	30,914	817,311	--
Education	39,974	1,035	1,449	1,808	--
Recreation and Cultural Services	87,792	2,857	38,223	--	8,363
Interest on Long-Term Debt	53,782	--	--	--	--
Total Governmental Activities	3,144,064	(1,725)	508,632	1,741,762	16,828
Business-Type Activities					
Airport	91,579	489	126,656	151	8,077
Waste Management	83,518	1,236	82,442	1,131	--
Compressed Natural Gas	95	--	129	150	--
Total Business-Type Activities	175,192	1,725	209,227	1,432	8,077
Total Primary Government	$ 3,319,256	$ --	$ 717,859	$ 1,743,194	$ 24,905
Component Unit					
Children and Families					
Commission of Orange County	$ 56,096	$ --	$ 18	$ 35,019	$ --

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 Tax Increments
  - 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 9)
Total General Revenues and Transfers
- Change in Net Assets

Net Assets - Beginning of Year, as Restated (Note 2)
Net Assets - End of Year

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental Activities	Business-Type Activities	Total	Component Unit	Functions/Programs
				Primary Government
				Governmental Activities
$ (103,274)	$ --	$ (103,274)		General Government
(498,674)	--	(498,674)		Public Protection
(225)	--	(225)		Public Ways and Facilities
(54,103)	--	(54,103)		Health and Sanitation
(83,244)	--	(83,244)		Public Assistance
(37,752)	--	(37,752)		Education
(44,063)	--	(44,063)		Recreation and Cultural Services
(53,782)	--	(53,782)		Interest on Long-Term Debt
(875,117)	--	(875,117)		Total Governmental Activities
				Business-Type Activities
--	42,816	42,816		Airport
--	(1,181)	(1,181)		Waste Management
--	184	184		Compressed Natural Gas
--	41,819	41,819		Total Business-Type Activities
(875,117)	41,819	(833,298)		Total Primary Government
				Component Unit
				Children and Families
			$ (21,059)	Commission of Orange County
				General Revenues
				Taxes
290,054	--	290,054	--	Property Taxes, Levied for General Fund
67,103	--	67,103	--	Property Taxes, Levied for Flood Control District
49,857	--	49,857	--	Property Taxes, Levied for OC Parks
37,057	--	37,057	--	Property Taxes, Levied for OC Public Libraries
31,917	--	31,917	--	Property Tax Increments
229,635	--	229,635	--	Property Taxes in-Lieu of Motor Vehicle License Fees
93,024	--	93,024	--	Other Taxes
10,299	--	10,299	--	Grants and Contributions Not Restricted to Specific Programs
46,697	--	46,697	--	State Allocation of Motor Vehicle License Fees
15,541	6,411	21,952	1,141	Unrestricted Investment Earnings
54,496	2,453	56,949	41	Miscellaneous
11,188	(11,188)	--	--	Transfers (Note 9)
936,868	(2,324)	934,544	1,182	Total General Revenues and Transfers
61,751	39,495	101,246	(19,877)	Change in Net Assets
3,738,149	954,826	4,692,975	122,721	Net Assets - Beginning of Year, as Restated (Note 2)
$ 3,799,900	$ 994,321	$ 4,794,221	$ 102,844	Net Assets - End of Year

	General Fund	Roads	Flood Control District	OC Parks
ASSETS				
Pooled Cash/Investments (Notes 1 and 4)	$ 206,715	$ 163,065	$ 288,513	$ 153,339
Imprest Cash Funds (Note 4)	1,870	--	--	--
Restricted Cash and Investments with Trustee (Notes 1 and 4)	1,536	--	--	--
Investments (Notes 1 and 4)	--	--	--	--
Deposits In-Lieu of Cash	--	--	--	65
Receivables				
Accounts	18,966	84	1,718	1,973
Taxes (Note 1)	10,039	--	1,793	1,326
Interest/Dividends	702	346	632	333
Deposits	681	863	105	--
Advances	30	--	--	--
Loans	--	--	875	2,083
Allowance for Uncollectible Receivables	(268)	(9)	(1,872)	(93)
Due from Other Funds (Note 7)	38,331	1,130	2,310	13
Due from Component Unit (Note 7)	350	--	--	--
Due from Other Governmental Agencies	291,707	16,509	28,059	1,104
Inventory of Materials and Supplies (Note 1)	302	75	198	--
Prepaid Costs (Note 1)	52	--	--	--
Land and Improvements Held for Resale (Note 1)	--	--	--	--
Advances To Other Funds (Note 7)	1,058	--	--	--
Notes Receivables	--	--	--	--
Total Assets	$ 572,071	$ 182,063	$ 322,331	$ 160,143
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 45,466	$ 4,043	$ 3,406	$ 3,514
Retainage payable	624	699	1,815	498
Salaries and Employee Benefits Payable	52,327	734	805	844
Deposits from Others	1,987	11,021	5,416	3,349
Due to Other Funds (Note 7)	21,239	2,335	4,726	2,220
Due to Component Unit (Note 7)	3	--	--	--
Due to Other Governmental Agencies	7,522	199	3,936	141
Estimated Litigation and Claims (Note 17)	750	--	--	--
Deferred Revenue (Note 1)	138,168	8,007	20,817	1,126
Unearned Revenue (Note 1)	20,095	29,122	688	3,499
Notes Payable	--	--	--	--
Advances from Other Funds (Note 7)	15,606	--	--	--
Total Liabilities	303,787	56,160	41,609	15,191
Fund Balances				
Reserved for:				
Encumbrances	47,691	65,577	33,087	20,259
Long Term Receivables	1,739	--	--	--
Imprest Cash Funds	1,870	--	--	--
Inventory of Materials and Supplies	302	75	198	--
Loans	--	--	875	2,083
Prepaid Costs	52	--	--	--
Land and Improvements Held for Resale	--	--	--	--
Debt Service	1,536	--	--	--
Reserved for Low and Moderate - Income Housing	--	--	--	--
Unreserved, Designated for:				
Operations	1,364	--	--	12,057
Operations (Strategic Plan)	123,844	--	--	--
Capital Projects	12,376	--	148,917	23,729
Contingencies	61,300	--	--	--
Administration Fees	--	--	--	--
Equipment Purchase	--	--	--	--
Equipment Replacement	--	--	484	--
Land Purchase	--	--	20,092	--
Maintenance and Construction	--	--	--	2,750
Revitalization Projects	--	--	--	22,651
Future Road Projects	--	6,216	--	--
Cash Difference Funds	9	--	--	--
General Reserve	9,758	--	12,609	8,000
Unreserved, Undesignated for:				
General Fund	6,443	--	--	--
Special Revenue Funds	--	54,035	64,460	53,423
Debt Service Funds	--	--	--	--
Capital Projects Funds	--	--	--	--
Permanent Fund	--	--	--	--
Total Fund Balances	268,284	125,903	280,722	144,952
Total Liabilities and Fund Balances	$ 572,071	$ 182,063	$ 322,331	$ 160,143

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

Other Public Protection	Teeter Plan Obligation Commercial Paper Program Note	Other Governmental Funds	Total Governmental Funds	
				ASSETS
$ 125,659	$ 155,215	$ 477,559	$ 1,570,065	Pooled Cash/Investments (Notes 1 and 4)
5	--	61	1,936	Imprest Cash Funds (Note 4)
--	41	285,195	286,772	Restricted Cash and Investments with Trustee (Notes 1 and 4)
--	--	8,047	8,047	Investments (Notes 1 and 4)
--	--	--	65	Deposits In-Lieu of Cash
				Receivables
183	--	3,397	26,321	Accounts
--	52,362	1,956	67,476	Taxes (Note 1)
291	312	1,018	3,634	Interest/Dividends
--	--	--	1,649	Deposits
--	--	--	30	Advances
--	--	--	2,958	Loans
--	--	--	(2,242)	Allowance for Uncollectible Receivables
656	--	22,009	64,449	Due from Other Funds (Note 7)
--	--	--	350	Due from Component Unit (Note 7)
4,116	--	51,143	392,638	Due from Other Governmental Agencies
283	--	--	858	Inventory of Materials and Supplies (Note 1)
--	--	--	52	Prepaid Costs (Note 1)
--	--	719	719	Land and Improvements Held for Resale (Note 1)
--	--	--	1,058	Advances To Other Funds (Note 7)
--	--	32,388	32,388	Notes Receivables
$ 131,193	$ 207,930	$ 883,492	$ 2,459,223	Total Assets
				LIABILITIES AND FUND BALANCES
				Liabilities
$ 753	$ 53	$ 7,813	$ 65,048	Accounts Payable
8	--	243	3,887	Retainage payable
303	--	2,224	57,237	Salaries and Employee Benefits Payable
10,044	--	2,458	34,275	Deposits from Others
6,979	12	23,227	60,738	Due to Other Funds (Note 7)
--	--	343	346	Due to Component Unit (Note 7)
4,358	--	11,547	27,703	Due to Other Governmental Agencies
--	--	--	750	Estimated Litigation and Claims (Note 17)
2,826	--	3,346	174,290	Deferred Revenue (Note 1)
--	--	5,026	58,430	Unearned Revenue (Note 1)
--	210,975	--	210,975	Notes Payable
--	--	1,058	16,664	Advances from Other Funds (Note 7)
25,271	211,040	57,285	710,343	Total Liabilities
				Fund Balances
				Reserved for:
2,270	--	21,471	190,355	Encumbrances
--	--	31,105	32,844	Long Term Receivables
5	--	61	1,936	Imprest Cash Funds
283	--	--	858	Inventory of Materials and Supplies
--	--	--	2,958	Loans
--	--	--	52	Prepaid Costs
--	--	719	719	Land and Improvements Held for Resale
--	--	331,667	333,203	Debt Service
--	--	31,010	31,010	Reserved for Low and Moderate - Income Housing
				Unreserved, Designated for:
5,147	--	73,322	91,890	Operations
--	--	--	123,844	Operations (Strategic Plan)
--	--	73,514	258,536	Capital Projects
--	--	19,711	81,011	Contingencies
--	--	9,040	9,040	Administration Fees
--	--	619	619	Equipment Purchase
--	--	600	1,084	Equipment Replacement
--	--	--	20,092	Land Purchase
--	--	--	2,750	Maintenance and Construction
--	--	3,294	25,945	Revitalization Projects
--	--	--	6,216	Future Road Projects
--	--	--	9	Cash Difference Funds
--	--	2,641	33,008	General Reserve
				Unreserved, Undesignated for:
--	--	--	6,443	General Fund
98,217	--	183,357	453,492	Special Revenue Funds
--	(3,110)	--	(3,110)	Debt Service Funds
--	--	44,068	44,068	Capital Projects Funds
--	--	8	8	Permanent Fund
105,922	(3,110)	826,207	1,748,880	Total Fund Balances
$ 131,193	$ 207,930	$ 883,492	$ 2,459,223	Total Liabilities and Fund Balances

The governmental funds balance sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. The difference in fund balances of $2,051,020 is due to the long-term economic focus of the Statement of Net Assets versus the short-term economic focus of the governmental funds. The components of the difference are described below.

Total Fund Balances - Governmental Funds		$ 1,748,880
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 Assets for purposes of government-wide reporting. These capital assets consist of:		
Land	689,544	
Structures and Improvements	1,023,583	
Equipment	266,238	
Software	1,490	
Infrastructure	1,252,339	
Construction/Software in Progress	426,147	
Accumulated Depreciation/Amortization	(1,046,865)	2,612,476
Other assets used in governmental activities do not consume current financial resources and therefore, are not reported in the governmental funds:		
Prepaid Costs	100,668	
Unamortized Bond Issuance Cost	4,459	105,127
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 Assets.		33,274
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. Also, an allowance for uncollectible receivables is recognized for a portion of the accrued revenue that is expected to be uncollectible.		
Deferred Revenue	166,092	
Allowance for Uncollectible Receivables	(4,335)	161,757

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

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 Assets as they relate to prior periods and were recognized as revenues in prior years.		8,198
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 assets for the unmatured long-term liabilities on the Statement of Net Assets is $913,392 which consisted of the following:		
Bonds and COPs Payable, Net	(504,954)	
Compensated Employee Absences Payable	(166,418)	
Capital Lease Obligations Payable	(80,114)	
Arbitrage Rebate Payable	(1,609)	
Interest Payable on Bonds	(6,953)	
Interest Accreted on Capital Appreciation Bonds	(152,697)	
County's Net Pension Obligation for the Extra-Help Employees' Defined Benefit Retirement Plan	(647)	(913,392)
Governmental Accounting Standards Board (GASB) Statement No. 45 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 2009-10, the County contributed less than the ARC to the Retiree Medical Trust, reducing the net OPEB asset reported on the Statement of Net Assets.		43,580
Net Assets of Governmental Activities		$ 3,799,900

	General Fund	Roads	Flood Control District	OC Parks
Revenues				
Taxes	$ 557,087	$ --	$ 66,547	$ 49,445
Licenses, Permits, and Franchises	10,899	311	193	92
Fines, Forfeitures and Penalties	41,067	9	43	163
Use of Money and Property	5,818	1,001	4,119	33,897
Intergovernmental	1,320,306	81,621	21,461	6,152
Charges for Services	370,324	15,738	12,130	5,501
Other	18,854	898	4,291	1,831
Total Revenues	2,324,355	99,578	108,784	97,081
Expenditures				
Current				
General Government	156,057	--	--	--
Public Protection	951,930	--	74,189	--
Public Ways and Facilities	40,436	58,799	--	--
Health and Sanitation	558,491	--	--	--
Public Assistance	738,227	--	--	--
Education	--	--	--	--
Recreation and Cultural Services	--	--	--	82,826
Capital Outlay	15,291	14,984	65,660	4,842
Debt Service				
Principal Retirement	18,301	--	--	--
Interest	14,079	--	--	--
Total Expenditures	2,492,812	73,783	139,849	87,668
Excess (Deficit) of Revenues Over Expenditures	(168,457)	25,795	(31,065)	9,413
Other Financing Sources (Uses)				
Transfers In (Note 9)	259,631	--	1,598	142
Transfers Out (Note 9)	(110,934)	--	(3,134)	(18)
Total Other Financing Sources (Uses)	148,697	--	(1,536)	124
Net Change in Fund Balances	(19,760)	25,795	(32,601)	9,537
Fund Balances - Beginning of Year	288,044	100,108	313,323	135,415
Fund Balances - End of Year	$ 268,284	$ 125,903	$ 280,722	$ 144,952

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

Other Public Protection	Teeter Plan Obligation Commercial Paper Program Note	Other Governmental Funds	Total Governmental Funds	
				Revenues
$ --	$ --	$ 68,771	$ 741,850	Taxes
2,764	--	717	14,976	Licenses, Permits, and Franchises
8,055	33,772	19,850	102,959	Fines, Forfeitures and Penalties
3,846	1,341	38,328	88,350	Use of Money and Property
29,813	--	309,900	1,769,253	Intergovernmental
7,454	--	7,226	418,373	Charges for Services
6,846	--	33,007	65,727	Other
58,778	35,113	477,799	3,201,488	Total Revenues
				Expenditures
				Current
--	2,203	53,174	211,434	General Government
28,828	--	--	1,054,947	Public Protection
--	--	7,750	106,985	Public Ways and Facilities
--	--	824	559,315	Health and Sanitation
--	--	165,506	903,733	Public Assistance
--	--	38,921	38,921	Education
--	--	--	82,826	Recreation and Cultural Services
736	--	22,564	124,077	Capital Outlay
				Debt Service
--	--	70,661	88,962	Principal Retirement
--	917	24,569	39,565	Interest
29,564	3,120	383,969	3,210,765	Total Expenditures
29,214	31,993	93,830	(9,277)	Excess (Deficit) of Revenues Over Expenditures
				Other Financing Sources (Uses)
482	--	120,301	382,154	Transfers In (Note 9)
(39,345)	(20,000)	(197,389)	(370,820)	Transfers Out (Note 9)
(38,863)	(20,000)	(77,088)	11,334	Total Other Financing Sources (Uses)
(9,649)	11,993	16,742	2,057	Net Change in Fund Balances
115,571	(15,103)	809,465	1,746,823	Fund Balances - Beginning of Year
$ 105,922	$ (3,110)	$ 826,207	$ 1,748,880	Fund Balances - End of Year

The Net Change in Fund Balances for governmental funds of $2,057 in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Assets for governmental activities of $61,751 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		$ 2,057
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 $76,470 expenditures of capital outlay, capital contributions, depreciation/amortization and other disposals/acquisitions of capital assets are as follows:		
Expenditures for capital outlay:		
Land	42,822	
Structures and Improvements	57,460	
Equipment	11,255	
Software	19,926	
Other Disposals/Acquisitions of Capital Assets, net of Gains/Losses on Sale	6,722	
Depreciation/Amortization Expense	(63,269)	
Capital Contributions	1,554	76,470
The payment 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 assets in the government-wide financial statements. The details of the $88,592 principal and other long-term liability payments and other financing sources are as follows:		
Principal and Other Long-Term Liability Payments:		
Bonds Payable	84,124	
Capital Lease Obligations	4,838	
Arbitrage Rebate Payable	(370)	88,592

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

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, net of Allowance for Uncollectible Accounts	(11,112)	
Property Tax Revenues	29	(11,083)
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	1,361	
Amortization of Deferred Charges	(1,050)	
Compensated Employee Absences Expense	(2,435)	
Pension Costs and Amortization of the County's Investment Account with OCERS	(797)	
Interest Accretion on Capital Appreciation Bonds	(14,529)	(17,450)
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	(70,703)	
Consolidation of Nonoperating Revenues/Expenses to Governmental Activities	7,610	(63,093)
For FY 2009-10, the Other Postemployment Benefits (OPEB) cost was $34,528 and the County contributed $32,163. In addition, there was an $11,377 adjustment in the actuarial calculation, which was recorded this year. The decrease to the net OPEB asset was treated as an increase to the various functional expenses to reflect each function's OPEB cost.		(13,742)
Change in Net Assets of Governmental Activities		$ 61,751

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		$ 563,317	$ (9,158)	$ 554,159
Licenses, Permits, and Franchises		10,136	661	10,797
Fines, Forfeitures and Penalties		50,080	(8,474)	41,606
Use of Money and Property		7,766	(20)	7,746
Intergovernmental		1,370,268	(6,286)	1,363,982
Charges for Services		403,714	1,186	404,900
Other		49,414	(17,073)	32,341
Transfers In		296,401	56,349	352,750
Premiums on Bonds Issued		1,100	1,284	2,384
Total Revenues and Other Financing Sources		2,752,196	18,469	2,770,665
Expenditures/Encumbrances and Other Financing Uses				
General Government:				
Assessor	$ 470	33,495	(774)	33,191
Auditor-Controller	785	15,721	(474)	16,032
Board of Supervisors - 1st District	5	942	9	956
Board of Supervisors - 2nd District	--	903	3	906
Board of Supervisors - 3rd District	2	845	2	849
Board of Supervisors - 4th District	--	884	3	887
Board of Supervisors - 5th District	2	911	1	914
Capital Acquisition Financing	--	7,119	--	7,119
Capital Projects	8,106	14,950	(2,352)	20,704
CAPS Program	882	26,953	(2,335)	25,500
Clerk of the Board	6	3,308	(32)	3,282
County Counsel	98	11,896	(302)	11,692
County Executive Office	1,738	17,561	(522)	18,777
County General				
Data Systems Development Project	2,614	11,288	503	14,405
Employee Benefits	--	2,125	(51)	2,074
Human Resources	192	3,830	(189)	3,833
Internal Audit	40	2,615	(127)	2,528
IBM Mainframe	--	4,841	(242)	4,599
Miscellaneous	--	8,178	(305)	7,873
Office of Independent Review	45	728	(37)	736
Registrar of Voters	601	11,305	4,902	16,808
Tax and Rev Anticipation Notes	--	2,617	814	3,431
The Office of the Performance Audit	--	725	(32)	693
Treasurer-Tax Collector	293	14,557	259	15,109
Utilities	1,115	23,100	(1,711)	22,504
2005 Lease Revenue Refunding Bonds	--	70,222	2,198	72,420
2005 Refunding Recovery Bonds	--	18,430	--	18,430
Public Protection:				
Alternate Defense	--	6,177	1,012	7,189
Building & Safety	--	--	1,093	1,093
Child Support Services	59	57,875	--	57,934
Clerk-Recorder	1,378	10,992	--	12,370
Detention Release	53	1,620	(131)	1,542
District Attorney	2,463	111,741	4,136	118,340
Emergency Management Division	151	2,231	45	2,427
Grand Jury	47	554	22	623
Juvenile Justice Commission	10	201	(10)	201
Probation	3,509	164,486	(6,638)	161,357
Public Administrator/Public Guardian	14	6,233	(270)	5,977
Public Defender	507	65,508	(3,219)	62,796
Sheriff-Coroner	5,145	458,990	17,890	482,025
Sheriff-Coroner Communications	101	11,074	536	11,711
Sheriff Court Operations	599	54,236	(649)	54,186
Trial Courts	55	67,255	(1,000)	66,310
Public Ways and Facilities:				
OC Public Works	2,975	54,637	(463)	57,149
Health and Sanitation:				
Health Care Agency	1,673	616,124	(6,140)	611,657
OC Watersheds	773	25,758	50	26,581
Public Assistance:				
Aid to Families with Dependent Children - Foster Care	330	134,336	(8,723)	125,943
Aid to Refugees	--	473	104	577
California Works Opportunities and Responsibility to Kids	--	127,043	11,482	138,525
OC Community Resources	472	43,434	2,510	46,416
General Relief	--	1,061	346	1,407
In-Home Supportive Services - IHSS	--	31,655	1,524	33,179
Social Services Agency	6,197	444,919	(2,865)	448,251
Total Expenditures/Encumbrances and Other Financing Uses	43,505	2,808,662	9,851	2,862,018
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(43,505)	(56,466)	8,618	(91,353)
Fund Balances - Beginning of Year	--	25,000	--	25,000
Cancellation of Reserves/Designations	--	31,466	--	31,466
Fund Balance Reserved for Encumbrances	43,505	--	--	43,505
Provisions for Reserves and/or Designations	--	--	(8,618)	(8,618)
Fund Balances - End of Year	$ --	$ --	$ --	$ --

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

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations	
				Revenues and Other Financing Sources
$ 557,572	$ 3,413			Taxes
10,874	77			Licenses, Permits, and Franchises
41,112	(494)			Fines, Forfeitures and Penalties
7,298	(448)			Use of Money and Property
1,319,916	(44,066)			Intergovernmental
386,616	(18,284)			Charges for Services
35,331	2,990			Other
266,388	(86,362)			Transfers In
2,384	--			Premiums on Bonds Issued
2,627,491	(143,174)			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				General Government:
32,306	885	$ 617	$ 268	Assessor
14,931	1,101	870	231	Auditor-Controller
948	8	3	5	Board of Supervisors - 1st District
798	108	2	106	Board of Supervisors - 2nd District
812	37	2	35	Board of Supervisors - 3rd District
755	132	4	128	Board of Supervisors - 4th District
853	61	2	59	Board of Supervisors - 5th District
6,783	336	--	336	Capital Acquisition Financing
9,619	11,085	1,009	10,076	Capital Projects
21,547	3,953	568	3,385	CAPS Program
3,272	10	30	(20)	Clerk of the Board
10,418	1,274	78	1,196	County Counsel
15,740	3,037	1,546	1,491	County Executive Office
				County General
9,921	4,484	1,000	3,484	Data Systems Development Project
668	1,406	2	1,404	Employee Benefits
3,359	474	224	250	Human Resources
2,472	56	2	54	Internal Audit
4,599	--	--	--	IBM Mainframe
1,988	5,885	38	5,847	Miscellaneous
398	338	47	291	Office of Independent Review
12,336	4,472	1,270	3,202	Registrar of Voters
3,415	16	--	16	Tax and Rev Anticipation Notes
589	104	27	77	The Office of the Performance Audit
13,786	1,323	413	910	Treasurer-Tax Collector
20,783	1,721	792	929	Utilities
72,420	--	--	--	2005 Lease Revenue Refunding Bonds
18,430	--	--	--	2005 Refunding Recovery Bonds
				Public Protection:
6,469	720	712	8	Alternate Defense
453	640	--	640	Building & Safety
55,715	2,219	33	2,186	Child Support Services
11,076	1,294	906	388	Clerk-Recorder
1,484	58	5	53	Detention Release
102,893	15,447	3,276	12,171	District Attorney
1,878	549	31	518	Emergency Management Division
565	58	6	52	Grand Jury
187	14	1	13	Juvenile Justice Commission
146,964	14,393	6,433	7,960	Probation
5,463	514	40	474	Public Administrator/Public Guardian
60,459	2,337	466	1,871	Public Defender
452,398	29,627	8,126	21,501	Sheriff-Coroner
9,807	1,904	222	1,682	Sheriff-Coroner Communications
50,733	3,453	151	3,302	Sheriff Court Operations
64,464	1,846	72	1,774	Trial Courts
				Public Ways and Facilities:
50,143	7,006	3,793	3,213	OC Public Works
				Health and Sanitation:
553,456	58,201	620	57,581	Health Care Agency
12,914	13,667	1,663	12,004	OC Watersheds
				Public Assistance:
122,920	3,023	761	2,262	Aid to Families with Dependent Children - Foster Care
540	37	--	37	Aid to Refugees
136,820	1,705	--	1,705	California Works Opportunities and Responsibility to Kids
40,898	5,518	909	4,609	OC Community Resources
1,399	8	--	8	General Relief
31,773	1,406	--	1,406	In-Home Supportive Services - IHSS
423,845	24,406	10,919	13,487	Social Services Agency
2,629,662	232,356	$ 47,691	$ 184,665	Total Expenditures/Encumbrances and Other Financing Uses
(2,171)	$ 89,182			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
292,550				Fund Balances - Beginning of Year
(248,808)				Cancellation of Reserves/Designations
47,691				Fund Balance Reserved for Encumbrances
201,116				Provisions for Reserves and/or Designations
$ 290,378				Fund Balances - End of Year

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises		$ 411	$ --	$ 411
Fines, Forfeitures and Penalties		16	--	16
Use of Money and Property		4,785	--	4,785
Intergovernmental		50,988	16,821	67,809
Charges for Services		30,979	4,577	35,556
Other		2,311	13,710	16,021
Total Revenues and Other Financing Sources		89,490	35,108	124,598
Expenditures/Encumbrances and Other Financing Uses				
Public Ways and Facilities:				
OC Road	$ 45,511	140,747	7,059	193,317
Foothill Circulation Phasing Plan	1,535	4,994	11,742	18,271
Total Expenditures/Encumbrances	47,046	145,741	18,801	211,588
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(47,046)	(56,251)	16,307	(86,990)
Fund Balances - Beginning of Year	--	56,991	--	56,991
Cancellation of Reserves/Designations	--	--	--	--
Fund Balance Reserved for Encumbrances	47,046	--	--	47,046
Provisions for Reserves and/or Designations	--	(740)	(16,307)	(17,047)
Fund Balances - End of Year	$ --	$ --	$ --	$ --

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

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations	
				Revenues and Other Financing Sources
$ 311	$ (100)			Licenses, Permits, and Franchises
9	(7)			Fines, Forfeitures and Penalties
1,077	(3,708)			Use of Money and Property
81,536	13,727			Intergovernmental
15,974	(19,582)			Charges for Services
898	(15,123)			Other
99,805	(24,793)			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Public Ways and Facilities:
72,860	120,457	$ 51,540	$ 68,917	OC Road
895	17,376	14,037	3,339	Foothill Circulation Phasing Plan
73,755	137,833	$ 65,577	$ 72,256	Total Expenditures/Encumbrances
26,050	$ 113,040			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
93,312				Fund Balances - Beginning of Year
(71,868)				Cancellation of Reserves/Designations
65,577				Fund Balance Reserved for Encumbrances
6,291				Provisions for Reserves and/or Designations
$ 119,362				Fund Balances - End of Year

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		$ 68,286	$ --	$ 68,286
Licenses, Permits, and Franchises		417	--	417
Fines, Forfeitures and Penalties		46	--	46
Use of Money and Property		12,157	--	12,157
Intergovernmental		5,962	--	5,962
Charges for Services		14,184	11	14,195
Other		47,720	--	47,720
Transfers In		1,598	--	1,598
Total Revenues and Other Financing Sources		150,370	11	150,381
Expenditures/Encumbrances and Other Financing Uses				
Public Protection:				
OC Flood	$ 35,545	134,213	10	169,768
OC Santa Ana River	--	58	--	58
OC Flood - Capital	17,884	50,657	50,343	118,884
Total Expenditures/Encumbrances and Other Financing Uses	53,429	184,928	50,353	288,710
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(53,429)	(34,558)	(50,342)	(138,329)
Fund Balances - Beginning of Year	--	28,473	--	28,473
Cancellation of Reserves/Designations	--	20,348	50,342	70,690
Fund Balance Reserved for Encumbrances	53,429	--	--	53,429
Provisions for Reserves and/or Designations	--	(14,263)	--	(14,263)
Fund Balances - End of Year	$ --	$ --	$ --	$ --

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

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations	
				Revenues and Other Financing Sources
$ 66,628	$ (1,658)			Taxes
193	(224)			Licenses, Permits, and Franchises
43	(3)			Fines, Forfeitures and Penalties
4,384	(7,773)			Use of Money and Property
28,067	22,105			Intergovernmental
12,262	(1,933)			Charges for Services
4,291	(43,429)			Other
1,598	--			Transfers In
117,466	(32,915)			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Public Protection:
87,220	82,548	$ 24,460	$ 58,088	OC Flood
--	58	--	58	OC Santa Ana River
69,735	49,149	8,627	40,522	OC Flood - Capital
156,955	131,755	$ 33,087	$ 98,668	Total Expenditures/Encumbrances and Other Financing Uses
(39,489)	$ 98,840			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
321,587				Fund Balances - Beginning of Year
(216,263)				Cancellation of Reserves/Designations
33,087				Fund Balance Reserved for Encumbrances
183,175				Provisions for Reserves and/or Designations
$ 282,097				Fund Balances - End of Year

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		$ 51,010	$ (900)	$ 50,110
Licenses, Permits, and Franchises		220	--	220
Fines, Forfeitures and Penalties		147	--	147
Use of Money and Property		37,739	--	37,739
Intergovernmental		9,779	(107)	9,672
Charges for Services		4,916	--	4,916
Other		3,413	(11)	3,402
Transfers In		13,251	1,510	14,761
Total Revenues and Other Financing Sources		120,475	492	120,967
Expenditures/Encumbrances and Other Financing Uses				
Recreation and Cultural Services:				
County Tidelands - Newport Bay	$ 590	7,262	222	8,074
OC Dana Point Harbor	2,911	30,156	(3,692)	29,375
OC Parks	8,892	86,921	5,773	101,586
OC Capital	4,274	37,598	(1,727)	40,145
Dana Point Marina Department of Boating and Waterways Emergency Repair Fund	--	1,533	(5)	1,528
Total Expenditures/Encumbrances and Other Financing Uses	16,667	163,470	571	180,708
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(16,667)	(42,995)	(79)	(59,741)
Fund Balances - Beginning of Year	--	43,365	--	43,365
Cancellation of Reserves/Designations	--	150	79	229
Fund Balance Reserved for Encumbrances	16,667	--	--	16,667
Provisions for Reserves and/or Designations	--	(520)	--	(520)
Fund Balances - End of Year	$ --	$ --	$ --	$ --

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

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations	
				Revenues and Other Financing Sources
$ 49,504	$ (606)			Taxes
92	(128)			Licenses, Permits, and Franchises
163	16			Fines, Forfeitures and Penalties
33,953	(3,786)			Use of Money and Property
9,799	127			Intergovernmental
5,457	541			Charges for Services
1,798	(1,604)			Other
762	(13,999)			Transfers In
101,528	(19,439)			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Recreation and Cultural Services:
4,055	4,019	$ 2,289	$ 1,730	County Tidelands - Newport Bay
18,982	10,393	2,446	7,947	OC Dana Point Harbor
59,177	42,409	11,435	30,974	OC Parks
5,608	34,537	4,089	30,448	OC Capital
1	1,527	--	1,527	Dana Point Marina Department of Boating and Waterways Emergency Repair Fund
87,823	92,885	20,259	72,626	Total Expenditures/Encumbrances and Other Financing Uses
13,705	$ 73,446			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
131,076				Fund Balances - Beginning of Year
(91,531)				Cancellation of Reserves/Designations
20,259				Fund Balance Reserved for Encumbrances
71,271				Provisions for Reserves and/or Designations
$ 144,780				Fund Balances - End of Year

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises		$ 6,754	$ (1,309)	$ 5,445
Fines, Forfeitures and Penalties		4,782	--	4,782
Use of Money and Property		5,933	(61)	5,872
Intergovernmental		35,563	(3,984)	31,579
Charges for Services		6,552	(59)	6,493
Other		9,455	625	10,080
Transfers In		6,691	(109)	6,582
Total Revenues and Other Financing Sources		75,730	(4,897)	70,833
Expenditures/Encumbrances and Other Financing Uses				
Public Protection:				
Orange County Methamphetamine Lab Investigation Team	$ --	719	716	1,435
County Automated Fingerprint Identification	1	1,244	152	1,397
Building and Safety	3	8,111	(533)	7,581
Narcotic Forfeiture and Seizure	12	1,017	(1)	1,028
Sheriff-Regional Narcotics Suppression Program	70	7,030	2,079	9,179
Motor Vehicle Theft Task Force	44	2,996	84	3,124
Clerk Recorder Special Revenue	--	8,862	3,047	11,909
Real Estate Prosecution Fund	--	950	291	1,241
Proposition 64 - Consumer Protection	--	6,460	40	6,500
Proposition 69 - DNA Identification	--	2,155	413	2,568
Juvenile Justice Reform	183	7,240	176	7,599
Traffic Violator	--	1,706	97	1,803
Sheriff Narcotics Program	69	6,271	(543)	5,797
Orange County Jail	--	4,262	347	4,609
Sheriff's State Criminal Alien Assistance Program	18	13,794	5,066	18,878
Substance Abuse/Crime Prevention	--	5,975	(5,890)	85
County Public Safety Sales Tax Excess Revenues	--	--	18	18
California Automated Fingerprint Identification Operational Costs	--	1,368	1	1,369
California Automated Fingerprint Identification Systems Costs	161	22,321	91	22,573
Sheriff's Supplemental Law Enforcement Services	--	1,277	(4)	1,273
District Attorney's Supplemental Law Enforcement Services	--	1,335	(104)	1,231
Sheriff-Coroner Replacement and Maintenance	152	17,945	(1,214)	16,883
Ward Welfare	1	520	50	571
Court Facilities	204	1,753	(49)	1,908
Sheriff's Substations Fee Program	--	8,359	4	8,363
Jail Commissary	131	7,971	929	9,031
Inmate Welfare	144	12,446	(276)	12,314
Child Support Program Development	--	9,482	(574)	8,908
800 MHz County-Wide Coordinated Communications System	92	5,690	3,217	8,999
Delta Special Revenue	5	210	(17)	198
Total Expenditures/Encumbrances and Other Financing Uses	1,290	169,469	7,613	178,372
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(1,290)	(93,739)	(12,510)	(107,539)
Fund Balances - Beginning of Year	--	77,670	--	77,670
Cancellation of Reserves/Designations	--	16,754	12,510	29,264
Fund Balance Reserved for Encumbrances	1,290	--	--	1,290
Provisions for Reserves and/or Designations	--	(685)	--	(685)
Fund Balances - End of Year	$ --	$ --	$ --	$ --

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

Actual Revenues & Expenditures on Budgetary Basis (See Note 1)	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations	
				Revenues and Other Financing Sources
$ 2,764	$ (2,681)			Licenses, Permits, and Franchises
7,608	2,826			Fines, Forfeitures and Penalties
3,730	(2,142)			Use of Money and Property
30,037	(1,542)			Intergovernmental
7,454	961			Charges for Services
6,839	(3,241)			Other
1,168	(5,414)			Transfers In
59,600	(11,233)			Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Public Protection:
1,180	255	$ --	$ 255	Orange County Methamphetamine Lab Investigation Team
990	407	3	404	County Automated Fingerprint Identification
4,463	3,118	1	3,117	Building and Safety
386	642	14	628	Narcotic Forfeiture and Seizure
4,609	4,570	293	4,277	Sheriff-Regional Narcotics Suppression Program
2,852	272	58	214	Motor Vehicle Theft Task Force
2,550	9,359	--	9,359	Clerk Recorder Special Revenue
1,125	116	--	116	Real Estate Prosecution Fund
554	5,946	--	5,946	Proposition 64 - Consumer Protection
867	1,701	--	1,701	Proposition 69 - DNA Identification
4,537	3,062	161	2,901	Juvenile Justice Reform
491	1,312	--	1,312	Traffic Violator
1,140	4,657	111	4,546	Sheriff Narcotics Program
3,805	804	--	804	Orange County Jail
18,209	669	18	651	Sheriff's State Criminal Alien Assistance Program
84	1	--	1	Substance Abuse/Crime Prevention
18	--	--	--	County Public Safety Sales Tax Excess Revenues
2	1,367	--	1,367	California Automated Fingerprint Identification Operational Costs
383	22,190	60	22,130	California Automated Fingerprint Identification Systems Costs
852	421	--	421	Sheriff's Supplemental Law Enforcement Services
525	706	--	706	District Attorney's Supplemental Law Enforcement Services
7,266	9,617	123	9,494	Sheriff-Coroner Replacement and Maintenance
118	453	--	453	Ward Welfare
376	1,532	57	1,475	Court Facilities
4	8,359	--	8,359	Sheriff's Substations Fee Program
6,553	2,478	1,157	1,321	Jail Commissary
5,017	7,297	108	7,189	Inmate Welfare
799	8,109	--	8,109	Child Support Program Development
494	8,505	99	8,406	800 MHz County-Wide Coordinated Communications System
6	192	7	185	Delta Special Revenue
70,255	108,117	$ 2,270	$ 105,847	Total Expenditures/Encumbrances and Other Financing Uses
(10,655)	$ 96,884			Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
113,012				Fund Balances - Beginning of Year
(7,703)				Cancellation of Reserves/Designations
2,270				Fund Balance Reserved for Encumbrances
5,435				Provisions for Reserves and/or Designations
$ 102,359				Fund Balances - End of Year

	Business-Type Activities - Enterprise Funds				
	Airport	Waste Management	Compressed Natural Gas (Non-Major)	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current Assets					
Pooled Cash/Investments (Notes 1 and 4)	$ 95,690	$ 300,222	$ 642	$ 396,554	$ 182,782
Cash Equivalents/Specific Investments (Notes 1 and 4)	31,517	--	--	31,517	--
Cash/Cash Equivalents (Notes 1 and 4)	11,590	--	--	11,590	--
Imprest Cash Funds (Note 4)	14	35	--	49	133
Restricted Cash and Investments with Trustee (Note 4)	14,058	7,202	--	21,260	873
Restricted Pooled Cash/Investments (Note 4)	191,836	662	--	192,498	--
Deposits In-Lieu of Cash	30,722	16,793	--	47,515	--
Receivables					
Accounts	4,879	8,265	--	13,144	164
Passenger Facility Charges	2,444	--	--	2,444	--
Interest/Dividends	1,097	936	2	2,035	384
Pollution Remediation Obligation Recoveries	394	--	--	394	--
Allowance for Uncollectible Receivables	--	(1)	--	(1)	(1)
Due from Other Funds (Note 7)	1	16	1	18	1,858
Due from Other Governmental Agencies	5,065	238	--	5,303	559
Inventory of Materials and Supplies (Note 1)	--	--	--	--	313
Prepaid Costs (Note 1)	109	787	--	896	--
Bond Issuance Costs	248	35	--	283	--
Total Current Assets	389,664	335,190	645	725,499	187,065
Noncurrent Assets					.
Restricted Cash and Investments with Trustee (Note 4)	18,451	4,007	--	22,458	--
Restricted Pooled Cash/Investments (Note 4)	--	36,839	--	36,839	--
Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs (Notes 1, 4, and 14)	--	89,258	--	89,258	--
Investments (Notes 1 and 4)	17,964	--	--	17,964	--
Prepaid Costs (Note 1)	--	2,357	--	2,357	--
Advances To Other Funds (Note 7)	--	15,606	--	15,606	--
Capital Assets: (Notes 1 and 5)					
Land	15,678	22,405	--	38,083	--
Construction in Progress	188,723	9,184	--	197,907	1,492
Structures and Improvements	306,078	18,514	--	324,592	9,695
Accumulated Depreciation	(160,528)	(6,062)	--	(166,590)	(4,393)
Equipment	11,328	68,211	--	79,539	81,732
Accumulated Depreciation	(8,612)	(36,201)	--	(44,813)	(66,886)
Infrastructure	210,778	278,690	--	489,468	--
Accumulated Depreciation	(146,518)	(117,900)	--	(264,418)	--
Total Capital Assets	416,927	236,841	--	653,768	21,640
Bond Issuance Costs	1,982	16	--	1,998	--
Total Noncurrent Assets	455,324	384,924	--	840,248	21,640
Total Assets	844,988	720,114	645	1,565,747	208,705

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

	Business-Type Activities - Enterprise Funds				
	Airport	Waste Management	Compressed Natural Gas (Non-Major)	Total	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities					
Accounts Payable	$ 19,240	$ 7,370	$ --	$ 26,610	$ 6,176
Retainage Payable	274	120	--	394	--
Salaries and Employee Benefits Payable	615	831	--	1,446	565
Unearned Revenue	1,509	--	--	1,509	--
Due to Other Funds (Note 7)	2,086	2,980	60	5,126	461
Due to Other Governmental Agencies	2	1,553	--	1,555	2
Insurance Claims Payable (Notes 1 and 16)	--	--	--	--	59,715
Compensated Employee Absences Payable (Notes 1 and 11)	1,046	1,360	--	2,406	1,010
Pollution Remediation Obligation (Notes 11 and 17)	170	415	--	585	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	1,988	--	1,988	--
Bonds Payable (Note 11)	7,416	5,816	--	13,232	--
Interest Payable	6,524	119	--	6,643	--
Deposits from Others	31,392	17,620	--	49,012	--
Total Current Liabilities	70,274	40,172	60	110,506	67,929
Noncurrent Liabilities					
Insurance Claims Payable (Notes 1 and 16)	--	--	--	--	119,399
Compensated Employee Absences Payable (Notes 1 and 11)	1,191	1,394	--	2,585	878
Pollution Remediation Obligation (Notes 11 and 17)	1,312	5,529	--	6,841	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	161,897	--	161,897	--
Bonds Payable (Note 11)	256,683	19,922	--	276,605	--
Arbitrage Rebate Payable (Note 11)	65	152	--	217	--
Total Noncurrent Liabilities	259,251	188,894	--	448,145	120,277
Total Liabilities	329,525	229,066	60	558,651	188,206
NET ASSETS					
Invested in Capital Assets, Net of Related Debt (Note 1)	326,221	211,154	--	537,375	21,642
Restricted for (Note 1)					
Debt Service	12,163	33,222	--	45,385	--
Passenger Facility Charges Approved Capital Projects (Note 1)	35,062	--	--	35,062	--
Replacements and Renewals	1,000	--	--	1,000	--
Landfill Closure/Postclosure	--	44,785	--	44,785	--
Landfill Corrective Action	--	5,816	--	5,816	--
San Joaquin Restoration Project	--	3,120	--	3,120	--
Unrestricted (Note 1)	141,017	192,951	585	334,553	(1,143)
Total Net Assets	$ 515,463	$ 491,048	$ 585	$ 1,007,096	$ 20,499
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(4,451)	
Cumulative Effect of Prior Years' Internal Service Funds Allocation				(8,324)	
Net Assets of Business-type Activities				$ 994,321	

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

	Business-Type Activities - Enterprise Funds				
	Airport	Waste Management	Compressed Natural Gas (Non-Major)	Total	Governmental Activities - Internal Service Funds
Operating Revenues					
Use of Property	$ 93,484	$ 1,416	$ --	$ 94,900	$ 3,722
Licenses, Permits, and Franchises	--	73	--	73	--
Charges for Services	14,993	80,903	129	96,025	62,277
Insurance Premiums	--	--	--	--	195,750
Total Operating Revenues	108,477	82,392	129	190,998	261,749
Operating Expenses					
Salaries and Employee Benefits	17,334	24,244	--	41,578	16,622
Services and Supplies	19,428	21,544	52	41,024	30,466
Professional Services	31,564	13,092	43	44,699	32,566
Operating Leases	445	764	--	1,209	3,817
Insurance Claims and Premiums (Note 16)	--	--	--	--	247,476
Pollution Remediation Expense	--	(1,502)	--	(1,502)	--
Taxes and Other Fees	--	13,557	--	13,557	7
Landfill Site Closure/Postclosure Costs (Note 14)	--	(7,175)	--	(7,175)	--
Depreciation (Note 5)	19,684	17,155	--	36,839	5,949
Total Operating Expenses	88,455	81,679	95	170,229	336,903
Operating Income (Loss)	20,022	713	34	20,769	(75,154)
Nonoperating Revenues (Expenses)					
Fines, Forfeitures and Penalties	200	17	--	217	--
Intergovernmental Revenues	151	1,131	150	1,432	1,441
Interest Revenue	1,667	4,743	1	6,411	1,938
Interest Expense	(344)	(1,771)	--	(2,115)	--
Gain on Disposition of Capital Assets	2	84	--	86	111
Passenger Facility Charges Revenue	17,979	--	--	17,979	--
Other Revenue	624	1,304	350	2,278	4,266
Total Nonoperating Revenues	20,279	5,508	501	26,288	7,756
Income (Loss) Before Contributions and Transfers	40,301	6,221	535	47,057	(67,398)
Capital Grant Contributions	7,707	--	--	7,707	--
Capital Contributions	370	--	--	370	--
Transfers In (Note 9)	--	--	50	50	1,679
Transfers Out (Note 9)	--	(11,238)	--	(11,238)	(1,825)
Increase/Decrease in Net Assets	48,378	(5,017)	585	43,946	(67,544)
Net Assets - Beginning of Year	467,085	496,065	--		88,043
Net Assets - End of Year	$ 515,463	$ 491,048	$ 585		$ 20,499
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(4,451)	
Increase in Net Assets of Business-Type Activities				$ 39,495	

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 (Non-Major)	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	$ 107,083	$ 85,303	$ 479	$ 192,865	$ 66,638
Cash Received for Premiums within the County's Entity	--	--	--	--	195,750
Payments to Suppliers for Goods and Services	(50,809)	(34,929)	(95)	(85,833)	(224,471)
Payments to Employees for Services	(17,095)	(24,109)	--	(41,204)	(16,449)
Payments for Interfund Services Provided	(12)	--	--	(12)	(438)
Cash Receipts for Interfund Services Provided	--	744	58	802	302
Landfill Site Closure/Postclosure Care Costs	--	(1,988)	--	(1,988)	--
Taxes and Other Fees	--	(13,557)	--	(13,557)	(7)
Other Operating Receipts (Payments) - Net	793	(604)	--	189	(64,062)
Net Cash Provided (Used) by Operating Activities	39,960	10,860	442	51,262	(42,737)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	--	--	50	50	1,679
Transfers Out	--	(11,238)	--	(11,238)	(1,825)
Intergovernmental Revenues	68	1,131	150	1,349	1,441
Net Cash Provided (Used) by Noncapital Financing Activities	68	(10,107)	200	(9,839)	1,295
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(101,861)	(11,773)	--	(113,634)	(2,836)
Principal Paid on Bonds	(2,865)	(5,620)	--	(8,485)	--
Interest Paid on Long-Term Debt	(7,163)	(1,527)	--	(8,690)	--
Bond Issuance Costs Paid on Long-Term Debt	(2,059)	--	--	(2,059)	--
Proceeds from the Issuance of Long-Term Debt	233,402	--		233,402	
Capital Grant Contributions	3,397	--	--	3,397	--
Passenger Facility Charges Revenue	18,052	--	--	18,052	--
Proceeds from Sale of Capital Assets	20	234	--	254	--
Net Cash Provided (Used) by Capital and Related Financing Activities	140,923	(18,686)	--	122,237	(2,836)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	3,521	5,060	--	8,581	2,111
Proceed from Sales and Maturities	5,394	--	--	5,394	--
Decrease in Restricted Investments with Trustee	--	(156)	--	(156)	--
Advances to Other Funds	--	(15,606)	--	(15,606)	--
Net Cash Provided (Used) by Investing Activities	8,915	(10,702)	--	(1,787)	2,111
Net Increase (Decrease) in Cash and Cash Equivalents	189,866	(28,635)	642	161,873	(42,167)
Cash and Cash Equivalents - Beginning of Year	154,839	455,651	--	610,490	225,955
Cash and Cash Equivalents - End of Year	$ 344,705	$ 427,016	$ 642	$ 772,363	$ 183,788

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

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	Waste Management	Compressed Natural Gas (Non-Major)	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating Income (Loss)	$ 20,022	$ 713	$ 34	$ 20,769	$ (75,154)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	19,684	17,155	--	36,839	5,949
Provision for Landfill Site Closure/Postclosure Costs	--	(7,175)	--	(7,175)	--
Fines, Forfeitures and Penalties	200	17	--	217	--
Other Revenue	602	1,304	350	2,256	4,266
Landfill Site Closure Disbursements	--	(1,988)	--	(1,988)	--
(Increases) Decreases In:					
Deposits In-Lieu of Cash	8,676	390	--	9,066	--
Accounts Receivable (Net of Allowances)	(842)	2,521	--	1,679	602
Due from Other Funds	23	9	(2)	30	697
Due from Component Unit	--	--	--	--	135
Due from Other Governmental Agencies	(1)	364	--	363	(133)
Inventory of Materials and Supplies	--	--	--	--	(69)
Prepaid Costs	17	786	--	803	55
Increases (Decreases) In:					
Accounts Payable	771	484	--	1,255	823
Retainage Payable	(162)	(824)	--	(986)	(53)
Salaries and Employee Benefits Payable	73	74	--	147	34
Unearned Revenue	(1,109)	(63)	--	(1,172)	--
Due to Other Funds	(35)	735	60	760	(968)
Due to Other Governmental Agencies	2	46	--	48	(6)
Insurance Claims Payable	--	--	--	--	20,946
Compensated Employee Absences Payable	166	61	--	227	139
Pollution Remediation Obligation	393	(3,439)	--	(3,046)	--
Deposits from Others	(8,554)	(363)	--	(8,917)	--
Arbitrage Rebate Payable	34	53	--	87	--
Total Adjustments	19,938	10,147	408	30,493	32,417
Net Cash Provided (Used) by Operating Activities	$ 39,960	$ 10,860	$ 442	$ 51,262	$ (42,737)
Reconciliation of Cash and Cash Equivalents to Statement of Fund Net Assets Accounts					
Pooled Cash/Investments	$ 95,690	$ 300,222	$ 642	$ 396,554	$ 182,782
Cash Equivalents/Specific Investments	31,517	--	--	31,517	--
Cash/Cash Equivalents	11,590	--	--	11,590	--
Imprest Cash Funds	14	35	--	49	133
Restricted Pooled Cash/Investments	191,836	37,501	--	229,337	--
Restricted Cash and Investments with Trustee	14,058 (1)	-- (2)	--	14,058	873
Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs	--	89,258	--	89,258	--
Total Cash and Cash Equivalents	$ 344,705	$ 427,016	$ 642	$ 772,363	$ 183,788

Schedule of Noncash Investing, Capital, and Financing Activities:
- The Transportation Internal Service Fund gain $129 on disposition of capital assets.
- The Information and Technology Internal Service Fund lost $18 on disposition of capital assets.
- John Wayne Airport received $370 of capital contributions.
- John Wayne Airport gain $2 on disposition of capital assets.
- Waste Management gain $84 on disposition of capital assets.

(1) Does not include $18,451 from Airport's nonliquid Restricted Cash and Investment with Trustee.
(2) Does not include $11,209 from Waste Management's nonliquid Restricted Cash and Investment with Trustee.

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

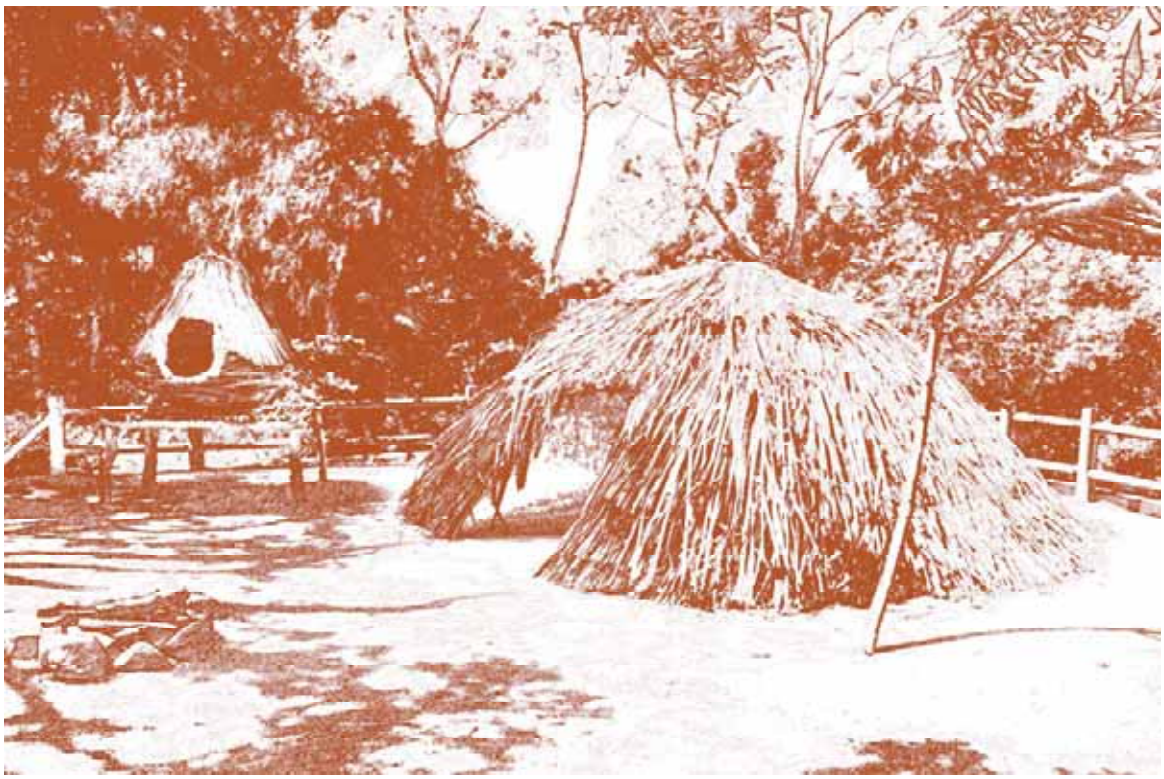
	Private-Purpose Trust Funds	Investment Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds
ASSETS				
Pooled Cash/Investments (Notes 1 and 4)	$ 49,861	$ 2,783,419	$ 15,075	$ 329,788
Restricted Cash	150	--	--	--
Restricted Investments with Trustee				
Guaranteed Investment Contracts	--	--	--	1,938
Money Market Mutual Funds	--	--	28,978	50,303
Stable Value Fund	--	--	4,427	--
Restricted Cash with Orange County Employees Retirement System (OCERS)	--	--	82,482	--
Restricted Cash with Local Agency Investment Fund (LAIF)	--	--	--	4,416
Total Restricted Cash and Investments	150	--	115,887	56,657
Investments (Notes 1 and 4)	--	--	--	9,620
Deposits In-Lieu of Cash	--	--	--	11,865
Receivables				
Accounts	--	--	--	87
Taxes (Note 1)	--	--	--	313,688
Interest/Dividends	161	7,734	63	9,815
Allowance for Uncollectible Receivables	--	--	--	(4)
Due from Other Governmental Agencies	--	--	2,006	8,032
Prepaid Costs (Notes 1 and 19)	--	--	--	443
Notes Receivable	--	--	--	18,572
Total Assets	$ 50,172	$ 2,791,153	$ 133,031	$ 758,563
LIABILITIES				
Accounts Payable	--	--	274	--
Interest Payable	--	--	--	8,234
Deposits from Others	--	--	--	11,520
Monies Held for Others	--	--	--	265,046
Due to Other Governmental Agencies	4	315	--	26,354
Unapportioned Taxes	--	--	--	447,406
Unearned Revenue	--	--	--	3
Total Liabilities	$ 4	$ 315	$ 274	$ 758,563
NET ASSETS				
Held in Trust	50,168	2,790,838	132,757	
Total Net Assets	$ 50,168	$ 2,790,838	$ 132,757	

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	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 18 and 19)	$ --	$ --	$ 41,569
Employee (Note 18)	--	--	859
Contributions to Pooled Investments (Note 4)	--	6,963,396	--
Contributions to Private-Purpose Trust	64,254	--	--
Interest and Investment Income (Loss) (Note 4)	638	36,705	7,736
Less: Investment Expense (Note 4)	(51)	(3,212)	(24)
Total Additions	64,841	6,996,889	50,140
Deductions:			
Benefits Paid to Participants (Notes 18 and 19)	--	--	26,475
Distributions from Pooled Investments (Note 4)	--	7,013,322	--
Distributions from Private-Purpose Trust	71,322	--	--
Total Deductions	71,322	7,013,322	26,475
Change in Net Assets Held in Trust For:			
Private-Purpose Trust	(6,481)	--	--
External Investment Pool (Note 4)	--	(16,433)	--
Employees' Pension and Other Employee Benefits (Notes 18 and 19)	--	--	23,665
Net Assets Held in Trust, Beginning of Year	56,649	2,807,271	109,092
Net Assets Held in Trust, End of Year	$ 50,168	$ 2,790,838	$ 132,757

COUNTY OF ORANGE
CALIFORNIA



Heritage Hill Historical Park, Lake Forest, CA

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*," and Statement No. 39, *"Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14,"* to determine whether the following component units should be reported as blended or discretely presented component units:

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 Development Agency (OCDA) The governing body of the Agency is the County's governing body. Among its duties, it approves the Agency's budget and appoints the management. The Agency is reported in governmental fund types. Separate financial statements are issued for this component unit. Copies of the financial statements can be obtained from the OC Community Resources Accounting Department.

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, determines the rates and charges for the use of facilities and appoints the management. The Authority is reported in governmental fund types.

Orange County Financing Authority The Authority is a joint powers authority of the Orange County Development Agency and the Orange County Housing Authority, formed for the purpose of assisting the Orange County Development Agency in financing and refinancing its redevelopment projects and activities. The governing body of the Authority is the County's governing body. The Authority is reported in governmental fund types.

Orange County Special Financing Authority The Authority is a joint powers authority of the County and the Orange County Development Agency, formed to assist in the refinancing of the County's Teeter Plan program, and in the financing of public capital improvements and other projects. The governing body of the Authority is the County's governing body. Please refer to Note 11, Long-Term Obligations, which discusses the retirement of the Teeter Bonds and consequently the elimination of separate financial statements by the bondholders. The Authority is reported in governmental fund types.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Orange County Public Financing Authority The Authority is a joint powers authority of the County and the 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.

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 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.

Discretely Presented Component Unit

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, 17320 Redhill Avenue, Suite 200, Irvine, CA 92614, or by accessing Orange County's website at the following address:
http://egov.ocgov.com/ocgov/Auditor-Controller - David Sundstrom/Financial Statements

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 and accumulated depreciation 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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"* mandates the presentation of two basic government-wide financial statements:

- *Statement of Net Assets*
- *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 unit, Children and Families Commission of Orange County, for which the primary government is financially accountable.

The government-wide Statement of Net Assets displays the financial position of the primary government, in this case the County, and its discretely presented component unit. The Statement of Net Assets reports the County's financial and capital resources, including infrastructure, as well as the County's long-term obligations. The difference between the County's assets and liabilities is its net assets. Net assets represent 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 assets in the government-wide financial statements:

- Net Assets Invested in Capital Assets, Net of Related Debt 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 Assets, net of depreciation.

- Restricted Net Assets 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 asset restrictions are externally imposed by outside parties, constitutional provisions or enabling legislation. Examples of restricted net assets 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, 2010, the County's governmental activities reported restricted net assets of $1,249,418 restricted for the purposes of capital projects, debt service, legally segregated special revenue funds restricted for grants and other purpose, and regional park endowment. Restricted Net Assets for business-type activities amounted to $135,168 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, 2010, the County reported $35,062 of net assets restricted by enabling legislation related to the Airport's PFC.

- Unrestricted Net Assets 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 assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-Wide Financial Statements (Continued)

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 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 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. Property taxes provide most of this fund's revenues.

Orange County Parks (OC Parks) This fund accounts for the development and maintenance of County harbors, tidelands and related aquatic recreational facilities, as well as the acquisition, operation and maintenance of County beaches, inland regional park recreation 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

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

Teeter Plan Obligation Commercial Paper Program Note 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.

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 and the opening of new landfills. Monies are collected through gate tipping fees, which users pay based primarily on tonnage.

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

Additionally, the County reports the following fund types:

Internal Service Funds The County reports nine Internal Service 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 284 trust and agency funds for FY 2009-10. These trust and agency funds are used to account for assets held on behalf of outside parties or employees, including other governments. When these assets are held under the terms of a formal trust agreement, a private-purpose trust, pension trust, or investment trust fund is used. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

Investment Trust

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

Educational Investment Pool
These funds are used to account for assets, consisting primarily of cash and investments, of school 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 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

Government-Wide Financial Statements

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

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

Governmental Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

- *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, 2010, the County reported $174,290 of deferred revenue, and $58,430 of unearned revenue, in the governmental funds' Balance Sheet.

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund Financial Statements (Continued)

Under GASB Statement No. 20, the County has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 when preparing the government-wide and enterprise fund financial statements.

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) CNG 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 proposed budget, the Board adopts a budget in accordance with Government Code Sections 29000-29144 and 30200. The County publishes the results of this initial budgeting process in a separate report, the "Final 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 increased 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

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

- *Roads*
- *Flood Control District*
- *OC Parks*
- *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 a 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, is recognized as interest revenue.
- Under a 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.
- GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions,"* 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 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 revenue for any significant variances.
- 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 a 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.
- Under a budgetary basis, the loan repayment from OC Public Library to the General Fund was recognized as other revenue within the General Fund. In accordance with GASB Statement No. 34, other revenue was adjusted and the loan payment was recorded as a reduction to the interfund receivable in the lender fund and a reduction to the interfund payable in the borrower fund for the GAAP financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

- 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.
- Under a budgetary basis, the County bills department for their portion of the annual required contribution (ARC) to Orange County Employees Retirement System (OCERS) and recognizes the portion that is not forwarded to OCERS as revenue because the County Investment Account at OCERS funded this portion of the ARC. For the GAAP financial statements, the County reclassified the budgeted revenue for the portion of the ARC funded by the County Investment Account to reduce expenditures.
- 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 following schedule shows the Budgetary Comparison Statement reconciliation between the budgetary basis and GAAP basis for the General Fund and major special revenue funds:

	General Fund	Roads	Flood Control District	OC Parks	Other Public Protection
Revenues and Other Financing Sources					
Total Revenues and Other Financing Sources from the Budgetary Comparison Statements	$ 2,627,491	$ 99,805	$ 117,466	$ 101,528	$ 59,600
Differences-budget to GAAP:					
Change in unrealized gain/(loss) on investment (Note 4)	(256)	(76)	(230)	(68)	(63)
GASB 31 adjustment to report redirected investment income as transfers (Note 4)	--	--	--	--	154
GASB 33 adjustment of revenue accruals for 60 day recognition period	(7,125)	86	(6,683)	(3,613)	(224)
GASB 34 adjustment to record Public Purpose Trust Fund's monies as revenue in benefitting fund	762	--	(41)	(4)	--
Adjustment to eliminate intrafund transfers	--	--	--	--	(700)
Reclassification of loan repayment from OC Public Library to the General Fund (Note 7)	(720)	--	--	--	--
Reclassification of loan from Waste Management to the General Fund (Note 7)	(15,606)	--	--	--	--
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(9,560)	(237)	(130)	(620)	--
Reclassification of other revenues to an expenditure for portion of ARC funded by the County Investment Account with OCERS	(11,000)	--	--	--	--
Revenues and Other Financing Sources for non-budgeted funds are excluded in the Budgetary Comparison Statements	--	--	--	--	493
Total Revenues and Other Financing Sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances.	$ 2,583,986	$ 99,578	$ 110,382	$ 97,223	$ 59,260

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

	General Fund	Roads	Flood Control District	OC Parks	Other Public Protection
Expenditures/Encumbrances and Other Financing Uses					
Actual expenditures reported in the Budgetary Comparison Statements	$ 2,629,662	$ 73,755	$ 156,955	$ 87,823	$ 70,255
Differences-budget to GAAP:					
GASB 31 adjustment to report redirected investment income as transfers (Note 4)	--	--	--	--	154
Adjustment of expenditure accruals for timing	(5,356)	265	(13,842)	483	(1,063)
Adjustment to eliminate intrafund transfers	--	--	--	--	(700)
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(9,560)	(237)	(130)	(620)	--
Reclassification of other revenues to an expenditure for portion of ARC funded by the County Investment Account with OCERS	(11,000)	--	--	--	--
Expenditures/Encumbrances and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements	--	--	--	--	263
Total Expenditures and Other Financing Uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ 2,603,746	$ 73,783	$ 142,983	$ 87,686	$ 68,909

E. Cash and Investments

The County maintains two cash and investment pools: the Orange County Investment Pool ("the County Pool") and the Orange County Educational Investment Pool ("the Educational Pool"), 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.

The County has stated required investments at fair value in the accompanying financial statements. Management contracts with an outside service to provide pricing for the fair value of investments in the portfolio. Securities listed or traded on a national securities exchange are valued at the last quoted sales price. Short-term money market instruments are valued using an average of closing prices and rate data commonly known as matrix pricing. As discussed in Note 4, Deposits and Investments - Concentration of Credit Risk – Serpentine Funding Limited (formerly Whistlejacket Capital LLC), the County has priced its holdings in Serpentine Notes based on information provided by a broker from an independent third party sale on June 28, 2010. On August 19, 2010, the County sold its position in the Serpentine Notes. Please refer to Note 20, Subsequent Events, for further information.

Other than proceeds held by the County, 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 investments are reported at cost, while long-term investments, such as U.S. Government securities are stated at fair value. Fair value for investment agreements and guaranteed investment contracts is amortized cost. The trustee uses an independent service to value those securities, which are based on quoted market price 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 assets (see Note 4, Deposits and Investments) as undistributed and unrealized gain. The investments in the Retiree Medical Defined Benefit Trust are

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

managed by the Orange County Employees Retirement System (OCERS) and are reported at fair value. Refer to Note 18, Retirement Plans, to obtain OCERS stand-alone annual financial statements.

F. 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 reserved 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.

G. Prepaid Costs

The County pays for certain types of services in advance such as pension cost and rents and recognizes these costs in the period during which services are provided. Applicable fund balances are reserved for amounts equal to the prepaid cost at the end of the fiscal year in the governmental funds. At June 30, 2010, the County has prepaid costs of $110,713 in the Statement of Net Assets, which primarily consist of the County's Investment Account with OCERS for future pension costs of $100,668 (see Note 18 for additional information regarding this pension investment asset for the OCERS Pension Plan) and a deferred charge of $3,144 reported in the Business-Type activities 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.

H. Land and Improvements Held for Resale

These assets, held by the OCDA, are valued at the lower of cost or estimated net realizable value.

I. Capital Assets

Capital assets are defined as assets of a long-term character that are intended to be held or used in operations, such as land, 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. Estimated useful lives of structures and improvements, equipment, intangible, and infrastructure are as follows:

Structures and Improvements	10 to 50 years
Equipment	2 to 20 years
Intangible	5 to 20 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

Infrastructure:	
Flood Channels	50 to 99 years
Roads	10 to 20 years
Bridges	50 years
Trails	20 years
Traffic Signals	15 years
Harbors	20 to 50 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.

J. 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 16, Self-Insurance.

K. 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 agencies, independently governed special districts (not governed by the Board), special districts governed by the Board, and the County General Fund.

Property taxes receivables are recorded as of the date levied in property tax unapportioned funds, which are classified as agency funds. When collected, the property taxes are deposited into the County Treasury in the property tax unapportioned funds, where they are held in the unapportioned taxes liability accounts pending periodic apportionment to the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Taxes (Continued)

Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due within the fiscal year and collected within 60 days after the fiscal year-end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year-end, and are collected within 60 days after the fiscal year-end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule. The County's portion of the unapportioned taxes at June 30, 2010 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, 2010, tax refunds and assessed value tax roll corrections resulting from property tax appeals and other disputes represented approximately 1.2% 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
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

L. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

N. 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 2009-10 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 agencies within the General Fund that are not charged 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.

O. Effects of New Pronouncements

The following lists recent GASB pronouncements implemented or are effective in FY 2009-10:

- In June 2007, GASB issued Statement No. 51, "*Accounting and Reporting for Intangible Assets.*" This statement establishes criteria for an intangible asset, accounting and reporting treatment, internally generated intangible assets, and amortization of an asset. Examples of such assets include easements, water rights, timber rights, patents, trademarks, and computer software. The statement also requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. See Note 2 and 5 for additional information.
- In June 2008, GASB issued Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments*." This statement addresses how state and local governments should recognize, measure, and disclose information regarding derivative instruments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. Examples of derivative instruments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. Currently, the County Treasurer's Investment Policy Standards prohibits the purchase of derivative instruments as investments in the County's investment pools and the Public Financing Advisory Committee policy prohibits derivative debt instruments.
- In December 2009, GASB issued Statement No. 58, *"Accounting and Financial Reporting for Chapter 9 Bankruptcies."* This statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court approves a new payment plan. This statement did not have a material impact in the financial statements.

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

In February 2009, GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This statement enhances 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 requirements of this statement are effective for the financial statements for periods beginning after June 15, 2010, which requires the County to implement this statement in FY 2010-11.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Effects of New Pronouncements (Continued)

In December 2009, GASB issued Statement No. 57, *"OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans."* This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The requirements of this statement are effective for the financial statements for periods beginning after June 15, 2011. Currently, the County is not involved in these types of OPEB plans.

In June 2010, GASB issued statement No. 59, *"Financial Instruments Omnibus."* This statement updates and improves the existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this statement are effective for the financial statements for periods beginning after June 15, 2010, which requires the County to implement this statement in FY 2010-11.

P. 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.

Q. Consolidation of Governmental Funds' Balance Sheet and Proprietary Funds' Statement of Net Assets Line Items in Statement of Net Assets

Several asset or liability line items in the Governmental Funds' Balance Sheet and the Proprietary Funds' Statement of Net Assets are combined into one line item in the Government-Wide Statement of Net Assets 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 Assets.

Government-Wide Statement of Net Assets Line Item	***Corresponding Governmental and Proprietary Fund Balance Sheet or Statement of Net Assets 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 and 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, Software in Development and Construction in Progress
Capital Assets – Depreciable/Amortizable	Structures and Improvements and Accumulated Depreciation; Equipment and Accumulated Depreciation; Software and Accumulated Amortization; and Infrastructure and Accumulated Depreciation

2. CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 51, *"Accounting and Reporting for Intangible Assets,"* establishes criteria for intangible assets, accounting and reporting treatment, internally generated intangible assets, and amortization of assets. Examples of such assets include easements, water rights, timber rights, patents, trademarks, and computer software. The Statement also requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements of this Statement are effective for the FY 2009-10 financial statements. Intangible assets should be measured as of July 1, 2009 so that beginning net assets can be restated. Implementation of GASB Statement No. 51 impacted the County's government-wide Governmental Activities. As of the effective date of this Statement, the intangible assets were measured as of the beginning of FY 2009-10 and the net assets were restated. The GASB Statement No. 51 adjustment for intangible assets is reflected in the Net Assets Beginning of the Year for the government-wide Statement of Activities:

	Total – Governmental Activities	
Net Assets at June 30. 2009	$	3,700,593
GASB Statement No. 51 Adjustment		37,556
Net Assets at June 30, 2009 as Restated	$	3,738,149

Refer to Note 5, Changes in Capital Assets, for additional information.

3. DEFICIT FUND EQUITY

The Teeter Plan Obligation Commercial Paper Program Note Fund reported a deficit fund balance of $3,110. The deficit fund balance decreased by $11,993 from the previous year. The County implemented its Teeter Commercial Paper (CP) Program on August 26, 2008, for the purpose of refunding the outstanding Teeter Bonds and to provide a continuing source of funding for the County's annual obligation to make distributions to the taxing agencies participating in the Teeter Plan. The deficit results from additional costs and interest expense of the CP Notes incurred in the first year of the CP Program, and insufficient delinquent tax collection to retire the CP principal. The decreased deficit is a result of increased delinquent tax collection to retire additional CP principal. The County will continue to monitor and manage the collection of delinquent base tax receipts, penalties, and interest in order to eliminate the deficit fund balance.

The Workers' Compensation Internal Service Fund (ISF) and the Property and Casualty Risk ISF reported deficit net asset balances of $35,793 and $11,408, 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 $10,533 from the previous fiscal year due to an increase in the actuarial determined liability amount and decreased charges to participants in the program. The deficit for the Property and Casualty Risk ISF is due to an increase in the actuarial determined liability amount following increases in case reserves. 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 to the most efficient levels.

4. DEPOSITS AND INVESTMENTS

Deposits and investments (including repurchase agreements) totaled $6,349,793 as of June 30, 2010. Each fund's portion of this total is reflected in the balance sheet accounts entitled "Pooled Cash/Investments, Cash Equivalents/Specific Investments, Restricted Pooled Cash/Investments – Closure & Postclosure Care Costs, Restricted Pooled Cash/Investments, Cash/Cash Equivalents, Imprest Cash, Restricted Cash and Investments with Trustee, and Investments."

The Treasurer's office maintains the County Pool and the Educational Pool for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. The Investment Policy Statement (IPS) establishes a Money Market Fund and an Extended Fund as components of the County Pool and Educational Pool.

The Treasurer's office has also established the OC Extended Fund B which is comprised of the Serpentine Funding Limited U.S. Restricted Pass-Through Notes ("P-T Notes"). Refer to Note 20, Subsequent Events, regarding the sale of Serpentine Notes on August 19, 2010. The maximum maturity of investments under the Money Market Fund is 13 months with a maximum weighted average maturity of 60 days. The maximum maturity of both the Extended Fund and OC Extended Fund B is 5 years. The Extended Fund shall have duration not to exceed a leading 1-3 Year index +25%.

The primary investment objectives of the Treasurer's office investment activities are to safeguard principal and to maintain the liquidity needs of the County and other depositors. After meeting the primary investment objectives, the Treasurer's office considers attaining a competitive rate of return commensurate with investment risk and attempting to stabilize a $1 net asset value for the County Money Market Fund and the Educational Money Market Fund. These external investment pools contain deposits, repurchase agreements, and investments. Interest is allocated to individual funds monthly based on the average daily balances on deposit with the Treasurer's office. 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.

The Treasurer's office also manages specific investment funds subject to the IPS as well as Board action or other legal authority. Included below under the heading "Specific Investments" are the John Wayne Airport Investment Pool (Money Market Fund), and other separately managed investments.

On March 16, 2010, the County Board of Supervisors (Board) revoked all investment authority previously delegated to the County Treasurer. The revocation was due to a civil judgment rendered against the County Treasurer for actions he took in his private capacity as a court-appointed trustee from 1998 through July 2005. The actions all took place prior to his election as the County Treasurer in 2006. The trust was not a County trust and is separate from and has no relationship to the County. The revocation was not due to any issues relating to the Orange County Treasury Pool. The Board directed that the County Chief Financial Officer exercise its investment authority over the Treasurer's office investment management. The current Treasurer is not running for re-election in the 2010 election cycle and it is expected that a newly elected Treasurer will take office on January 3, 2011, and resume investment duties.

A. Deposits

Monies must be deposited in state or national banks, or state or federal savings and loan associations located within the State. The County is authorized to use demand accounts and certificates of deposit. Additionally, monies deposited at national banks are used as compensating balances. The Treasurer's office has established separate bank and investment custody accounts for the County's school participants.

Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial institution. The pledge to secure deposits is administered by

4. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

the California Superintendent of Banks. Collateral is required for demand deposits at 110% of all deposits not covered by federal deposit insurance 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.

Total County deposits and investments at fair value as of June 30, 2010, are reported as follows:

Deposits:		
Imprest Cash	$	2,132
Deposit Overdraft		(105,669)
Total Cash Overdrafts		(103,537)
Investments:		
With Treasurer		5,958,591
With Trustee		494,739
Total Investments		6,453,330
Total Deposits and Investments	$	6,349,793

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

Governmental Funds	$	1,866,820
Component Unit		118,741
Fiduciary Funds		3,360,457
Proprietary Funds		1,003,775
Total Deposits and Investments	$	6,349,793

B. Investments

State statutes, Board of Supervisors' ordinances and resolutions, respective bond documents, trust agreements, and other contractual agreements govern the County's investment policies.

External Investment Pools

The County Treasurer's office sponsors two external investment pools: the County Pool and the Educational Pool. Both pools consist of a Money Market Fund and an Extended Fund. The County Treasurer has a written IPS specifically for the separately managed County and Educational Investment Pools. The County and Educational Pools were in full compliance with their own more restrictive IPS as of June 30, 2010, and therefore were also in compliance with California Government Code (Code). The following are significant differences where the IPS is more restrictive than the Code: investment in reverse repurchase agreements is allowed by the Code but is not allowed under the IPS; the Code allows a higher percentage for investments in single issuer for a period up to three business days; the Code does not limit the purchase of securities from issuers that have been placed on credit watch negative whereas the IPS does.

The IPS requires the assets in the Pools to consist of the following investments and maximum permissible concentrations based on market value:

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

External Investment Pools (Continued)

Authorized Investment	% of Market Value
1. U.S. Treasury instruments backed by the full faith and credit of the United States government	100%
2. Obligations issued or guaranteed by agencies of the United States government and government sponsored enterprises	100%
3. Commercial paper of "prime" quality, with further restrictions regarding issuer size, organization and maturity	No more than 45% - Money Market No more than 40% - Extended Fund
4. Negotiable certificates of deposits issued by a nationally or state-chartered bank or state or federal association or by a state-licensed branch of a foreign bank, the Money Market Funds may invest in U.S. dollar denominated certificates of deposits issued in London, England (Euro CD)	No more than 30%
5. Bankers acceptances with a maturity not to exceed 180 days	No more than 40%
6. Money market mutual funds registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940 and have either the highest rating by at least two of the Nationally Recognized Statistical Rating Organizations (NRSROs) or retained an investment advisor registered or exempt from registration with the SEC with assets under management in excess of $500,000	No more than 20%; no more than 10% may be invested in any one Money Market Mutual fund
7. Municipal debt issued by a local agency or any state	No more than 30%
8. "AAA" receivable-backed securities from two or more of the NRSROs including U.S. governmental agency mortgage pass-through, collateralized mortgage obligations, private label mortgage-backed, equipment lease-backed certificates, consumer receivable-backed bonds, and auto loan receivable-backed bonds	No more than 10%
9. Medium-term notes with a maximum maturity of 397 days for the Money Market Fund and five years for the Extended Fund. Medium-term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States	No more than 30%
10. Repurchase agreements are limited to maturities of one year or less and must be collateralized by U.S. Treasury and or U.S. governmental agency securities with a value of at least 102% of the repurchase price. Repurchase agreement counterparties must have a minimum short-term rating of no less than A-1 or equivalent by a NRSRO and have a capital of no less than $500,000	No more than 50%
11. Money Market Funds may invest in funding agreements	No more than 10%

In addition, no investment may be purchased from an issuer that has been placed on credit watch-negative by any of NRSROs, or whose credit rating by any of the NRSROs is less than the minimum rating required by the IPS for that class of security unless the issuer has a short-term rating of "A-1+" or "F1+" or a long-term rating of at least a "AA" or "Aa2" by S&P and Fitch or Moody's. All purchases of permitted investments are required to comply in every respect with California Government Code Sections 53601, 53601.7 and 53635 (governing the investment of public funds) and other relevant California Government Code provisions.

Repurchase agreements are limited to a one year maturity and can only be entered into with entities prescribed in California Government Code Section 53601.7. The securities underlying the agreements must be delivered to the County's custodial banks. The County enters into written master repurchase agreements that outline obligations of both the County and the dealers, and also enters into written contracts with custodial institutions that outline the basic responsibilities of those institutions for securities underlying the repurchase agreements. These custodial contracts and the County's procedures for monitoring the securities are similar to those for collateral on deposits.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

External Investment Pools (Continued)

The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by California Government Code, structured notes, structured investment vehicles, and derivatives. The Board approved an update to the Investment Policy Statement on December 16, 2008, prohibiting the purchase of structured investment vehicles. Investments are marked to market on a daily basis. If the net asset value of the Money Market Fund for either the County Pool or the Educational Pool is less than $.995 or greater than $1.005, portfolio holdings may be sold as necessary to maintain the ratio between $.995 and $1.005.

Under the IPS, no more than 5% of the total market value of the pooled funds may be invested in securities of any one issuer, except for obligations of the United States government, U.S. government agencies or government-sponsored enterprises. No more than 10% may be invested in one money market mutual fund. All investments will be United States dollar denominated. At the time of the purchase of any security, a fund may invest up to 12.5% of its total market value in the securities of a single issuer for a period of up to three business days. The fund may not invest in the securities of more than one issuer under this provision at any time.

The Treasury Oversight Committee (TOC) was established in December 1995, and consists of the County Executive Officer, the elected County Auditor-Controller, the elected County Superintendent of Schools and two public members. The TOC conducts Treasury oversight.

On February 8, 2010, S&P affirmed an AAA Principal Stability Fund Rating for the County Money Market Fund and the County Educational Money Market Fund. The Pools are not registered with the SEC.

Unless otherwise required in a trust agreement or other financing document, assessment districts and public school districts are required by legal provisions to deposit their funds with the County Treasurer's Pool. The Educational Pool consists entirely of public school districts and therefore includes 100% involuntary participants. At June 30, 2010, the County Pool includes approximately 7.99% involuntary participant deposits for the Superior Court, certain assessment districts, and certain bond related funds for public school districts.

As of June 30, 2010, the major classes of the County's investments consisted of the following:

With Treasurer:	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)
County Pool					
U.S. Government Agencies	$ 1,736,999	$ 1,729,100	Discount, 0.17 - 6.63%	07/01/10 - 06/24/15	1.17
Asset-Backed Securities	19,554	24,167	0.000%	06/05/11	0.93
Commercial Paper	423,207	423,349	Discount	07/01/10 - 10/19/10	0.08
Negotiable Certificates of Deposit	204,646	204,668	0.250 - 0.840%	07/13/10 - 06/23/11	0.12
Medium-Term Corporate Notes	415,363	412,322	0.350 - 6.450%	07/16/10 - 06/01/14	0.58
Municipal Debt	111,047	110,975	0.200 - 6.500%	07/01/10 - 06/01/11	0.22
U.S. Treasuries	41,889	41,895	Discount	07/29/10 - 08/05/10	0.09
Repurchase Agreements	118,269	118,269	0.150%	07/01/10	0.00
Money Market Mutual Funds	120,854	120,854	Variable	07/01/10	0.00
	$ 3,191,828	**$ 3,185,599**			**0.75** *

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

External Investment Pools (Continued)

With Treasurer (Continued):	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)	
Educational Pool						
U.S. Government Agencies	$ 1,484,497	$ 1,476,864	Discount, 0.19 - 6.14%	07/01/10 - 06/24/15	1.24	
Asset-Backed Securities	16,446	20,324	0.000%	06/05/11	0.93	
Commercial Paper	218,835	218,848	Discount	07/02/10 - 07/14/10	0.02	
Negotiable Certificates of Deposit	139,487	139,500	0.250 - 0.840%	07/14/10 - 06/23/11	0.20	
Medium-Term Corporate Notes	298,801	297,043	0.350 - 6.450%	07/01/10 - 06/01/14	0.64	
Municipal Debt	118,293	118,060	0.200 - 5.750%	07/01/10 - 06/01/11	0.26	
U.S. Treauries	38,100	38,105	Discount	07/29/10 - 08/05/10	0.09	
Repurchase Agreements	223,764	223,764	0.150%	07/01/10	0.00	
Money Market Mutual Funds	161,391	161,391	Variable	07/01/10	0.00	
	$ 2,699,614	**$ 2,693,899**			**0.78**	*
Specific Investments						
U.S. Government Agencies	$ 13,036	$ 13,018	Discount, 0.24 - 6.88%	07/06/10 - 09/20/29	0.45	
Commercial Paper	14,196	14,200	Discount	07/02/10 - 08/30/10	0.08	
Negotiable Certificates of Deposit	3,999	4,000	0.350%	07/06/10 - 07/19/10	0.03	
Medium-Term Corporate Note	6,155	6,000	4.500 - 6.450%	08/01/10 - 02/22/11	0.45	
Municipal Debt	3,862	3,855	0.200 - 5.750%	07/01/10 - 10/01/10	0.04	
Repurchase Agreements	1,082	1,082	6.180%	08/15/19	9.13	
Money Market Mutual Funds	24,819	24,819	Variable	07/01/10	0.00	
	$ 67,149	**$ 66,974**			**0.30**	*
With Trustees:						
Restricted Investments with Trustees						
U.S. Government Agencies	$ 200,911	$ 143,376	Discount, 4.375%	10/22/10-09/01/21	3.43	
U.S. Treasury Bonds	3,615	2,613	Discount, 9.000%	11/15/18	0.07	
Guaranteed Investment Contracts	31,527	31,527	Variable, 4.27-5.005%	07/01/10-11/02/18	0.41	
Money Market Mutual Funds	157,201	157,202	Variable	07/01/10	0.00	
Money Market Mutual Accounts	10,160	10,160	Variable	07/01/10	0.00	
Stable Value Fund	4,427	4,427	Variable	07/01/10	0.00	
	$ 407,841	**$ 349,305**			**3.91**	*
With External Orange County Retirement System (OCERS):						
Restricted Investments **	**$ 82,482**					
With State's Local Agency Investment Fund (LAIF):						
Restricted Investment ***	**$ 4,416**					

* Portfolio weighted average maturity

** The Retiree Medical Trust reports $82,482 of restricted investments with OCERS. Refer to Note 18 on obtaining OCERS Financial Statements.

*** The Law Library fund reports $4,416 of restricted investments with LAIF.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk

The IPS serves as the formal policy for the Treasurer's office and provides specific guidelines and limitations to mitigate interest rate risk. The IPS is reviewed and approved by the Board annually, and any amendments to the IPS must first be reviewed and approved by the Treasury Oversight Committee and then by the Board. The IPS is therefore considered formally adopted. The IPS was last adopted on December 15, 2009.

Of the County Pool's $3,191,828 and the Educational Pool's $2,699,614 portfolio at June 30, 2010, over 63.37% and 62.15%, respectively of the investments have a maturity of six months or less, 20.02% and 21.53% respectively have a maturity of more than one year. Of the remainder, 3.71% and 3.99% have a maturity of over three years.

As of June 30, 2010, variable-rate notes comprised 26% and 25% of the County Pool and Educational Pool respectively. The notes are tied to the one-month and three-month London Interbank Offered Rate (LIBOR) with 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 weighted average maturity (WAM), the maturity date of variable-rate notes is the length of time until the next reset date rather than the stated maturity. The annual average daily investment balance of the County Pool and the Educational Pool amounted to $3,534,388 and $2,736,458 with an average effective yield of 1.02% and 1.30%, respectively, for the year ended June 30, 2010.

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

At June 30, 2010, the County Money Market Fund and Educational Money Market Fund amounted to $1,706,188 and $1,349,698 respectively. In accordance with the IPS, the County Treasurer manages investment related risk for deposits and investments by limiting the weighted average maturity to 60 days in the Money Market Funds. At June 30, 2010, the weighted average maturity of the County Money Market Fund was 58 days and the Educational Money Market Fund was 55 days. At the same date, the Net Asset Value (NAV) of the Money Market Funds for both pools was $1.00 (in absolute dollar amounts).

Interest Rate Risk-Duration (Extended Funds)

At June 30, 2010, the Extended Funds (which comprises both the County and Educational Pools) amounted to $2,835,556. Of this amount, the County Pool owned 52.37% and the Educational Pool owned 47.63%. In the case of the Extended Fund B, which amounted to $36,000 the County Pool owned 54.32% and the Educational Pool owned 45.68%. In accordance with the IPS, the Treasurer's Office manages investment related risk for deposits and investments by limiting duration to +25% of a leading 1-3 Year index. The portfolio duration for the Extended Fund as of June 30, 2010, was 1.49 years. This was computed using the Macaulay duration method.

As of June 30, 2010, the Extended Fund consisted of the following investments:

Investment Type		Fair Value (Amounts in Thousands)	Macaulay Duration (In Years)
U.S. Government Agencies	$	2,068,088	1.82
Asset-Backed Securities		36,000	0.94
Commercial Paper		312,482	0.03
Medium-Term Corporate Notes		237,584	1.48
Municipal Debt		101,413	0.45
Treasuries		79,989	0.09
Total Fair Value	$	2,835,556	
Portfolio Duration			1.49

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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. 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 there was no securities lending.

Credit Risk

The IPS sets forth the minimum acceptable credit ratings for investments from any two of the NRSROs as explained above. 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. As of June 30, 2010, the County's investments in commercial paper were in compliance with the IPS limits.

Concentration of Credit Risk

At June 30, 2010, the County did not exceed the IPS limitation that states that no more than 5% of the total market value of the pooled funds may be invested in securities of any one issuer, except for obligations of the United States government, U.S. government agencies or government-sponsored enterprises. No more than 10% may be invested in one money market mutual fund.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2010 (NR means Not Rated):

	S&P	Moody's	Fitch	% of Portfolio
County Pool				
Asset-Backed Securities *	NR	NR	NR	0.61%
U.S. Government Agencies				
Federal National Mortgage Association Discount Notes	AAA	Aaa	AAA	1.29%
Federal National Mortgage Association Bonds	AAA	Aaa	AAA	15.09%
Federal Farm Credit Bank Bonds	AAA	Aaa	AAA	7.07%
Federal Home Loan Bank Discount Notes	AAA	Aaa	AAA	1.29%
Federal Home Loan Bank Bonds	AAA	Aaa	AAA	18.34%
Freddie Mac Discount Notes	AAA	Aaa	AAA	0.34%
Freddie Mac Bonds	AAA	Aaa	AAA	11.00%
Commercial Paper	A-1	P-1	F-1	13.26%
Negotiable Certificates of Deposit	A-1	P-1	F-1	6.41%
Medium-Term Corporate Notes				
Corporate Notes	A	A	A	0.50%
Corporate Notes	AA	Aa	AA	5.98%
Corporate Notes	AAA	Aaa	AAA	4.86%
Corporate Notes	AA	Aa	NR	1.67%
Municipal Debt	AAA	Aa	AAA	3.48%
Repurchase Agreements	NR	NR	NR	3.71%
Treasuries	AAA	Aaa	AAA	1.31%
Money Market Mutual Funds	AAA	Aaa	AAA	3.79%
Total County Pool				**100.00%**

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Concentration of Credit Risk (Continued)

	S & P	Moody's	Fitch	% of Portfolio
Educational Pool				
Asset-Backed Securities *	NR	NR	NR	0.61%
U.S. Government Agencies				
Federal National Mortgage Association Discount Notes	AAA	Aaa	AAA	1.81%
Federal National Mortgage Association Bonds	AAA	Aaa	AAA	13.00%
Federal Farm Credit Bank Bonds	AAA	Aaa	AAA	8.73%
Federal Home Loan Bank Discount Notes	AAA	Aaa	AAA	0.88%
Federal Home Loan Bank Bonds	AAA	Aaa	AAA	17.33%
Freddie Mac Bonds	AAA	Aaa	AAA	13.25%
Commercial Paper	A-1	P-1	F1	8.11%
Negotiable Certificates of Deposit	A-1	P-1	F1	5.17%
Medium-Term Corporate Notes				
Corporate Notes	A	A	A	0.56%
Corporate Notes	AA	Aa	AA	5.48%
Corporate Notes	AAA	Aaa	AAA	1.78%
Corporate Notes	AA	Aa	NR	3.26%
Municipal Debt	AAA	Aa	AAA	4.38%
Repurchase Agreements	NR	NR	NR	8.29%
Treasuries	AAA	Aaa	AAA	1.41%
Money Market Mutual Funds	AAA	Aaa	AAA	5.95%
Total Educational Pool				**100.00%**
Specific Investments				
U.S. Government Agencies				
Federal National Mortgage Association Bonds	AAA	Aaa	AAA	2.24%
Federal Farm Credit Bank Bonds	AAA	Aaa	AAA	4.47%
Federal Home Loan Bank Discount Notes	AAA	Aaa	AAA	2.23%
Federal Home Loan Bank Bonds	AAA	Aaa	AAA	6.93%
Freddie Mac Discount Notes	AAA	Aaa	AAA	1.79%
Freddie Mac Bonds	AAA	Aaa	AAA	1.56%
Ginnie Mae Bonds	AAA	Aaa	AAA	0.19%
Commercial Paper	A-1	P-1	F1	21.14%
Negotiable Certificates of Deposit	A-1	P-1	F1	5.96%
Medium-Term Notes	AA	Aa	AA	9.17%
Municipal Debt	AAA	Aa	AAA	5.75%
Repurchase Agreements	NR	NR	NR	1.61%
Money Market Mutual Funds	AAA	Aaa	AAA	36.96%
Total Specific Investments				**100.00%**

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Concentration of Credit Risk (Continued)

	S & P	Moody's	Fitch	% of Portfolio
Restricted Investments with Trustees (Excluding Restricted Investments with OCERS and LAIF) **				
U.S. Government Agencies				
Federal Home Loan Bank	AAA	Aaa	NR	3.23%
Federal National Mortgage Association Medium-Term Notes	AAA	Aaa	AAA	42.41%
Freddie Mac Discount Notes	NR	P-1	F1	3.62%
U.S. Treasuries	AAA	Aaa	AAA	0.89%
Guaranteed Investment Contracts	NR	NR	NR	7.73%
Money Market Mutual Funds	AAA	Aaa	NR	38.54%
Money Market Deposit Accounts	NR	NR	NR	2.49%
Stable Value Fund	NR	NR	NR	1.09%
Total Restricted Investments with Trustees				**100.00%**

* Refer to the Restructuring of Whistlejacket Capital LLC section for the details on non-rating of asset-backed securities.

** For the ratings of the restricted investments held with OCERS, refer to OCERS Comprehensive Annual Financial Report for the year ended December 31, 2009. For the ratings of the restricted investments held with LAIF, refer to the California State Treasurer's web site at http://www.treasurer.ca.gov/pmia-laif/index.asp

Concentration of Credit Risk-Structured Investment Vehicles

As of June 30, 2010, the County Pools did not hold any structured investment vehicles.

Restructuring of Whistlejacket Capital LLC (Whistlejacket)

Whistlejacket Capital LLC (a structured investment vehicle) U.S. Medium-Term Notes were purchased by the Extended Fund (jointly owned by the County and Educational Pools) in 2007. On February 11, 2008, Whistlejacket breached a financial covenant relating to the market value of its underlying collateral. As a result of this "enforcement event," Deloitte LLP was appointed as Receiver for Whistlejacket on February 12, 2008. On February 15, 2008, the Receiver declared Whistlejacket insolvent.

On March 19, 2009, the Receiver of Whistlejacket entered into a restructuring agreement and a portfolio sale agreement with Goldman Sachs International. On April 29, 2009, a competitive auction of portfolio securities was held as part of the restructuring agreement. Each senior creditor had the option of cashing out their share of portfolio securities subject to the auction price or setting a reserve price below which senior creditors could elect to receive P-T Notes in a restructured program called Serpentine Funding Limited (incorporated under the laws of the Cayman Islands). The Treasurer's reserve price was not met and therefore the County received approximately $63,500 of Serpentine Funding Limited P-T Notes. In connection with the Treasurer's acquisition of the P-T Notes from the restructuring, Orange County Counsel issued an opinion, stating in pertinent part that a) the Treasurer is authorized to exchange or purchase the P-T Notes and b) that the exchange or purchase of P-T Notes does not violate California law.

On May 7, 2009, Whistlejacket was restructured into Serpentine Funding Limited (Serpentine). The restructured entity is not a structured investment vehicle, has no leverage, and is unrated. Serpentine holds the restructured portfolio of securities and receives all principal and interest payments on the underlying securities. The P-T Notes are held in the Extended Fund B for the benefit of Pool participants with account balances at February 12, 2008.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Restructuring of Whistlejacket Capital LLC (Whistlejacket) (Continued)

The P-T Notes do not carry a stated rate of interest and had an initial maturity date of June 5, 2010. Payments of principal and interest received on the underlying portfolio securities were made on a monthly basis. The Treasurer has the option to liquidate the P-T Notes once a year through a cash auction sale of the County's respective share of the Serpentine portfolio of securities. The Treasurer may also solicit bids from brokers to sell the P-T Notes in the market.

As of June 30, 2010, the Extended Fund B (jointly owned by the County and Educational Pools) held $36,000 (at fair value) of Serpentine funding Limited Restricted P-T Notes. These holdings are classified as asset-backed securities in the accompanying disclosures for the County and Educational Pools. The Treasurer has determined the $36,000 fair value of the P-T Notes based on information provided by a broker from an independent third party sale on June 28, 2010.

The original face value of the Whistlejacket/Serpentine Notes was $80,000. From October 2008 through June 9, 2010, the County received a total cash distribution of $36,093 of which $35,509 (98%) was applied to principal. Of the $36,093 cash distributions, a total of $18,476 was from the Whistlejacket Receiver while $17,617 came from Serpentine. As of June 30, 2010, the unrecovered balance on the Notes was $44,491.

Refer to Note 20, Subsequent Events, regarding the sale of the Serpentine P-T Notes on August 19, 2010.

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, 2010:

Entire Pool

Statements of Net Assets

	County Investment Pool	Educational Investment Pool	Total
Net Assets Held for Pool Participants	$ 3,212,675	$ 2,645,919	$ 5,858,594
Equity of Internal Pool Participants	$ 3,070,428	$ -	$ 3,070,428
Equity of External Pool Participants	144,919	2,646,480	2,791,399
Undistributed and Unrealized Loss	(2,672)	(561)	(3,233)
Total Net Assets	$ 3,212,675	$ 2,645,919	$ 5,858,594

Statements of Changes in Net Assets

Net Assets at July 1, 2009	$ 3,208,630	$ 2,683,761	$ 5,892,391
Net Changes in Investments by Pool Participants	4,045	(37,842)	(33,797)
Net Assets at June 30, 2010	$ 3,212,675	$ 2,645,919	$ 5,858,594

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Condensed Financial Statements (Continued)

External Pool Portion

Combining Statement of Fiduciary Net Assets

	County Investment Pool	Educational Investment Pool	Total
Assets			
Pooled Cash/Investments	$ 144,489	$ 2,638,930	$ 2,783,419
Receivables			
Interest/Dividends	502	7,232	7,734
Total Assets	144,991	2,646,162	2,791,153
Liabilities			
Due To Other Governmental Agencies	72	243	315
Total Liabilities	72	243	315
Net Assets			
Held in Trust	144,919	2,645,919	2,790,838
Total Net Assets	$ 144,919	$ 2,645,919	$ 2,790,838

Combining Statement of Changes in Fiduciary Net Assets

	County Investment Pool	Educational Investment Pool	Total
Additions:			
Contributions to Pooled Investments	$ 288,614	$ 6,674,782	$ 6,963,396
Interest and Investment Income	966	35,739	36,705
Less: Investment Expense	(101)	(3,111)	(3,212)
Total Additions	289,479	6,707,410	6,996,889
Deductions:			
Distributions from Pooled Investments	268,070	6,745,252	7,013,322
Total Deductions	268,070	6,745,252	7,013,322
Change in Net Assets Held in Trust For External Investment Pool	21,409	(37,842)	(16,433)
Net Assets Held in Trust, Beginning of Year	123,510	2,683,761	2,807,271
Net Assets Held in Trust, End of Year	$ 144,919	$ 2,645,919	$ 2,790,838

5. CHANGES IN CAPITAL ASSETS

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

	Primary Government				
	Balance July 1, 2009	Increases	Decreases	Adjustments	Balance June 30, 2010
Governmental Activities:					
Capital Assets Not Depreciated/Amortized:					
Land	$ 644,822	$ 44,745	$ (23)	$ --	$ 689,544
Construction in Progress	380,695	59,285	(68,333)	--	371,647
Software in Development	36,766	19,226	--	--	55,992
Total Capital Assets Not Being Depreciated/Amortized:	1,062,283	123,256	(68,356)	--	1,117,183
Capital Assets, Depreciable/Amortizable:					
Structures and Improvements	982,988	50,290	--	--	1,033,278
Equipment	343,821	12,520	(8,371)	--	347,970
Software	790	700	--	--	1,490
Infrastructure:					
Flood Channels	940,474	13,072	--	--	953,546
Roads	133,279	2,158	--	--	135,437
Bridges	65,049	7,296	--	--	72,345
Trails	40,741	1,977	--	--	42,718
Traffic signals	10,668	--	--	--	10,668
Harbors and Beaches	37,625	--	--	--	37,625
Capital Assets, Depreciable/Amortizable	2,555,435	88,013	(8,371)	--	2,635,077
Less Accumulated Depreciation/Amortization For:					
Structures and Improvements	(456,936)	(23,909)	--	--	(480,845)
Equipment	(248,579)	(23,078)	8,181	--	(263,476)
Software	--	(499)	--	--	(499)
Infrastructure:					
Flood Channels	(219,837)	(9,914)	--	--	(229,751)
Roads	(52,994)	(7,080)	--	--	(60,074)
Bridges	(23,008)	(994)	--	--	(24,002)
Trails	(23,619)	(2,458)	--	--	(26,077)
Traffic signals	(9,162)	(379)	--	--	(9,541)
Harbors and Beaches	(22,972)	(907)	--	--	(23,879)
Total Accumulated Depreciation/Amortization	(1,057,107)	(69,218)	8,181	--	(1,118,144)
Capital Assets, Depreciable/Amortizable (Net)	1,498,328	18,795	(190)	--	1,516,933
Governmental Activities Total Capital Assets, Net	$ 2,560,611	$ 142,051	$ (68,546)	$ --	$ 2,634,116

5. CHANGES IN CAPITAL ASSETS (Continued)

	Primary Government				
	Balance July 1, 2009	Increases	Decreases	Adjustments	Balance June 30, 2010
Business-Type Activities:					
Capital Assets Not Depreciated:					
Land	$ 38,083	$ -	$ --	$ --	$ 38,083
Construction in Progress	143,019	126,977	(72,089)	--	197,907
Total Capital Assets Not Being Depreciated	181,102	126,977	(72,089)	--	235,990
Capital Assets, Depreciable:					
Structures and Improvements	353,497	13,098	--	(42,003)	324,592
Equipment	74,669	6,165	(1,958)	663	79,539
Infrastructure	388,108	40,437	--	60,923	489,468
Capital Assets, Depreciable	816,274	59,700	(1,958)	19,583	893,599
Less Accumulated Depreciation For:					
Structures and Improvements	(195,606)	(12,673)	--	41,689	(166,590)
Equipment	(39,726)	(5,449)	1,809	(1,447)	(44,813)
Infrastructure	(204,012)	(18,717)	--	(41,689)	(264,418)
Total Accumulated Depreciation	(439,344)	(36,839)	1,809	(1,447)	(475,821)
Capital Assets, Depreciable (Net)	376,930	22,861	(149)	18,136	417,778
Business-Type Activities Total Capital Assets, Net	$ 558,032	$ 149,838	$ (72,238)	$ 18,136	$ 653,768

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

Government Activities:	
General Government	$ 2,064
Public Protection	38,089
Public Ways and Facilities	11,936
Health and Sanitation	1,126
Public Assistance	2,961
Education	73
Recreation and Cultural Services	7,020
Internal Service Funds' Depreciation Expense Allocated to Various Functions	5,949
Total Governmental Activities Depreciation/Amortization Expense	69,218
Business-Type Activities:	
Airport	19,684
Waste Management	17,155
Total Business-Type Activities Depreciation Expense	36,839
Total Depreciation/Amortization Expense	$ 106,057

6. RECEIVABLES

GASB Statement No. 38, "Certain Financial Statement Note Disclosures," requires identification of receivable balances not expected to be collected within one year. The details of the receivables reported in the government-wide Statement of Net Assets that are not expected to be collected within the next fiscal year are identified below:

Accounts Receivable

$412 of accounts receivable for governmental activities is not expected to be collected within the next fiscal year. Of this amount, $400 consists of invoices billed by OC Animal Care for dog license fees and penalties. $12 is set up for Court Costs by CEO Risk Management and Claimants are on multi-year payment plans which will fully repay costs.

Deposits Receivable

$1,360 in deposits receivable for governmental activities is not expected to be collected within the next fiscal year. $713 is the initial deposit with the City of Lake Forest and $400 represents a deposit that is required by the vendor (Cardinal Health) per the price agreement with the Health Care Agency; the deposit will be returned within 60 days of the expiration of the price agreement. $150 is set up for the widening of the Ortega Highway project. The remaining $97 represents the Condemnation Deposits with the court or state.

Notes Receivable

$31,922 of notes receivable for governmental activities is not expected to be received within the next fiscal year. Of this amount, $30,183 consists of loans to build affordable, low to moderate income, and senior housing. $1,184 is from the sale of surplus County property. The remaining $554 is for rehabilitation loans and loans provided to first time home buyers.

Loans Receivable

$2,958 of loans receivable for governmental activities is not expected to be received within the next fiscal year. Of this amount, $2,083 represents advances to Dana Point Harbor operators and $800 is a loan for Green River Golf Course operating expenses. The remaining $75 represents a loan for an operating expense account for the Santa Ana River Prado Dam property management.

Due from Other Governmental Agencies

$67,265 due from other governmental agencies is not expected to be received within the next fiscal year. Of this amount, $66,847 is 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. The remaining $418 includes revenue due from Riverside County for the cost-share related to the Seven Oaks Dam-Santa Ana River Project.

7. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2010 is as follows:

Due From/To Other Funds:

Receivable Fund	Payable Fund		
General Fund	Teeter Plan Obligation Commercial Paper Program Note	$ 12	
	Roads	1,845	
	Flood Control District	4,064	
	OC Parks	2,081	
	Other Public Protection	6,974	
	Other Governmental Funds	18,467	
	Internal Service Funds	367	
	Airport	1,521	
	Waste Management	2,970	
	Compressed Natural Gas	30	$ 38,331
Roads	General Fund	387	
	Flood Control District	625	
	OC Parks	3	
	Other Governmental Funds	115	1,130
Flood Control District	General Fund	1,581	
	Roads	483	
	OC Parks	52	
	Other Governmental Funds	194	2,310
OC Parks	General Fund	13	13
Other Public Protection	General Fund	653	
	Roads	1	
	OC Parks	1	
	Airport	1	656
Other Governmental Funds	General Fund	17,337	
	Roads	1	
	Flood Control District	23	
	OC Parks	3	
	Other Public Protection	4	
	Other Governmental Funds	4,444	
	Internal Service Funds	55	
	Airport	141	
	Waste Management	1	22,009

7. INTERFUND RECEIVABLES AND PAYABLES (Continued)

Receivable Fund	Payable Fund		
Airport	General Fund	$ 1	$ 1
Waste Management	General Fund	4	
	Roads	2	
	Flood Control District	9	
	OC Parks	1	16
Compressed Natural Gas	General Fund	1	1
Internal Service Funds	General Fund	1,262	
	Roads	3	
	Flood Control District	5	
	OC Parks	79	
	Other Public Protection	1	
	Other Governmental Funds	7	
	Internal Service Funds	39	
	Airport	423	
	Waste Management	9	
	Compressed Natural Gas	30	1,858
	Total		$ 66,325

Due From/To Primary Government and Component Unit:

Receivable Entity	Payable Entity	Amount
Primary Government – General Fund	Component Unit – Children & Families Commission of Orange County	$ 350
Component Unit – Children & Families Commission of Orange County	Primary Government – General Fund	3
Component Unit – Children & Families Commission of Orange County	Primary Government – Health Care	343

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.

7. INTERFUND RECEIVABLES AND PAYABLES (Continued)

Advances To/From Other Funds:

Receivable Entity	Payable Entity	Amount
General Fund	Other Governmental Funds	$ 1,058
Waste Management	General Fund	15,606

The interfund loans represent an advance made to OC Public Libraries from the General Fund for the OC Public Library Headquarter building, and an advance made to the General Fund from OC Waste management for varies Information Technology Capital Projects.

8. 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, 2010, approximates $16,749.

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, 2010 are as follows:

Fiscal Year(s) Ending June 30	Governmental Activities	Business-type Activities
2011	$ 13,589	$ 35,117
2012	11,471	19,609
2013	9,534	5,991
2014	9,266	5,075
2015	9,345	3,594
	53,205	69,386
2016-2020	42,187	11,387
2021-2025	46,623	12,471
2026-2030	47,971	398
2031-2035	51,580	--
2036-2040	41,259	--
2041-2045	1,983	--
2045-2049	279	--
	231,882	24,256
Total future minimum rentals	$ 285,087	$ 93,642

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately $268 (Flood Control District), $3,201 (OC Parks), $27,417 (Airport), $6 (Waste Management), and $55 (Other Governmental Funds) for the year ended June 30, 2010.

9. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2010 were as follows:

Transfer from	Transfer to			Explanations
Governmental Funds				
General Fund	Other Public Protection	$ 482		
	Other Governmental Funds	108,773		
	Internal Service Funds	1,679	$ 110,934	(a), (g)
Flood Control District	General Fund	3,134	3,134	(b)
OC Parks	General Fund	18	18	
Other Public Protection	General Fund	38,945		
	Other Governmental Funds	400	39,345	(c)
Teeter Plan Obligation Commercial Paper Program Note	General Fund	20,000	20,000	(d)
Other Governmental Funds	General Fund	186,123		
	OC Parks	138		
	Other Governmental Funds	11,128	197,389	(e), (h)
Internal Service Funds	General Fund	173		
	Flood Control District	1,598		
	OC Parks	4		
	CNG Enterprise Fund	50	1,825	(i)
Total Governmental Funds			$ 372,645	
Enterprise Funds				
Waste Management	General Fund	$ 11,238		
Total Enterprise Funds			$ 11,238	(f)

Interfund transfers reflect a flow of assets between funds and 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) to transfer Measure H Tobacco Settlement revenues and Available Cash Distribution in compliance with the specific statutory requirements or Bankruptcy Recovery Plan, and (3) to 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

a. Transfer from General Fund
   - A total of $73,456 was transferred from the General Fund to Debt Service Fund in connection with debt service payments for the various County debt issues.

9. INTERFUND TRANSFERS (Continued)

Routine Transfers (Continued)

a. Transfer from General Fund (Continued)
- $9,926 was transferred from the General Fund to Other Governmental Funds in order to distribute available cash to the remaining claimants of the bankruptcy loss as part of the Bankruptcy Recovery Plan.
- $14,269 was transferred from the General Fund to Other Governmental Funds to finance the County's 60 percent share of the Social Services Agency Wraparound Program.
- $1,400 was transferred from the General Fund to Other Governmental Funds to pay for parking facilities bonds and other operating costs associated with the parking facilities.

b. Transfer from Flood Control District
- $3,134 was transferred from the Flood Control District Fund to the General Fund for the Watershed Management Program.

c. Transfer from Other Public Protection
- $7,673 was transferred from Other Public Protection to the General Fund for the reimbursement of various County programs as follows:
  - $1,123 for District Attorney Department programs
  - $2,550 for the Clerk-Recorder's information technology, capital acquisitions and/or improvements
  - $4,000 for the Probation's Youth Offender Block Grant expenditures
- $26,511 was transferred from the Other Public Protection Fund to the General Fund to support the Sheriff Department's operations.

d. Transfer from Teeter Plan Obligation Commercial Paper Program Note
- $20,000 of excess penalties and interest from delinquent tax payments was transferred from the Teeter Plan Obligation Commercial Paper Program Note Fund to the General Fund.

e. Transfer from Other Governmental Funds
- $28,570 of tobacco settlement monies was transferred from Other Governmental Funds to the General Fund to finance various health care programs.
- $5,308 of bond proceeds was transferred from Other Governmental Funds to the General Fund for the Cogeneration Plant at the County's Central Utility Facility.
- $101,402 was transferred from Other Governmental Funds to the General Fund for the reimbursement of various County programs as follows:
  - $67,914 for Prop. 63, Mental Health Services Act expenses
  - $23,264 for Social Services Agency Wraparound Program
  - $1,210 for Social Service Agency Children's Trust Fund Programs
  - $9,014 for emergency medical services

f. Transfer from Enterprise Funds
- $11,226 in net proceeds and interest earnings from the importation of Out-of-County Waste Program earned by OC Waste and Recycling during the current fiscal year was transferred to the General Fund for Recovery COPs Lease Financing as part of the Bankruptcy Recovery Plan.

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

Non-Recurring Transfers

g. Transfer from General Fund
- $2,030 was transferred from the General Fund to Other Governmental Funds for the development of housing for persons in the Mental Health Services Act (MHSA) target population, loans to developers and rent payments.

9. INTERFUND TRANSFERS (Continued)

Non-Recurring Transfers (Continued)

g. Transfer from General Fund (Continued)
- $5,057 was transferred from the General Fund to Other Governmental Funds for Sheriff Department construction and facility developments.
- $1,388 was transferred from the General Fund to Internal Service Funds for medical reimbursements.

h. Transfer from Other Governmental Funds
- $22,450 was transferred from Other Governmental Funds to the General Fund to offset the Sheriff Department's operational costs.
- $7,150 was transferred from Other Governmental Funds to Special Revenue and Debt Service Funds for the tax increments allocation and debt service payments related to Low and Moderate Income Housing Program.
- $25,420 was transferred from Other Governmental Funds to the General Fund for the reimbursement of the following County costs:
  - $4,561 for the Medi-Cal Mental Health Managed Care Program
  - $7,576 for Centers for Disease Control pandemic flu H1N1 costs
  - $5,783 for the debt service of the Juvenile Justice Center Facility Lease Revenue Bonds
  - $3,500 for Registrar of Voters election costs
  - $2,000 for Probation department's detention maintenance facilities
  - $2,000 for District Attorney's Public Safety Working Group

i. Transfer from Internal Service Funds
- $1,598 was transferred from Internal Service Funds to the Flood Control District for Katella Yard relocation costs.

10. 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 $322,192 provided by Dexia Credit Local, certain delinquent taxes (excluding penalties and interest) and the County General Fund. Subject to certain requirements of CP documents, additional CP may be issued to finance the County's obligations under the Teeter Plan.

On July 14, 2009, the County redeemed $100,000 of its $178,300 CP outstanding at June 30, 2009 and issued an additional $132,675 in CP. The additional CP issued financed the purchase of delinquent property tax receivables associated with the Teeter Plan. Proceeds of this purchase paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. As of June 30, 2010, the outstanding principal amount of the CP notes was $210,975.

Refer to Note 20, Subsequent Events, for additional information.

2009-2010 Tax and Revenue Anticipation Notes

On July 1, 2009, the County issued its 2009-2010 Tax and Revenue Anticipation Notes (the "Notes") in the aggregate principal amount of $150,000 to finance the seasonal cash flow requirements of the County during the fiscal year ending June 30, 2010. The Notes are secured by a pledge of certain general fund monies. The County paid the notes on June 30, 2010.

10. SHORT-TERM OBLIGATIONS (Continued)

Description	Balance July 1, 2009	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2010	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	$ 178,300	$ 132,675	$ (100,000)	$ 210,975	$ 210,975
County of Orange 2009-2010 Tax and Revenue Anticipation Notes Date Issued: July 1, 2009 Interest Rate: 2.00% Original Amount: $150,000 Maturing in Installments Through June 30, 2010	$ --	$ 150,000	$ (150,000)	$ --	$ --
Total	$ 178,300	$ 282,675	$ (250,000)	$ 210,975	$ 210,975

11. LONG-TERM OBLIGATIONS

General Bonded Debt

General Obligation Bonded Debt

The amount of general obligation bonded indebtedness the County can incur is limited by law to 1.25% of the last equalized assessment property tax roll. At June 30, 2010, the County had no net general obligation bonded debt. The County's legal debt limit for the year was $5,287,070. 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, 2010, the outstanding principal amount, including the premium of the 2005 Recovery Bonds, was $86,827.

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, 2010, the outstanding principal amount, including the premium of the Series 2005 Bonds, and interest were $246,072 and $35,036, respectively.

11. LONG-TERM OBLIGATIONS (Continued)

Bankruptcy Obligations (Continued)

Lease Revenue Refunding Bonds Series 2005 (Continued)

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, 2010, the outstanding principal amount and interest of the Refunding COPs were $4,758 and $18,669, respectively.

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

Tax Allocation Refunding Bonds, Series 2001 (Neighborhood Development and Preservation Project)

In July 2001, OCDA issued its $26,160 Tax Allocation Refunding Bonds (Neighborhood Development and Preservation Project) Series 2001 (NDAPP Refunding Bonds). A substantial portion of the NDAPP Refunding Bonds proceeds and certain other monies were used to defease $26,140 of the $27,072 outstanding NDAPP Series A 1992 Tax Allocation Revenue Bonds. The NDAPP Refunding Bonds, payable through September 2022, are secured by a pledge of tax increment revenues allocated and paid to OCDA attributable to the Neighborhood Development and Preservation Project Area. As of June 30, 2010, the outstanding principal amount, including premium of the Series 2001 Bonds, and interest on the NDAPP Refunding Bonds were $20,554 and $7,270, respectively.

Lease Revenue Refunding Bonds, Series 2002 (Juvenile Justice Center Facility)

In May 2002, the OCPFA issued the Juvenile Justice Center Facility Lease Revenue Refunding Bonds, Series 2002, in the principal amount of $80,285, payable through June 2019, with a premium of $3,164. The Lease Revenue Refunding Bonds were issued to (1) redeem the outstanding Refunding COPs (Juvenile Justice Center Facility), (2) finance the acquisition of certain software and computer equipment for the general governmental purposes of the County, and (3) pay costs related to the issuance of the bonds, including bond insurance premiums. As of June 30, 2010, the outstanding principal amount, including the premium of the Series 2002 bonds, and interest were $52,088 and $13,896, respectively.

The bonds are limited obligations of the OCPFA payable solely from base rental payments to be made by the County pursuant to a lease, dated as of April 1, 2002, 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.

11. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

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, 2010, the outstanding principal amount, including the premium of the Series 2006 Bonds, and interest were $29,295 and $6,372, 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.

Tax Allocation Refunding Bonds, Series 2003 (Santa Ana Heights Project Area)

In November 2003, OCDA issued $38,465 Tax Allocation Refunding Bonds Santa Ana Heights Project (SAHP) Area 2003 at a premium of $1,660. The proceeds of the bonds and other available monies were used to refund and defease the outstanding 1993 Tax Allocation Revenue Bonds, fund a reserve account for the new bonds, and pay the cost of issuing the bonds. The SAHP Refunding Bonds, payable through September 2023, are secured by a pledge of tax increment revenues allocated and paid to OCDA attributable to the SAHP. As of June 30, 2010, the outstanding principal amount including premium of the Series 2003 Bonds and interest of the SAHP were $31,122 and $11,437, respectively.

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 (together with the Series 1994 Pension Bonds).

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, 2010, the outstanding principal amount of the Series 1996A and 1997A Pension Bonds were $31,696 and $27,635, respectively.

Airport Revenue Refunding Bonds, Series 2003

In July 1987, the County issued in the principal amount of $242,440 Airport Revenue Bonds, Series 1987 (1987 Bonds) to finance the construction of new facilities at John Wayne Airport. In July 1993, the County issued in the principal amount of $79,755 Airport Revenue Refunding Bonds, Series 1993 (1993 Bonds) to partially refund the 1987 Bonds. In April 1997, the County issued in the principal amount of $135,050 Airport Revenue Refunding Bonds, Series 1997 (1997 Bonds) to complete a forward refunding of the majority of outstanding 1987 Bonds. On July 1, 1997, the County called and redeemed the remaining 1987 Bonds, not otherwise refunded or redeemed, in the amount of $28,410. On July 1, 2009, the County called and redeemed the outstanding carrying principal balance of 1997 Bonds, in the amount of $44,155.

11. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

Airport Revenue Refunding Bonds, Series 2003 (Continued)

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 principal amount including premium and interest for 2003 Bonds as of June 30, 2010 were $34,473 and $7,916, respectively.

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. 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 fiscal year ended June 30, 2010, the principal and interest paid and total net revenues were $4,578 and $42,046, respectively.

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 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) post-closure 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 and interest on these bonds as of June 30, 2010 were $26,013 and $2,878, respectively. For each fiscal year, the pledged net operating revenues are expected to be a minimum of 120% of the aggregate debt service requirement over the life of the bonds.

Advance Refunding

During this and 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, 2010, $19,460 of legally defeased debt remains outstanding.

Fiscal Year 2009-10 Debt Obligation Activity

During FY 2009-10, the following events concerning County debt obligations took place:

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, 2010, the outstanding principal amount, including net premium, of the 2009A and 2009B Bonds were $66,307 and $166,621, respectively, and the outstanding interest was $61,797 and $113,973, respectively.

11. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year 2009-10 Debt Obligation Activity (Continued)

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

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 fiscal year ended June 30, 2010, the principal and interest paid and total net revenues were $5,450 and $52,990, respectively. The total net revenues include $10,944 of available PFC revenue.

Schedule of Long-Term Debt Obligations, Fiscal Year 2009-10

Revenue bonds and certificates outstanding and related activity for the year ended June 30, 2010 were as follows:

Description	Balance July 1, 2009	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2010	Amounts Due within One Year
Governmental Funds:					
County of Orange					
Refunding Recovery Bongs – 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 30, 2015.	$ 101,456	$ (829)	$ (13,800)	$ 86,827	$ 15,633
Deferred Amount on Refunding	(6,250)	1,042	--	(5,208)	(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 2009-10 Principal and Interest: $61,449					
FY 2009-10 Total Pledged Revenues: $74,838					
Maturing in Installments Through July 1, 2017.	297,438	(1,886)	(49,480)	246,072	54,253
Deferred Amount on Refunding	(18,100)	2,129	--	(15,971)	(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 2009-10 Principal and Interest: $2,605					
FY 2009-10 Total Pledged Revenues: $2,743					
Maturing in Installments Through December 1, 2018.	5,502	--	(744)	4,758	694

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2009-10 (Continued)

Description	Balance July 1, 2009	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2010	Amounts Due within One Year
Orange County Development Agency Tax Allocation Refunding Bonds - Series 2001: (Neighborhood Development and Preservation Project)					
Date Issued: July 11, 2001 to Refund the Series A 1992 Tax Allocation Revenue Bonds					
Interest Rate: 4.00% to 5.50%					
Original Amount: $26,160					
FY 2009-10 Principal and Interest: $2,170					
FY 2009-10 Total Pledged Revenues: $18,825					
Maturing in Installments Through September 1, 2022.	$ 21,679	$ --	$ (1,125)	$ 20,554	$ 1,175
Deferred Amount on Refunding	(767)	55	--	(712)	(55)
Orange County Public Financing Authority Juvenile Justice Center Facility Lease Revenue Refunding Bonds - Series 2002					
Date Issued: May 1, 2002 to Refund the Outstanding Refunding Certificates of Participation					
Interest Rate: 3.00% to 5.50%					
Original Amount: $80,285					
FY 2009-10 Principal and Interest: $7,083					
FY 2009-10 Total Pledged Revenues: $74,838					
Maturing in Installments Through July 1, 2019.	56,573	(170)	(4,315)	52,088	4,733
Deferred Amount on Refunding	(2,186)	219	--	(1,967)	(219)
Orange County Development Agency Santa Ana Heights Project Area 2003 Tax Allocation Refunding Bonds:					
Date Issued: November 13, 2003 to Refund the 1993 Tax Allocation Revenue Bonds					
Interest Rate: 2.00% to 5.25%					
Original Amount: $38,465					
FY 2009-10 Principal and Interest: $2,963					
FY 2009-10 Total Pledged Revenues: $12,724					
Maturing in Installments Through September 1, 2023.	32,721	(104)	(1,495)	31,122	1,692
Deferred Amount on Refunding	(1,327)	92	--	(1,235)	(92)
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 2009-10 Principal and Interest: $4,199					
FY 2009-10 Total Pledged Revenues: $74,838					
Maturing in Installments Through December 1, 2018.	32,125	(45)	(2,785)	29,295	2,955

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2009-10 (Continued)

Description	Balance July 1, 2009	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2010	Amounts Due within One Year
County of Orange **Taxable Refunding Pension** **Obligation Bonds - Series 1996 A:** Date Issued: June 1, 1996 – Capital 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 FY 2009-10 Principal and Interest: $2,170 FY 2009-10 Total Pledged Revenues: $18,825 Maturing in Installments Through September 1, 2010 (CIB) and September 1, 2016 (CAB)	$ 36,981	$ --	$ (5,285)	$ 31,696	$ 2,499
County of Orange **Taxable Refunding Pension** **Obligation Bonds - Series 1997 A:** Date Issued: January 1, 1997 – Capital 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 FY 2009-10 Principal and Interest: $2,170 FY 2009-10 Total Pledged Revenues: $18,825 Maturing in Installments Through September 1, 2010 (CIB) and September 1, 2021 (CAB)	$ 32,730	$ --	$ (5,095)	$ 27,635	$ 2,152
Subtotal – Governmental Funds	$ 588,575	$ 503	$ (84,124)	$ 504,954	$ 82,249

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2009-10 (Continued)

Description	Balance July 1, 2009	Issuances & Discount/ Premium Amortization	Retirements	Balance June 30, 2010	Amounts Due within One Year
Enterprise Funds:					
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 2009-10 Principal and Interest: $4,578					
FY 2009-10 Total Pledged Revenues: $42,046					
Maturing in Installments Through July 1, 2018.	$ 36,677	$ (339)	$ (2,865)	$ 34,473	$ 3,307
Deferred Amount on Refunding (2003 Airport Revenue Bonds)	(4,175)	873	--	(3,302)	(749)
Airport Revenue Bonds – Series 2009A and 2009B:					
Date Issued: July 9, 2009					
Interest Rate: 3.00% to 5.75%					
Original Amount: $233,115					
FY 2009-10 Principal and Interest: $5,450					
FY 2009-10 Total Pledged Revenues: $52,990					
Maturing in Installments Through July 1, 2039.	--	232,928	--	232,928	4,858
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 2009-10 Principal and Interest: $7,147					
FY 2009-10 Total Pledged Revenues: $8,878					
Maturing in Installments Through December 1, 2013.	31,725	(92)	(5,620)	26,013	6006
Deferred Amount on Refunding (1997 Orange County Public Financing Authority Revenue Bonds)	(581)	306	--	(275)	(190)
Subtotal – Enterprise Funds	64,646	233,676	(8,485)	289,837	13,232
Total	$ 653,221	$ 234,179	$ (92,609)	$ 794,791	$ 95,481

11. 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 Funds		Enterprise Funds		
Fiscal Year(s) Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**	**Total**
2011	81,510	29,750	13,410	14,158	138,828
2012	87,439	35,026	14,155	13,492	150,112
2013	56,223	39,724	15,905	12,793	124,645
2014	54,407	29,332	17,305	12,072	113,116
2015	55,993	26,291	10,660	11,512	104,456
2016-2020	145,609	120,110	56,070	49,738	371,527
2021-2025	19,239	17,542	50,340	36,851	123,972
2026-2030	--	--	64,725	21,829	86,554
2031-2035	--	--	21,685	10,297	31,982
2036-2040	--	--	27,979	3,822	31,801
Total	500,420	297,775	292,234	186,564	1,276,993
Add: Premium	29,627	--	1,180	--	30,807
Less: Deferred Amount on Refunding	(25,093)	--	(3,577)	--	(28,670)
Principal Payable, Net	$ 504,954	$ 297,775	$ 289,837	$ 186,564	$ 1,279,130

Changes in Long-Term Liabilities:

Long-term liability activities for the year ended June 30, 2010 were as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within One Year
Governmental Activities:					
Bonds and COPs Payable:					
Revenue Bonds	$ 415,725	$ --	$ (59,200)	$ 356,525	$ 61,720
Certificates of Participation	5,502	--	(744)	4,758	694
Pension Obligation Bonds	69,711	--	(10,380)	59,331	4,651
Recovery Bonds	93,606	--	(13,800)	79,806	14,445
Add: Premium on Bonds Payable	32,661	--	(3,034)	29,627	4,276
Less: Deferred Amount on Refunding	(28,630)	--	3,537	(25,093)	(3,537)
Total Bonds & COPs Payable, Net	588,575	--	(83,621)	504,954	82,249
Interest Accretion on Capital Appreciation Bonds Payable	138,168	14,529	--	152,697	--
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	165,732	122,814	(120,240)	168,306	90,929
Arbitrage Rebate Payable	1,239	370	--	1,609	730
Capital Lease Obligations Payable	84,952	--	(4,838)	80,114	4,129
Insurance Claims Payable	158,167	130,249	(109,302)	179,114	59,715
Net Pension Obligation	652	151	(156)	647	--
Total Other Long-Term Liabilities	410,742	253,584	(234,536)	429,790	155,503
Total Governmental Activities Long-term Liabilities	$ 1,137,485	$ 268,113	$ (318,157)	$ 1,087,441	$ 237,752

11. LONG-TERM OBLIGATIONS (Continued)

Changes in Long-Term Liabilities (Continued)

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within One Year
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	$ 67,604	$ 233,115	$ (8,485)	$ 292,234	$ 13,410
Add: Premium on Bonds Payable	1,798	288	(906)	1,180	761
Less: Deferred Amount on Refunding	(4,756)	--	1,179	(3,577)	(939)
Total Revenue Bonds Payable, Net	64,646	233,403	(8,212)	289,837	13,232
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	4,763	3,793	(3,565)	4,991	2,406
Arbitrage Rebate Payable	130	87	--	217	--
Landfill Site Closure/Postclosure Liabilities	173,048	--	(9,163) *	163,885	1,988
Pollution Remediation Obligation	10,473	394	(3,441)	7,426	585
Total Other Long-Term Liabilities	188,414	4,274	(16,169)	176,519	4,979
Total Business-Type Activities Long-Term Liabilities	$ 253,060	$ 237,677	$ (24,381)	$ 466,356	$ 18,211

* Refer to Note 14 for additional information regarding reduction in Landfill Site Closure/Postclosure Liabilities.

Compensated Employee Absences

The estimated compensated employee absences payable for governmental activities recorded at June 30, 2010, is $168,306 compared with $165,732 at June 30, 2009. Employees are entitled to paid annual leave, compensated time, and in some cases vacation and sick time depending on job classification, length of service, and other factors. For the governmental funds, most of the compensated absences liability will ultimately be paid from the General Fund.

Special Assessment District Bonds

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

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

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

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.

11. LONG-TERM OBLIGATIONS (Continued)

Special Assessment District Bonds (Continued)

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, 2010, amounted to $635,164.

12. CONDUIT DEBT OBLIGATIONS

From 1980 through 2010, 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.

As of June 30, 2010, there were 40 series of bonds outstanding, with an aggregate principal amount payable of $614,809.

13. 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
2011	$ 2,928	$ 26,719	$ 29,647
2012	124	18,393	18,517
2013	12	15,064	15,076
2014	2	12,527	12,529
2015	2	10,610	10,612
2016 - 2020	--	21,258	21,258
Total	$ 3,068	$ 104,571	$ 107,639

Total expenditures for equipment rentals and operating leases incurred for FY 2009-10 was $52,725.

Capital Leases

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

Land	$ 22,418
Structures & Improvements	98,433
Less: Accumulated Depreciation	(28,842)
Total	$ 92,009

13. LEASES (Continued)

Capital Leases (Continued)

The following are the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2010:

Fiscal Year Ending June 30		
2011	$	10,238
2012		10,089
2013		9,676
2014		9,832
2015		8,574
2016-2020		45,782
2021-2025		34,644
2026-2027		980
Total Minimum Lease Payments		129,815
Less: Amount Representing Interest		(49,701)
Present Value of Net Minimum Lease Payments	$	80,114

14. 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 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, 2010 was $163,885. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (24.96% for FRB, 65.99% for Olinda Alpha and 22.03% for Prima Deshecha), less actual costs disbursed related to both closure and postclosure of the Santiago and Coyote Canyon landfills. As a result of the landfill expansion at the Olinda Alpha landfill in FY 2009-10, the total estimated maximum capacity has increased, thereby reducing the cumulative percentage of landfill used and the total landfill closure and postclosure care liability at June 30, 2010. OCWR will recognize the remaining estimated cost of closure and postclosure care of $182,594 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2009 dollars (using the 2009 inflation factor of 1.012). 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.

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

In compliance with Title 27 CCR - Environmental Protection of California Code of Regulation, OCWR makes annual cash contributions to its escrow funds to provide financial assurance for estimated future landfill closure costs based on the state mandated 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, 2010, a total of $89,258 has been set aside for estimated closure and postclosure costs and is included in the accompanying Statement of Net Assets as Restricted Pooled Cash/Investments – Closure and Postclosure Care Costs. This amount includes what OCWR has proactively pre-funded 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 17, Estimated Liability for Other Litigation, Claims and Pollution Remediation, for additional discussion regarding pollution remediation liabilities.

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2010, major contracts entered into for equipment, land, structures and improvements, and other commitments were as follows, listed by fund within governmental or business-type activities:

Project Title	Remaining Commitments
Governmental Activities:	
Roads	
Foothill Circulation Project - Alton Parkway to Irvine Boulevard	$ 11,940
Alton Parkway Road Extension - Irvine Boulevard to Commercentre Drive	6,858
Katella Avenue - Smart Street Improvement Project	6,797
Ortega Highway - Antonio Parkway to Central Entrance	6,554
Moulton Parkway Widening	5,841
Newport Ave Pavement Rehabilitation	2,634
	40,624
Flood Control District	
Los Alamitos Pump Station: New Pump and Pump House	7,686
Westminster Channel Improvement - Hoover Street to Beach Boulevard	7,496
San Juan Creek Channel Improvement Project	1,606
	16,788

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Project Title	Remaining Commitments
Governmental Activities (Continued):	
OC Parks	
Lower Newport Bay Seawall Replacement	$ 1,568
	1,568
Other Governmental Funds	
Central Jail Complex Consolidated Maintenance Project	1,884
	1,884
Business-Type Activities:	
Airport	
Terminal C Gate Expansion	82,332
Design of the New Southwest Parking Structure C	13,494
Design and Construction of the Terminal C Baggage Handling System	11,588
Design and Construction of the Central Plant	9,326
Passenger Loading Bridges for Terminal A, B and C	2,848
Building Commissioning Services	1,109
Material Testing and Construction Inspection Services of Projects Associated with the Airport Improvement Plan	1,102
	121,799
Waste Management	
Frank R. Bowerman Construction Management, Construction Quality Control Slide/Buttress	1,919
Prima Construction Administration/Crew Quarter	1,336
	3,255
Total Commitments	$ 185,918

In addition, the County is involved in the Santa Ana River (SAR) Mainstem Project. The SAR 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 SAR Mainstem/Prado Dam project (Project) is to prevent the devastating damage caused by large-scale flooding of the Santa Ana River flood plain. When the SAR Project 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 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 $1,900,000. OCFCD's cost share is estimated to be $388,000 for acquisition of real property rights, relocation (of roads, bridges, trails, and utilities), environmental mitigation, and cash contributions for construction of the Prado Dam Project. As of June 30, 2010, the OCFCD has expended about $445,600 on the entire Santa Ana River Project.

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

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 SAR 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 SAR Canyon are also underway. The COE completed construction of National Housing Tract Dike and Sewage Treatment Plant Dike in 2008. Landscaping for these dikes began in September 2009 and is expected to be 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 SAR 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 protection along SR 91 and nearby mobile homes, open space/recreation mitigation, and to accommodate increased flooding when the Prado Dam outlet gates are constructed and operational. The first phase of SR-91 protection is currently under construction and is expected to be completed in May 2011. The OCFCD is currently in final design for the 4 miles of Santa Ana River Interceptor Line relocation project, which is expected to be constructed by early 2013. 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, 2010, the OCFCD has submitted $249,966 in claims, and received $191,164 in reimbursements. An additional $61,953 in claims is in the process of being prepared for submittal to the DWR, for a total of unpaid claims for expenses through June 30, 2010, of about $120,755. Of this amount, $19,391 was appropriated by the State for FY 2010-11, and therefore was accrued as revenue in the government-wide financial statement. Once a claim is reviewed and approved by the 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.

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, reimbursements on past expenses through the State Subvention Program are critical for Project completion.

16. SELF-INSURANCE

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; unemployment; salary continuance; and providing health benefits to employees, retirees and their dependents. The County has chosen to establish 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.

The Property and Casualty Risk ISF is responsible for managing losses related to torts; theft of, damage to and destruction of assets, errors and omissions, civil rights claims, and natural disasters. Tort liability is also self-funded, up to $5,000. Commercial insurance is purchased for property and other risk exposures. Excess liability insurance provides up to an additional $100,000 in liability coverage. In the past three fiscal years, there have been no settlements that exceeded the self-insurance threshold. Accordingly, no claims or settlements have been paid under the excess insurance policy. However, there currently is a verdict that was entered against the County and two of its employees that is making its way through the appellate courts. If that verdict stands, the County will exceed its self-insured retention. The County has been in contact with various insurance carriers, which issued policies to the County that could cover a portion of the verdict in this case.

16. SELF-INSURANCE (Continued)

Independent actuarial studies are prepared annually for the Workers' Compensation and Property and Casualty Risk ISFs. The reported unpaid claims liabilities are based on the results of those annual actuarial studies and include case reserves, development of known claims, incurred but not reported claims, allocated loss adjustment expenses, and unallocated loss adjustment expenses. Unpaid claims liabilities are calculated considering inflation, claims cost trends, including frequency and payout of settlements and judgments, interest earnings, and changes in legal and economic factors. Unpaid claims liabilities have been discounted at a rate of 3.47% 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 and claims experience. 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 and actual number of positions from a biweekly County payroll report. 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.

Through Fiscal Year 2009-10, the County's Premier Wellwise and Premier Sharewell PPO Plans have a lifetime coverage maximum of $3,000 and $1,000, respectively, for each covered employee or dependent. 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 coverage by the statute is up to 26 weeks and up to an additional 20 weeks of benefits coverage through the FED-ED 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 2008-09	$ 110,858	$ 25,906	$ 716	$ 9,336	$ 146,816
Claims and Changes in Estimates	28,570	10,089	3,187	51,731	93,577
Claim Payments	(20,154)	(8,069)	(1,854)	(52,149)	(82,226)
Unpaid Claims, End of FY 2008-09	$ 119,274	$ 27,926	$ 2,049	$ 8,918	$ 158,167
Claims and Changes in Estimates	26,952	33,173	6,239	63,885	130,249
Claim Payments	(23,773)	(19,109)	(4,566)	(61,854)	(109,302)
Unpaid Claims, End of FY 2009-10	$ 122,453	$ 41,990	$ 3,722	$ 10,949	$ 179,114

17. 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 16, 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 2006, the Board approved agreements with a number of employee bargaining units addressing the County's Retiree Medical Plan and the method by which current employee and retiree health insurance premiums would be determined. These changes included separately pooling current employees and retirees for the purposes of health premium setting beginning in 2008.

On November 5, 2007, the Retired Employee's Association of Orange County (REAOC) filed a Complaint for Declaratory and Injunctive Relief filed in the United States District Court for the Central District of California contesting the splitting of the pool for purposes of determining health insurance premiums. REAOC asserted causes of action for breach of contract, impairment of contract in violation of the United States and California constitutions, violation of the due process clauses of the United States and California constitutions, and promissory estoppel. On June 19, 2009, the Court granted the County's Motion for Summary Judgment and denied as moot REAOC's Motion for Summary Adjudication, finding that absent "any explicit legislative or statutory authority requiring the County to continue providing retirees the pooling benefit in setting rates, …the County is not contractually obligated to continue providing retirees the pooling benefit throughout their lifetimes." Costs were awarded for the County in the amount of $36.

On June 30, 2009, REAOC appealed the District Court decision to the United States Court of Appeals for the Ninth Circuit, which heard oral argument before a three-judge panel on June 10, 2010. On June 29, 2010, the Ninth Circuit panel certified the following question of law to the California Supreme Court: "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." In its order certifying the question, the Ninth Circuit panel retained jurisdiction of the case, but stayed further proceedings pending final action by the California Supreme Court. On August 18, 2010, the California Supreme Court agreed to decide the question, designating REAOC as the petitioner. On November 29, 2010, the parties completed their briefing in the California Supreme Court. The amici curiae have until December 29, 2010, to file their proposed briefs, and, if the Court accepts any proposed amicus brief, both REAOC and the County will then have (20) days to file an answering brief. Although REAOC has sought calendar preference for the hearing of this question, the date for oral argument has not yet been set.

The County's response to this litigation has been, and continues to be, to contest the case vigorously. It is difficult to predict the County's potential liability at this time; however, should Plaintiff succeed in its overall efforts here, this lawsuit could have a significant financial impact on the County.

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

Estimated Liability for Litigation and Claims (Continued)

Gaylan Harris, et al. v. County of Orange On January 22, 2009, retired Orange County employee and REAOC Board member Gaylan Harris filed a Class Action Complaint for Damages and Injunctive Relief in the United States District Court. He is represented by the same attorneys representing REAOC in the case described above. In addition to challenging the Board action that "'split the pool' and created different premium pools for active and retired employees," which was expressly challenged in the REAOC action, Mr. Harris's complaint also challenges the County's changes to the Retiree Medical Grant program, which offsets retiree premiums, and seeks monetary damages and a jury trial. As with the REAOC case, Mr. Harris asserted causes of action for breach of contract, unconstitutional impairment of contract, and denial of due process. On January 31, 2009, this action was transferred to the Honorable Andrew J. Guilford, who was already presiding over the REAOC action, on the ground that the cases were related. On February 3, 2009, Mr. Harris amended the complaint to add two more individual representative plaintiffs and a state cause of action for age discrimination in employment in violation of California's Fair Employment and Housing Act (California Government Code section 12940(a)). The Clerk of the Board received service of both the original and amended complaints on April 9, 2009.

The County answered the lawsuit on May 29, 2009. On February 22, 2010, the Court certified the case as a Rule 23(b)(2) class action, thereby binding all retirees who might otherwise challenge the changes to the County's retiree medical program. On April 7, 2010, the County filed a motion for judgment on the pleadings. The County's motion was heard on June 14, 2010; however, in light of the REAOC appeal pending in the Ninth Circuit and now in the California Supreme Court, the Court continued the case several times, but has indicated it should reach a decision at the next hearing on January 3, 2011.

The County's response to this litigation has been, and continues to be, to contest the case vigorously. It is difficult to predict the County's potential liability at this time; however, should Plaintiffs succeed in its overall efforts here, this lawsuit could have a significant financial impact on the County.

Joann Blackstar, et al. v. County of Orange On January 23, 2009, a class action lawsuit seeking declaratory and injunctive relief was filed in the Central District Federal Court by the Western Center on Law & Poverty and its co-counsel on behalf of four named class representatives, naming the County, all members of the Board, the Social Services Agency (SSA), and the Director of SSA, as defendants.

The named plaintiffs are alleged to be representatives of a class of plaintiffs described as applicants and recipients of Food Stamps, Medi-Cal, and General Relief. Motions for class certification and preliminary injunction have been filed by Plaintiffs' counsel and responded to by County Counsel. The Motions remain pending before the District Court while the parties have been engaging in settlement discussions. The class plaintiffs allege (among other allegations) that the County and SSA are failing to meet federal and state statutory requirements applicable to the timely processing of entitlement applications. They allege that such failures result in denial of the plaintiffs' statutory rights and a deprivation of due process. Plaintiffs' motion for preliminary injunction seeks to require the Defendants to implement procedures as soon as possible to ensure the timely and uninterrupted delivery of Food Stamps and Medi-Cal benefits to eligible applicants and recipients as required by state and federal law. Plaintiffs have since withdrawn their request for a preliminary injunction for Medi-Cal, though Medi-Cal and General Relief remain at issue in the lawsuit if settlement does not occur.

Following months of settlement negotiations, the parties agreed upon a settlement of the case, subject to Board of Supervisors and Court approval. The Board approved the proposed settlement of the action on April 20, 2010. The settlement called for issuance of a Consent Decree that will remain in effect for three years. The Consent Decree will require SSA to process Regular Food Stamps applications according to certain agreed-upon percentages and times, as follows: (a) approve at least 93% of eligible applications within thirty (30) days of the date of application; (b) approve or deny at least 90% of all applications within thirty (30) days of the date of application; and (c) approve or deny 97% of all applications within sixty (60) days of the date of application. During the same three-year period, SSA will process Expedited Food Stamps applications as follows: (a) approve at least 90% of eligible Expedited Food Stamps applications within three (3) days of the date of application; and (b) approve at least 95% of eligible Expedited Food Stamps applications within fourteen (14) days of the date of application.

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

Estimated Liability for Litigation and Claims (Continued)

Joann Blackstar, et al. v. County of Orange (Continued)

The Settlement Agreement also limited Plaintiffs' recovery of attorneys' fees and costs to no more than $750, which is less than half of the award of fees that Plaintiffs would have sought in the absence of the settlement.

On September 13, 2010, the Court issued its final approval of the settlement and entered the Consent Decree. Thus, the Consent Decree and its requirements as described above are now in effect and must be complied with by SSA. On October 7, 2010, the Court also entered an Order approving the Settlement Agreement. This obligated the County to pay the agreed-upon award of $750 to Plaintiffs' counsel for attorneys' fees and costs. SSA paid the attorney's fees award in late October 2010. The action will now remain pending and subject to monitoring by the Court during the remainder of the three-year Consent Decree period, which will expire on September 12, 2013.

Alliance of Orange County Workers v. County of Orange The Alliance of Orange County Workers (AOCW) represents approximately 470 blue collar sanitation workers within the Operations and Maintenance (OSM) bargaining unit of the County. AOCW has filed a grievance with the County, alleging that its represented members are entitled to a 1.5 percent "market adjustment" salary increase, dating back to June 23, 2006, based on a commitment allegedly made in a September 1, 2006, "side letter" negotiated between the County and AOCW's predecessor, the Service Employees International Union, Local 787. The County disputes AOCW's interpretation of the side letter, and no market adjustments to AOCW member salaries were ever approved by the Board. Nevertheless, the Market Adjustment Grievance could potentially result in an arbitral back pay award against the County in the amount of $922, and quite possibly more, depending on (1) whether the County is compelled by a court to arbitrate the grievance, and if it is, (2) the date of the arbitrator's award, should the arbitrator rule in AOCW's favor. The County has taken the position that the Market Adjustment Grievance is not substantively arbitrable, and the dispute as to whether the controversy is, in fact, arbitrable under the applicable labor agreement is currently pending in Orange County Superior Court. Because the County has not yet been ordered to arbitrate this controversy, no arbitrator has been selected to hear the grievance.

Association of Orange County Deputy Sheriffs v. County of Orange In August 2009, the Orange County District Attorney (OCDA) implemented a temporary (nine-day) layoff of its investigators in order to realize a budget savings of approximately $767. Initially, the Association of Orange County Deputy Sheriffs (AOCDS) filed a lawsuit in Federal Court to stop the layoffs (USDC Case no. SACV 09-941 CJC (MLGx)). When the federal lawsuit was dismissed on jurisdictional grounds, AOCDS filed a lawsuit in State Court to challenge the temporary layoffs. AODCS argues that the decision to implement the temporary layoffs constituted a breach of the applicable labor agreement. AOCDS seeks a writ of mandate to remedy the alleged breach. The matter has been assigned to Judge Luis Lavin in Los Angeles. The County takes the position that the decision to impose the temporary layoffs was an exercise of fundamental managerial prerogative, permitted under the labor agreement. However, if the Superior Court concludes that the decision to impose the layoffs violated the union's contract, the County could be required to provide backpay to the approximately 135 affected employees.

GMC Engineering v. OC Public Works *GMC Engineering, Inc., etc. v. Orange County Public Works, etc., et al.*, was served on the Clerk of the Board on October 29, 2010. The complaint alleges damages in excess of $1,500 as detailed below. This case arises out of a construction contract on the Katella Avenue Smart Street Improvement Project ("Project").

Plaintiff GMC Engineering, Inc. ("GMC") was the original contractor on the Project who entered into a contract with OC Public Works ("OCPW") on June 25, 2009. The Project involves the construction of storm drains, sound walls, and other improvements. The original contract amount was $7,557. The original contract period was 280 working days, or 409 calendar days. Based on the date that OCPW gave the notice to proceed, OCPW regarded the original contract completion date based on the start date to be September 29, 2010.

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

Estimated Liability for Litigation and Claims (Continued)

GMC Engineering v. OC Public Works (Continued)

GMC claimed that its work had been delayed by the fact that numerous utility relocations that needed to be performed along the Project route by others either had not yet been completed or were completed later than OCPW had anticipated at the time the contract was awarded. GMC took the position that no work could be performed on the Project until all utility relocations had been completed. OCPW acknowledged that the utility relocations took longer than originally anticipated and that there was delay in the construction resulting from the utility relocation delays. OCPW disagreed, however, with GMC's assertion that no work could be performed until all utilities have been relocated. OCPW pointed to certain provisions of the contract specifications that expressly recognize that utility relocations would occur during the contract period and took the position that GMC was required to work around the utility relocations and fit them into its overall work plan. As a result, OCPW directed GMC to proceed with portions of the work (such as sound walls) which were not affected by the delays of the utility relocations. But GMC did not proceed with the work, and took the position that it would not proceed in a piecemeal approach and that it needed to be able to proceed with the main work under the contract.

In its complaint in the lawsuit, GMC alleges the right to recover more than $1,500 for alleged lost business and profits, statutory penalties for alleged violation by the County of the prompt pay provisions of Business and Professions Code section 7108.5 and Public Contract Code sections 7107 and 10262.5, and attorney's fees in excess of $150, all based on alleged causes of action for breach of contract and breach of implied warranty.

At the time GMC walked off the job, almost no work had been performed on the Project. As a result, OC Public Works obtained the Board's authority to advertise for bids for a replacement contractor. On October 5, 2010, the Board awarded a contract for completion of the Project to M.S. Construction Management Group. The County may incur additional costs or damages through the engagement of M.S. Construction Management Group to complete work on the Project, but the amount of such costs or damages will not be quantifiable until work on the Project is finished. As such costs or damages are determined, there may be a need and basis to file a cross-complaint against GMC in the lawsuit. It is difficult to predict the County's potential liability at this time since discovery has yet to begin in the lawsuit.

Morrison Pump Company, Inc., v. SSC Construction, Inc.; Cross-complaint by SSC Construction, Inc. against OCFCD, County, and OC Public Works The above-referenced cross-complaint was served by Cross-complainant SSC Construction, Inc. ("SSC") on the Clerk of the Board on November 29, 2010. This case arises out of a construction contract between the Orange County Flood Control District ("OCFCD") and SSC on the Los Alamitos Pump Station Project ("Project"). SSC's cross-complaint against OCFCD and the County of Orange alleges damages in excess of $1,300 as detailed below. SSC is asserting that it has suffered damages as a result of delays in the completion of this project and asserts that those delays are not SSC's fault. 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 Company, Inc. ("Morrison Pump") – which is the plaintiff in the action who is suing SSC for recovery on its subcontract – is a result of the OCPW's refusal to pay all amounts invoiced for the pumps until the pumps are modified to meet the Project plans and specification.

On June 26, 2007, the Board of Supervisors awarded a contract to SSC in the amount of $21,707 for the construction of the Project. The Project is ongoing and it is anticipated that if no further delays are encountered it will be completed in approximately August 2011. The Project encountered a number of complications, which were by and large unforeseeable to OC Public Works ("OCPW"), that have caused major delays to the construction schedule. SSC alleges that it was not responsible for the delays and that despite its efforts and the efforts of OCFCD to mitigate damages, SSC has suffered delay damages including but not limited to increased direct and indirect costs. SSC filed a claim seeking reimbursement of a portion of those delay damages resulting from some of the initial delays. OCPW has reviewed the claim and disputes significant portions of SSC's alleged damages. The claim was denied in November of 2009.

17. 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)

One of SSC's subcontractors on the Project was Morrison Pump who supplied and installed large engine driven pumps for the Project. The Project plans and specifications clearly called for pumps with bronze impellers. The pumps delivered to the Project site did not meet those specifications in that they included stainless steel impellers. OCPW staff has refused to agree to a deviation from the specifications permitting stainless steel impellers and has insisted that SSC change the impellers to bronze before the Project will be accepted by OCPW. OCPW has taken deductions from payments to SSC in the total amount of approximately $253, which is the estimated cost of replacing the stainless steel impellers with bronze impellers once the replacement impellers have been delivered to the Project site.

Morrison Pump initiated the above-referenced action against SSC for damages related to SSC's failure to pay Morrison Pump for the pumps. OCFCD was not named by Morrison Pump as a party to the action. However, SSC has now brought OCFCD and the County into the action. SSC believes that it is necessary to do so in order to protect its asserted right to seek indemnity from the County parties for Morrison Pump's claims and to assert the other monetary claims SSC is asserting most efficiently in one case pertaining to the Project. Thus, in SSC's cross-complaint, SSC alleges a number of causes of actions against the County parties in order to seek recovery of more than $1,300 in alleged damages arising from the delays and to be indemnified against Morrison Pump's claims. It is too early in the case to assess the likelihood of success in defending against SSC's claims.

Estimated Pollution Remediation Obligations

GASB 49 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.

In 1988 and 2006, the Airport was named as the responsible party in a cleanup and abatement order, for two sites on Airport property, by the California Regional Water Quality Control Board (RWQCB). The sites, the Old Fuel Farm and the Former Fire Station #33, were identified as having chemical impacts to the soil and groundwater. In 1994 and 2002, the Airport began 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, the Airport's environmental consultant reevaluated the sites and recommended a change to the remediation plan. The consultant calculated the new estimated pollution remediation liability based on a more active method of remediation that includes remedial technologies such as soil vapor extraction, dual phasing sparging and bioremediation. The Airport plans on implementing the new remediation method in the fiscal year ending June 30, 2011, and the sites are estimated to be remediated in about six to ten years. The Airport 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. The Airport has reported a liability of $1,482 based on management's assessment and the results of the consultant's evaluation.

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

Estimated Pollution Remediation Obligations (Continued)

John Wayne Airport (JWA)

In 1995, the Airport entered into a Memorandum of Understanding (MOU) with one of its fixed-based 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 $394 is reported in the Statement of Net Assets as part of accounts receivable.

The estimated pollution remediation obligation as of June 30, 2010 is:

Old Fuel Farm Site	$	787
Former Fire Station # 33 Site		695
JWA Pollution Remediation Obligation	$	1,482

Orange County Waste & Recycling (OCWR)

Four 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 Pollution Remediation Obligation ending balance for the fiscal year ending June 30, 2010, after deducting actual Pollution Remediation expenses incurred is $5,944.

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 exceedances 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. Pursuant to the Settlement Agreement, the County is currently installing a landfill gas collection and control system at the site. The remaining cost to the County for on-going engineering and quality assurance/quality control is $17.

The County retained responsibility for the operation, maintenance, and monitoring of the landfill gas collection and control system installed at the site. 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, length of time that waste has 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 $411.

Total obligation for landfill gas remediation at the Cannery site over the anticipated 15-year operational period is $428.

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

Estimated Pollution Remediation Obligations (Continued)

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 exceedances, and to control potential offsite migration of landfill gases. In response to the LEA's Notice and Order, a claim was filed with the 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. The County anticipates that the cost to operate and maintain the landfill gas collection system at the site for the first full year of operation is $150.

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 will be highest in the full first year of operation when the carbon canisters will likely need 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. Based on our actual expenditures for Fiscal Year 2009-10, the first full year of operating the landfill gas collection and control system, the anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is reduced to $3,432.

Total obligation for landfill gas remediation at the Lane Road site over the anticipated 25-year operational period is $3,582.

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 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. It is anticipated that the cost to operate and maintain the landfill gas collection system at the site for the first full year of operation is $154.

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 anticipated cost to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is $1,736.

The total obligation for landfill gas remediation at the San Joaquin site over the anticipated 15-year operational period is $1,890.

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

Estimated Pollution Remediation Obligations (Continued)

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 previously performed limited soil and groundwater testing at the site. According to DTSC, the results of these tests indicate that further site assessment is warranted. DTSC has requested that the County enter into a Voluntary Cleanup Agreement with DTSC. In lieu of entering into a Voluntary Cleanup Agreement, the County is conducting a series of additional site investigations and assessments. Upon completion of these site assessments and based on the results contained therein, it is possible that DTSC will renew its request for a Voluntary Cleanup Agreement. The County is currently performing a complete environmental assessment of the site, under oversight by the DTSC. The remaining cost for performing the site assessment work is $44.

It is possible that the County will incur additional costs as a result of the site conditions. However, at this time, those additional costs cannot be measured because the County is still conducting the site assessment. The costs could be significant.

The estimated pollution remediation obligation as of June 30, 2010 is:

Cannery	$	428
Lane Road		3,582
San Joaquin		1,890
La Veta		44
OCWR Pollution Remediation Obligation	$	5,944

18. 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, 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 so-called "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.

18. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Plan Description (Continued)

OCERS issues an audited stand-alone annual financial report for each year ending December 31, which 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 dated December 31, 2009, 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 members). The County payments represent approximately 86% of the total plan sponsor payments into OCERS. As of December 31, 2009, OCERS was 68.77% funded (69.11% for County of Orange rate groups). A schedule of funding progress for OCERS is included in Required Supplemental Information (RSI) section.

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 County Board of Supervisors 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 768 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's responsibility is to make certain the total required contribution is paid, regardless of how the employers and employees share the cost. For FY 2009-10, employer's contributions, as a percentage of covered payrolls, were 21.83% for General members, 39.52% for Safety-Law Enforcement members and 31.39% for Safety-Probation members.

18. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Funding Policy (Continued)

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 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 1,081 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.

Actuarial Valuation and Funding Methodology: OCERS is funded pursuant to the Entry Age Normal funding method. The annual required contribution for the current year was determined as part of an actuarial valuation performed by Segal Company as of December 31, 2007. The actuarial assumptions currently used in valuing the plan include, but are not limited to, (i) an investment return assumption of 7.75%, (ii) a policy to amortize OCERS Unfunded Actuarial Accrued Liability (UAAL) as of December 31, 2004, over a 30-year period on a closed basis, (iii) amortizing any increases or decreases in UAAL that arise in the future years due to actuarial gains or losses over separate 15-year periods, (iv) increases or decreases due to assumption changes are amortized over separate 30-year periods, (v) all amortizations conducted on a level percent of pay basis, and (vi) a 3.5% inflation assumption. According to the 2007 Valuation, the aggregate employer contribution rate is 24.32%. The aggregate member employee rate, some of which are contributed by the sponsor under existing bargaining agreements, is 10.67%. The aggregate rates are for all of OCERS, and the County makes up approximately 85% of OCERS.

Subsequent to the 2008 actuarial valuation, OCERS became aware of incomplete salary data being provided to the actuary for completion of the 2008 Valuation. The salary data provided by OCERS did not include certain premium pay items that are pensionable. The Actuarial Accrued Liability (AAL) was increased by approximately $228,000, effective December 31, 2009, due to this reporting error by OCERS. Of the approximately $228,000 increase in AAL, approximately $118,000 is attributable to the County, while the remaining increase is attributable to other entities that pay into OCERS. Beginning July 1, 2010, the employer rate for safety employees will increase 2.11% and non-safety rates will increase .28% due to this reporting error by OCERS.

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, 2010, $100,668 of such proceeds remains available for future credits to the County's pension obligations. For the fiscal year ended June 30, 2010, the County utilized $11,000 of the County Investment Account to meet its Annual Required Contribution.

18. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Actuarial Valuation and Funding Methodology (Continued)

The table below shows the County's required contributions and the percentage contributed for the current fiscal year and each of the two prior fiscal years:

Orange County Employees' Retirement System
Schedule of County Contributions

Fiscal Year Ended	County Contribution	OCERS Investment Account Contribution	Total Annual Required Contribution	Percentage Contributed
6/30/2008	$ 253,620	$ 11,000	$ 264,620	100%
6/30/2009	256,531	36,500	293,031	100%
6/30/2010	279,574	11,000	290,574	100%

County Administered Pension Plans

County of Orange - 401(a) 1.62 Retirement Defined Contribution Plan

Plan Description: On April 20, 2010, the County Board of Supervisors approved and adopted the resolution implementing the 1.62% at 65 retirement formula for certain eligible employees and established the County of Orange 401(a) 1.62 Defined Contribution Plan for the benefit of employees who have elected the 1.62% at 65 retirement formula. The Board has the authority to amend the plan. The plan is intended to comply with the requirements of section 401(a) and is intended for retirement. The employee acquires a vested interest in the employer contribution account upon attaining early retirement age or normal retirement age for any reason of death or disability. If an employee terminates prior to early or normal retirement date other than death or disability, the employee is 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, 2010, the plan had no participants.

Funding Policy: This plan is a defined contribution plan funded entirely by employer contributions. As of June 30, 2010, County provides up to a 100% match per pay period of the employee's voluntary contribution to the Internal Revenue Section 457 element of the 1.62 Defined Contribution Plan up to 2% of base salary.

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, 2010, the value of plan assets was zero.

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 December 13, 2005, the Board established the County of Orange 401(a) Plan for the benefit of eligible employees, Elected Officials, which included 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

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

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

Plan Description (Continued)

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, 2010, the plan has 725 active participants and 17 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 certain employees electing not to participate in OCERS. Total contributions for the year ended June 30, 2010, were $956 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, 2010, the value of plan assets was $8,673.

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 benefits for a participant who retires on or after the normal retirement date is the present value (or lump sum value) of the monthly annuity described previously. 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. As of June 30, 2010, the plan consists of 70 active plan participants, 253 terminated plan participants entitled to but not yet receiving benefits, and 30 retirees receiving benefits.

The plan financial statements are prepared using the accrual basis of accounting. Plan participant and 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.E and are fully invested in the County Pool as described in Note 4. The plan has not issued separate stand-alone financial statements.

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

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 $1,593. The annual required contribution is equal to:

- Normal cost
- Minus employer and employee contribution
- Plus 30-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.

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. The plan's annual pension cost was calculated using the data and assets as of June 30, 2010. 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 30-year of the UAAL. Based on the actuarial report dated July 1, 2010, interest on the net pension obligation is $42.

For the fiscal year ended June 30, 2010, the County's annual required contribution was $156. The actuarial assumptions included (a) 6.5% investment return, net of administrative expenses: (b) The 417(e) lump sum basis used for ERISA-governed plans, including the phase-out of the 30-year treasury rate; the look-back month is November: and (c) RP2000 Mortality Tables projected to 2010 with no collar distinction for males and females. The UAAL is being amortized as a level dollar on a closed basis. The remaining amortization period is 30 years. Multi-year trend information about the funding progress is presented in the RSI section following the notes to the basic financial statements.

Orange County Defined Benefit Plan
Schedule of Funding Progress

Actuarial Valuation Date	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)
6/30/2010	$ 4,923	$ 7,091	2,168	69.4%	N/A[1]	N/A

[1] The plan froze benefits effective November 21, 2008; therefore, there is no covered payroll for future plan years.

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Annual Pension Cost (Continued)

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

Actuarially Determined Contribution (A)	$ 156
Interest on Net Pension Obligation	42
Adjustment to (A)	(46)
Annual Pension Cost	152
Contributions Made	(157)
Increase/Decrease in Net Pension Obligation	(5)
Net Pension Obligation, Beginning of Year	652
Net Pension Obligation, End of Year	$ 647

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

Orange County Defined Benefit Plan
Schedule of Employer Contributions

Fiscal Year Ended	County Contribution	Total Annual Pension Cost	Percentage Contributed	Net Pension Obligation
6/30/2008	$ 225	$ 217	$ 104%	$ 660
6/30/2009	242	234	103%	652
6/30/2010	157	151	104%	647

Extra-Help Defined Contribution Plan

Plan Description: Effective March 1, 2002, as amended and restated on December 13, 2005, the Board established a Defined Contribution Plan to replace the 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 Internal Revenue Code sections 457 and 3121 and is intended to comply with the Omnibus Budget Reconciliation Act of 1990. The Board has the authority to amend the plan. As of June 30, 2010, there were 2,899 active participants and 218 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 457 Defined Contribution Plan or leave the balance in the plan until they are no longer employed with the County.

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Defined Contribution Plan (Continued)

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, 2010, were $864 by the employees and zero by the County. As of June 30, 2010, the value of plan assets was $4,427.

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 table Value Fund is deducted from the interest earnings each quarter as a percentage of the interest rate credited.

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, 2010:

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan
Statements of Net Assets				
Assets				
Pooled Cash/Investments	$ 4,827	$ 4,827	$ --	$ --
Restricted Cash and Investments with Trustee	13,100	--	4,427	8,673
Receivables:				
Interest/Dividends	16	16	--	--
Due from Other Governmental Agencies	647	647	--	--
Total Assets Held in Trust	18,590	5,490	4,427	8,673
Liabilities				
Accounts Payable	274	274	--	--
Total Liabilities	274	274	--	--
Net Assets				
Held In Trust	18,316	5,216	4,427	8,673
Total Net Assets Held in Trust	$ 18,316	$ 5,216	$ 4,427	$ 8,673

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Condensed Financial Statements (Continued)

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan
Statements of Changes in Net Assets				
Additions:				
Contributions to Pension Trust:				
Employer	$ 1,113	$ 157	$ --	$ 956
Employee	859	(5)	864	--
Interest and Investment Income	733	46	182	505
Less: Investment Expense	(5)	(5)	--	--
Total Additions	2,700	193	1,046	1,461
Deductions:				
Benefits Paid to Participants	1,306	558	506	242
Total Deductions	1,306	558	506	242
Change in Net Assets Held in Trust for Employee's Retirement	1,394	(365)	540	1,219
Net Assets Held in Trust at July 1, 2009	16,922	5,581	3,887	7,454
Net Assets Held in Trust at June 30, 2010	$ 18,316	$ 5,216	$ 4,427	$ 8,673

19. 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. Currently, there are pending lawsuits regarding the Retiree Medical Plan; please refer to Note 17, Estimated Liability for Litigation, Claims, and Pollution Remediation for additional information.

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 2009 was 17.69 (absolute dollars) per year of County service, and the maximum monthly Grant was $442.25 (absolute

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Plan Description (Continued)

dollars). The base number for calendar year 2010 is $18.22 (absolute dollars) per year of County service, and the maximum monthly Grant is $455.50 (absolute dollars). The amount of the Grant is netted against the monthly health plan premium and/or reimburses Medicare premiums paid by the retiree for retiree and dependent coverage with the retiree obligated to pay the remaining balance. 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 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.

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 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 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 will be 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. In addition, the County and OCERS have entered into agreements for OCERS to establish an Internal Revenue Code section 401(h) account, invest monies of the 401(h) account and the Trust and to act as paying agent for benefits under the Retiree Medical Plan (except for the lump sum payment).

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Funding Policy (Continued)

The County is currently setting aside contributions of 0.6% for AFSCME, 4.5% for AOCDS, 2.4% for the Probation Department safety personnel and 2.5% 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 Board has appointed the County Chief Financial Officer as the trustee for the Trust. The costs to administer the Trust are paid from the Trust.

Actuarial Methods and Assumptions: The County has contracted 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 has received a June 30, 2009 valuation for fiscal years 2009-10 and 2010-11 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 (28 years remaining as of June 30, 2009)
- A 7.75% long-term expected rate of return on funds held in the Trust
- A 3.5% per annum payroll increase assumption
- The assumed annual increases in the monthly grant of 3% for non-AFSCME employees and 5% for AFSCME employees through calendar year 2016. The healthcare trend was assumed to be greater than the annual increase to the Grant through 2016. Therefore, it is the Grant annual increase rather than the healthcare trend that affects the projected benefits and the UAAL. For 2017 +, a healthcare trend of 4.5% was used for AFSCME employees since the trend is lower than the 5% annual adjustment. For non-AFSCME employees, an annual 3% increase is used for the entire 30 year amortization period.
- There are an estimated 25,800 participants in the plan of which 18,683 are employees, 17 are deferred retirees, and 7,100 are retirees.

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 Trust, and changes in the County's NOO for the current year:

	FY 2009-10
Total Annual Required Contribution	$ 35,148
Interest on Net OPEB Obligation	(3,561)
Amortization on Net OPEB Obligation	2,941
Annual OPEB Cost	34,528
Contribution Made	(32,163)
Adjustment to Contribution Made	11,377
Increase/(Decrease) in Net OPEB Obligation	13,742
Net OPEB Obligation/(Asset), Beginning of year	(57,322)
Net OPEB Obligation/(Asset), End of year	$ (43,580)

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation/Asset (Continued)

The County's annual OPEB Cost, the percentage of annual OPEB cost contribution to the plan, and the NOO for FY 2009-10 and two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2008	$ 31,181	349%	$ (46,442)
6/30/2009	25,167	143%	(57,322)
6/30/2010	34,528	60% *	(43,580)

* The percentage of Annual OPEB Cost Contributed for FY 2009-10 includes $11,377 adjustment to contribution made.

Funded Status and Funding Progress: The funded status of the OPEB Plan as of June 30, 2009 is as follows:

Actuarial Accrued Liability (AAL)	$ 456,005
Actuarial Value of Plan Assets	94,110
Unfunded Actuarial Accrued Liability (UAAL)	$ 361,895
Funded Ratio (Actuarial Value of Plan Assets/AAL)	20.6%
Covered Payroll	1,267,427
UAAL as Percentage of Covered Payroll	28.6%

The above noted actuarial accrued liability was based on the June 30, 2009 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 Supplemental Information following the notes to the basic financial statements.

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 Board is also the authority for amending the Plan. 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.

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Plan Description (Continued)

The plan is intended to comply with the requirements of sections 105 and 106 of the Code, 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 Code §105(b). The Plan 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, 2010, the plan had 1,887 active and 19 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 plan 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 in the plan 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 plan 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 plan and holds 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, 2010, the value of plan assets were $20,305.

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.

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, 2010:

Statements of Net Assets

	Total	Retiree Medical Plan	Health Reimbursement Arrangement Plan
Pooled Cash/Investments	$ 10,248	$ 10,204	$ 44
Restricted Cash and Investments with Trustee	102,787	82,482	20,305
Interest Receivable	47	46	1
Due from Other Governmental Agencies	1,359	1,079	280
Total Net Assets Held in Trust	$ 114,441	$ 93,811	$ 20,630

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Condensed Financial Statements (Continued):

Statements of Changes in Net Assets

	Total	Retiree Medical Plan	Health Reimbursement Arrangement Plan
Additions:			
Employer Contributions:	$ 40,456	$ 32,163	$ 8,293
Interest and Investment Income (Loss)	7,003	7,064	(61)
Less: Investment Expense	(19)	(18)	(1)
Total Additions	47,440	39,209	8,231
Deductions:			
Benefits Paid to Participants	25,169	25,062	107
Total Deductions	25,169	25,062	107
Change in Net Assets Held in Trust	22,271	14,147	8,124
Net Assets Held in Trust at July 1, 2009	92,170	79,664	12,506
Net Assets Held in Trust at June 30, 2010	$ 114,441	$ 93,811	$ 20,630

20. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2010:

2010-2011 Tax and Revenue Anticipation Notes Series A: On July 1, 2010, the County issued its 2010-2011 Tax and Revenue Anticipation Notes Series A (the "Notes") in the aggregate principal amount of $150,000 to finance the seasonal cash flow requirements of the County during the fiscal year ending June 30, 2011. The Notes are secured by a pledge of certain general fund monies and will mature on June 30, 2011.

Teeter Plan Obligation Commercial Paper Program Notes Series A: On July 13, 2010, the County redeemed $138,100 of its $210,975 Teeter Plan Obligation Commercial Paper Notes Series A (the "CP") outstanding at June 30, 2010. The remaining CP outstanding after redemption was $72,875. Also, on July 13, 2010 the County issued an additional $84,025 in CP for a new outstanding balance of $156,900. The additional CP issued financed the purchase of delinquent property tax receivables associated with the Teeter Plan. From the proceeds of this issuance, the participating agencies in the Teeter Plan were paid the full amount of their taxes from the secured property tax roll.

Sale of Serpentine Funding Limited (formerly Whistlejacket Capital LLC): On August 19, 2010, the County accepted a bid from Citibank to purchase the County Treasury holdings of Serpentine Funding Limited Restricted P-T Notes (Serpentine). The sale of the Serpentine notes and the distributions from the Receiver and Serpentine has allowed the County to recover 90.5% of the original $80,000 investment. The amount realized from the sale of Serpentine exceeds the market value which was reported herein at June 30, 2010. On October 20, 2010 and October 27, 2010, the trades with Citibank settled. The realized loss of approximately $7,600 was allocated to pool participants based on their cash on deposit in February 2008.

State Legislation Impact on the County: On November 2, 2010, California voters approved Proposition 22, 25 and 26, which will affect current and future budgets.

- Proposition 22 prohibits the State from borrowing or taking funds used for transportation, redevelopment, or local government projects, and services.
- Proposition 25 allows the State budget to be approved with a simple majority vote of the Legislature. Tax increases and certain fees protected under Proposition 26 (November 2010) still require a two-thirds vote. This proposition is expected to reduce the delay in the annual budget adoption process for the State.
- Proposition 26 requires that certain State and local fees be approved by a two-thirds vote. The County is reviewing this to see if there are impacts to local fees controlled by the county agencies.

COUNTY OF ORANGE
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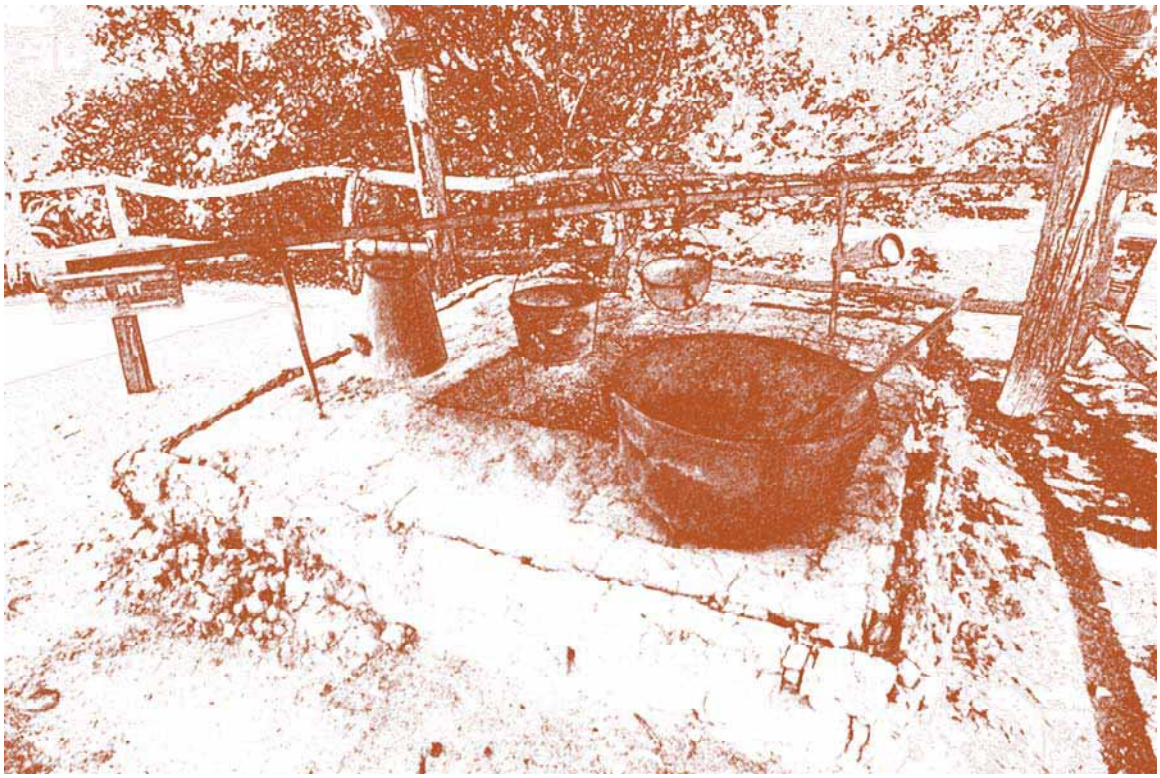

Heritage Hill Historical Park, Lake Forest, CA

Orange County Employees' Retirement System
Schedule of Funding Progress for Years Ended December 31

Actuarial Valuation as of December 31	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a=c)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
2004 (1)	$ 5,245,821	$ 7,403,972	$ 2,158,151	70.9%	$ 1,257,085	171.7%
2005	5,786,617	8,089,627	2,303,010	71.5%	1,276,764	180.4%
2006	6,466,085	8,765,045	2,298,960	73.8%	1,322,952	173.8%
2007	7,288,900	9,838,686	2,549,786	74.1%	1,457,159	175.0%
2008	7,748,380	10,860,715	3,112,335	71.3%	1,569,764	198.3%
2009	8,154,687	11,858,578	3,703,891	68.8%	1,618,491	228.8%

(1) Effective with the 2004 plan year, the actuarial valuation of plan assets was changed to a 5-year smoothing methodology based on market value rather than a rolling 5-year modified book value.

Note: The 12/31/04, 12/31/05, 12/31/06, 12/31/2007, 12/31/08 and 12/31/09 actuarial value of assets exclude $155,245, $158,219, $168,224, $174,348, $126,688 and 108,324 of the County Investment Account balances respectively.

Source: Orange County Employees' Retirement System Comprehensive Annual Financial Report 2009

Orange County Employees' Retirement System
Schedule of County Contributions

Fiscal Year Ended	County Contribution	OCERS Investment Account Contribution	Total Annual Required Contribution	Percentage Contributed
6/30/2008	$ 253,620	$ 11,000	$ 264,620	100%
6/30/2009	256,531	36,500	293,031	100%
6/30/2010	279,574	11,000	290,574	100%

Orange County Extra-Help Defined Benefits Plan
Schedule of Funding Progress for Years Ended June 30

Actuarial Valuation as of June 30	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a=c)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
2005	$ 4,707	$ 8,124	$ 3,417	57.9%	$ 9,306	36.7%
2006	4,387	7,329	2,942	59.9%	6,112	48.1%
2007	4,612	7,222	2,610	63.9%	5,318	49.1%
2008	5,051	7,253	2,202	69.6%	4,730	46.6%
2009	5,242	7,599	2,357	69.0%	3,445	68.4%
2010	4,923	7,091	2,168	69.4%	N/A (1)	N/A

(1) The plan froze benefits effective November 21, 2008; therefore, there is no covered payroll for future plan years.

Orange County Extra-Help Defined Benefits Plan
Schedule of Employer Contributions

Fiscal Year Ended	Total Annual Required Contribution	Percentage Contributed	Net Pension Obligation
6/30/2005	$ 342	100%	$ 760
6/30/2006	270	100%	750
6/30/2007	285	126%	668
6/30/2008	225	100%	660
6/30/2009	242	100%	652
6/30/2010	156	100%	647

County of Orange Retiree Medical Plan
Schedule of Funding Progress for Years Ended June 30

Actuarial Valuation as of June 30	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a=c)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
2007	$ -	$ 408,322	$ 408,322	0.0%	$ 1,157,642	35.3%
2008	79,717	423,025	343,308	18.8%	1,198,159	28.7%
2009	94,110	456,005	361,895	20.6%	1,267,427	28.6%

County of Orange Retiree Medical Plan
Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
6/30/2008	$ 30,654	355%
6/30/2009	25,900	139%
6/30/2010	28,143	74% (1)

(1) The percentage of ARC Contributed for FY 2009-10 includes $11,377 adjustment to contribution made.

COUNTY OF ORANGE
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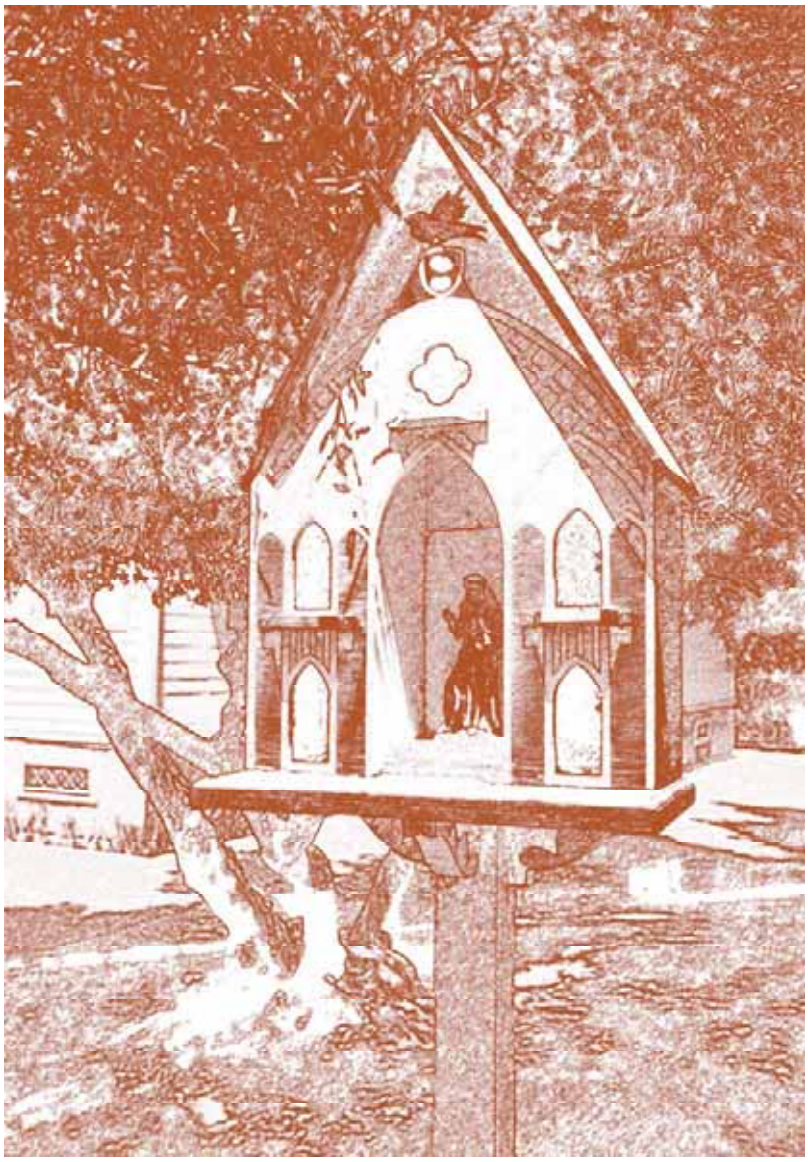

Heritage Hill Historical Park, Lake Forest, CA

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 Obligation Commercial Paper Program Note 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.

BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUND - DEBT SERVICE

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Budget Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2009	Variance: Unspent Appropriations
Teeter Plan Obligation Commercial Paper Program Note								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		$ 26,000	$ 6,000	$ 32,000	$ 32,354	$ 354		
Use of Money and Property		1,500	--	1,500	1,374	(126)		
Transfers In		--	12,162	12,162	--	(12,162)		
Total Revenues and Other Financing Sources		27,500	18,162	45,662	33,728	(11,934)		
Expenditures/Encumbrances and Other Financing Uses								
General Government::								
Teeter Series A Debt Service	$ --	27,500	(4,139)	23,361	23,120	241	$ --	$ 241
Total Expenditures/Encumbrances and Other Financing Uses	--	27,500	(4,139)	23,361	23,120	241	$ --	$ 241
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	--	22,301	22,301	10,608	$ (11,693)		
Fund Balances - Beginning of Year	--	--	--	--	(15,103)			
Cancellation of Reserves/Designations	--	--	--	--	(7,197)			
Provisions for Reserves and/or Designations	--	--	(22,301)	(22,301)	--			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ (11,692)			

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.

Redevelopment Agency
This fund is used to account for the annual 20% tax increment set-aside to be used for low and moderate income housing.

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.

Designated Special Revenue
These funds are used to account for proceeds from sales of assets and fund balance available transferred from the General Fund, to be utilized for essential operating requirements and emergency expenditures.

Recovery Certificates of Participation
This fund is used to account for the proceeds of the 1996 Recovery Certificates of Participation and other Plan of Adjustment financing sources, and to account for the uses of those proceeds and other sources.

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 for revenue neutrality to the County from newly incorporated cities to compensate the County for its on-going regional costs in providing services to the new cities, to account for fees charged for property characteristics information that are purpose-restricted for technological and capital acquisitions and/or improvements, and payments made to the outside contract administrator of the County-offered deferred compensation plan pursuant to a Group Fixed Fund Retirement Contract relating to the County's Deferred Compensation Program.

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.

Redevelopment Agency Bonds
This group of funds is used to account for Orange County Development Agency Revenue Bonds.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS (Continued)

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.

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.

Redevelopment Agency
This group of funds is used to account for the acquisition and disposition of land and improvements held for resale by the Development Agency, and for other capital acquisitions, primarily from the proceeds of bond issues and taxes resulting from the increment in assessed valuation of taxable properties within the Agency's boundaries.

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	Redevelopment Agency	Service Area, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
ASSETS					
Pooled Cash/Investments	$ 477,559	$ 5,070	$ 26,909	$ 62,821	$ 3,574
Imprest Cash Funds	61	--	--	--	--
Restricted Cash and Investments with Trustee	285,195	--	--	6,763	--
Investments	8,047	--	--	7,919	--
Receivables					
Accounts	3,397	20	--	--	24
Taxes	1,956	--	--	12	--
Interest/Dividends	1,018	12	56	137	10
Due from Other Funds	22,009	58	4,075	--	1
Due from Other Governmental Agencies	51,143	400	--	--	34
Land and Improvements Held for Resale	719	--	--	--	--
Notes Receivable	32,388	--	14,335	--	1,283
Total Assets	$ 883,492	$ 5,560	$ 45,375	$ 77,652	$ 4,926
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 7,813	$ 182	$ --	$ 688	$ --
Retainage payable	243	--	--	7	--
Salaries and Employee Benefits Payable	2,224	9	--	--	--
Deposits from Others	2,458	1,304	--	--	--
Due to Other Funds	23,227	77	30	124	70
Due to Component Unit	343	--	--	--	--
Due to Other Governmental Agencies	11,547	428	--	--	--
Deferred Revenue	3,346	--	--	--	1,317
Unearned Revenue	5,026	--	--	--	2
Advances from Other Funds	1,058	--	--	--	--
Total Liabilities	57,285	2,000	30	819	1,389
Fund Balances					
Reserved for:					
Encumbrances	21,471	304	--	177	--
Long Term Receivable	31,105	--	14,335	--	--
Imprest Cash Funds	61	--	--	--	--
Land and Improvements Held for Resale	719	--	--	--	--
Debt Service	331,667	--	--	--	--
Reserved for Low and Moderate - Income Housing	31,010	--	31,010	--	--
Unreserved, Designated for:					
Operations	73,322	--	--	--	58
Capital Projects	73,514	--	--	72,217	--
Contingencies	19,711	--	--	2,650	--
Administration Fees	9,040	--	--	--	--
Equipment Purchase	619	--	--	--	--
Equipment Replacement	600	--	--	--	--
Revitalization Projects	3,294	--	--	--	--
General Reserve	2,641	--	--	4	2,491
Unreserved, Undesignated for:					
Special Revenue Funds	183,357	3,256	--	1,785	988
Capital Projects Funds	44,068	--	--	--	--
Permanent Fund	8	--	--	--	--
Total Fund Balances	826,207	3,560	45,345	76,833	3,537
Total Liabilities and Fund Balances	$ 883,492	$ 5,560	$ 45,375	$ 77,652	$ 4,926

Tobacco Settlement	Community & Welfare Services	Designated Special Revenue	Recovery Certificates of Participation	Schedule I County - Administered Accounts	
					ASSETS
$ 11,186	$ 39,835	$ 6,139	$ 3,749	$ 5,905	Pooled Cash/Investments
--	8	--	--	--	Imprest Cash Funds
--	--	--	--	--	Restricted Cash and Investments with Trustee
--	128	--	--	--	Investments
					Receivables
--	1,570	--	--	--	Accounts
--	--	--	--	--	Taxes
--	74	--	7	12	Interest/Dividends
--	1,475	75	--	--	Due from Other Funds
--	6,204	--	--	--	Due from Other Governmental Agencies
--	145	--	--	--	Land and Improvements Held for Resale
--	5,855	--	--	--	Notes Receivable
$ 11,186	$ 55,294	$ 6,214	$ 3,756	$ 5,917	Total Assets
					LIABILITIES AND FUND BALANCES
					Liabilities
$ --	$ 4,430	$ --	$ --	$ --	Accounts Payable
--	--	--	--	--	Retainage payable
--	338	--	--	--	Salaries and Employee Benefits Payable
--	13	--	--	--	Deposits from Others
3,971	7,004	--	--	--	Due to Other Funds
--	--	--	--	--	Due to Component Unit
--	2,812	--	--	--	Due to Other Governmental Agencies
--	381	--	--	--	Deferred Revenue
--	--	--	--	--	Unearned Revenue
--	--	--	--	--	Advances from Other Funds
3,971	14,978	--	--	--	Total Liabilities
					Fund Balances
					Reserved for:
--	10,077	--	--	--	Encumbrances
--	5,855	--	--	--	Long Term Receivable
--	8	--	--	--	Imprest Cash Funds
--	145	--	--	--	Land and Improvements Held for Resale
--	--	--	3,468	--	Debt Service
--	--	--	--	--	Reserved for Low and Moderate - Income Housing
					Unreserved, Designated for:
--	6,461	--	--	--	Operations
--	--	--	--	--	Capital Projects
--	--	--	--	--	Contingencies
--	--	--	--	1,282	Administration Fees
--	--	--	--	--	Equipment Purchase
--	--	--	--	--	Equipment Replacement
--	--	--	--	--	Revitalization Projects
--	--	--	--	--	General Reserve
					Unreserved, Undesignated for:
7,215	17,770	6,214	288	4,635	Special Revenue Funds
--	--	--	--	--	Capital Projects Funds
--	--	--	--	--	Permanent Fund
7,215	40,316	6,214	3,756	5,917	Total Fund Balances
$ 11,186	$ 55,294	$ 6,214	$ 3,756	$ 5,917	Total Liabilities and Fund Balances

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue				
	OC Public Libraries	Plan of Adjustment Available Cash	Health Care Programs	Orange County Housing Authority	Other Governmental Resources
ASSETS					
Pooled Cash/Investments	$ 12,420	$ 32	$ 146,678	$ 9,608	$ 24,085
Imprest Cash Funds	53	--	--	--	--
Restricted Cash and Investments with Trustee	--	--	--	8,288	--
Investments	--	--	--	--	--
Receivables					
Accounts	399	1	--	1,383	--
Taxes	974	--	--	--	--
Interest/Dividends	29	--	324	20	56
Due from Other Funds	75	9,926	497	--	630
Due from Other Governmental Agencies	35	--	43,374	--	--
Land and Improvements Held for Resale	--	--	--	--	--
Notes Receivable	--	--	--	7,191	--
Total Assets	$ 13,985	$ 9,959	$ 190,873	$ 26,490	$ 24,771
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 530	$ --	$ --	$ 923	$ 5
Retainage payable	44	--	--	--	--
Salaries and Employee Benefits Payable	902	--	--	966	9
Deposits from Others	307	--	--	652	--
Due to Other Funds	133	--	7,060	1	2
Due to Component Unit	--	--	343	--	--
Due to Other Governmental Agencies	217	--	856	525	--
Deferred Revenue	482	--	900	35	--
Unearned Revenue	18	--	4,968	--	--
Advances from Other Funds	1,058	--	--	--	--
Total Liabilities	3,691	--	14,127	3,102	16
Fund Balances					
Reserved for:					
Encumbrances	3,629	--	--	128	94
Long Term Receivable	--	--	--	7,191	--
Imprest Cash Funds	53	--	--	--	--
Land and Improvements Held for Resale	--	--	--	--	--
Debt Service	--	--	--	--	--
Reserved for Low and Moderate - Income Housing	--	--	--	--	--
Unreserved, Designated for:					
Operations	--	--	65,883	--	920
Capital Projects	--	--	--	--	--
Contingencies	3,017	--	--	--	14,044
Administration Fees	--	--	--	7,758	--
Equipment Purchase	--	--	--	--	619
Equipment Replacement	600	--	--	--	--
Revitalization Projects	--	--	--	--	--
General Reserve	--	--	--	--	--
Unreserved, Undesignated for:					
Special Revenue Funds	2,995	9,959	110,863	8,311	9,078
Capital Projects Funds	--	--	--	--	--
Permanent Fund	--	--	--	--	--
Total Fund Balances	10,294	9,959	176,746	23,388	24,755
Total Liabilities and Fund Balances	$ 13,985	$ 9,959	$ 190,873	$ 26,490	$ 24,771

Debt Service				
Redevelopment Agency Bonds	Public Facilities Corporation Bonds, Master Lease	Pension Obligation Bonds	Orange County Public Financing Authority	
				ASSETS
$ 69,156	$ --	$ 303	$ --	Pooled Cash/Investments
--	--	--	--	Imprest Cash Funds
2,996	3,717	172,987	90,444	Restricted Cash and Investments with Trustee
--	--	--	--	Investments
				Receivables
--	--	--	--	Accounts
970	--	--	--	Taxes
145	--	--	1	Interest/Dividends
--	--	--	--	Due from Other Funds
--	--	--	--	Due from Other Governmental Agencies
--	--	--	--	Land and Improvements Held for Resale
--	--	--	--	Notes Receivable
$ 73,267	$ 3,717	$ 173,290	$ 90,445	Total Assets
				LIABILITIES AND FUND BALANCES
				Liabilities
$ --	$ --	$ --	$ --	Accounts Payable
--	--	--	--	Retainage payable
--	--	--	--	Salaries and Employee Benefits Payable
--	--	--	--	Deposits from Others
4,277	--	1	--	Due to Other Funds
--	--	--	--	Due to Component Unit
6,709	--	--	--	Due to Other Governmental Agencies
198	--	--	--	Deferred Revenue
38	--	--	--	Unearned Revenue
--	--	--	--	Advances from Other Funds
11,222	--	1	--	Total Liabilities
				Fund Balances
				Reserved for:
--	--	--	--	Encumbrances
--	--	--	--	Long Term Receivable
--	--	--	--	Imprest Cash Funds
--	--	--	--	Land and Improvements Held for Resale
62,045	3,717	173,289	89,148	Debt Service
--	--	--	--	Reserved for Low and Moderate - Income Housing
				Unreserved, Designated for:
--	--	--	--	Operations
--	--	--	1,297	Capital Projects
--	--	--	--	Contingencies
--	--	--	--	Administration Fees
--	--	--	--	Equipment Purchase
--	--	--	--	Equipment Replacement
--	--	--	--	Revitalization Projects
--	--	--	--	General Reserve
				Unreserved, Undesignated for:
--	--	--	--	Special Revenue Funds
--	--	--	--	Capital Projects Funds
--	--	--	--	Permanent Fund
62,045	3,717	173,289	90,445	Total Fund Balances
$ 73,267	$ 3,717	$ 173,290	$ 90,445	Total Liabilities and Fund Balances

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Capital Projects		Permanent Fund
	Criminal Justice Facilities	Redevelopment Agency	Regional Park Endowment
ASSETS			
Pooled Cash/Investments	$ 23,093	$ 26,686	$ 310
Imprest Cash Funds	--	--	--
Restricted Cash and Investments with Trustee	--	--	--
Investments	--	--	--
Receivables			
Accounts	--	--	--
Taxes	--	--	--
Interest/Dividends	76	58	1
Due from Other Funds	5,056	141	--
Due from Other Governmental Agencies	1,096	--	--
Land and Improvements Held for Resale	--	574	--
Notes Receivable	--	3,724	--
Total Assets	$ 29,321	$ 31,183	$ 311
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 335	$ 720	$ --
Retainage payable	192	--	--
Salaries and Employee Benefits Payable	--	--	--
Deposits from Others	--	25	157
Due to Other Funds	24	453	--
Due to Component Unit	--	--	--
Due to Other Governmental Agencies	--	--	--
Deferred Revenue	33	--	--
Unearned Revenue	--	--	--
Advances from Other Funds	--	--	--
Total Liabilities	584	1,198	157
Fund Balances			
Reserved for:			
Encumbrances	4,997	2,065	--
Long Term Receivable	--	3,724	--
Imprest Cash Funds	--	--	--
Land and Improvements Held for Resale	--	574	--
Debt Service	--	--	--
Reserved for Low and Moderate - Income Housing	--	--	--
Unreserved, Designated for:			
Operations	--	--	--
Capital Projects	--	--	--
Contingencies	--	--	--
Administration Fees	--	--	--
Equipment Purchase	--	--	--
Equipment Replacement	--	--	--
Revitalization Projects	--	3,294	--
General Reserve	--	--	146
Unreserved, Undesignated for:			
Special Revenue Funds	--	--	--
Capital Projects Funds	23,740	20,328	--
Permanent Fund	--	--	8
Total Fund Balances	28,737	29,985	154
Total Liabilities and Fund Balances	$ 29,321	$ 31,183	$ 311

COUNTY OF ORANGE
CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

		Special Revenue			
	Total Nonmajor Governmental Funds	Parking Facilities	Redevelopment Agency	Service Area, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
Revenues					
Taxes	$ 68,771	$ --	$ --	$ 466	$ --
Licenses, Permits, and Franchises	717	--	--	--	--
Fines, Forfeitures and Penalties	19,850	--	--	--	6
Use of Money and Property	38,328	7,345	501	685	340
Intergovernmental	309,900	523	--	4	153
Charges for Services	7,226	566	--	22	56
Other	33,007	22	107	46	198
Total Revenues	477,799	8,456	608	1,223	753
Expenditures					
Current					
General Government	53,174	--	--	20,733	341
Public Ways and Facilities	7,750	7,027	--	497	226
Health and Sanitation	824	--	--	--	--
Public Assistance	165,506	--	371	--	--
Education	38,921	--	--	--	--
Capital Outlay	22,564	1,962	--	392	--
Debt Service					
Principal Retirement	70,661	--	--	--	--
Interest	24,569	--	--	--	--
Total Expenditures	383,969	8,989	371	21,622	567
Excess (Deficit) of Revenues Over Expenditures	93,830	(533)	237	(20,399)	186
Other Financing Sources (Uses)					
Transfers In	120,301	1,400	5,612	--	--
Transfers Out	(197,389)	(3,992)	(1,538)	--	(238)
Total Other Financing Sources (Uses)	(77,088)	(2,592)	4,074	--	(238)
Net Change in Fund Balances	16,742	(3,125)	4,311	(20,399)	(52)
Fund Balances - Beginning of Year	809,465	6,685	41,034	97,232	3,589
Fund Balances - End of Year	$ 826,207	$ 3,560	$ 45,345	$ 76,833	$ 3,537

Tobacco Settlement	Community & Welfare Services	Designated Special Revenue	Recovery Certificates of Participation	Schedule I County-Administered Accounts	
					Revenues
$ --	$ --	$ --	$ --	$ --	Taxes
--	717	--	--	--	Licenses, Permits, and Franchises
--	--	--	--	--	Fines, Forfeitures and Penalties
179	528	111	36	56	Use of Money and Property
--	45,276	--	--	--	Intergovernmental
--	4,488	--	--	--	Charges for Services
28,831	327	50	--	--	Other
29,010	51,336	161	36	56	Total Revenues
					Expenditures
					Current
13	--	60	4	6	General Government
--	--	--	--	--	Public Ways and Facilities
--	--	--	--	--	Health and Sanitation
--	41,522	--	--	--	Public Assistance
--	--	--	--	--	Education
--	555	--	--	--	Capital Outlay
					Debt Service
--	337	--	--	--	Principal Retirement
--	8	--	--	--	Interest
13	42,422	60	4	6	Total Expenditures
28,997	8,914	101	32	50	Excess (Deficit) of Revenues Over Expenditures
					Other Financing Sources (Uses)
13	17,134	9	--	--	Transfers In
(28,570)	(24,619)	(4,200)	--	--	Transfers Out
(28,557)	(7,485)	(4,191)	--	--	Total Other Financing Sources (Uses)
440	1,429	(4,090)	32	50	Net Change in Fund Balances
6,775	38,887	10,304	3,724	5,867	Fund Balances - Beginning of Year
$ 7,215	$ 40,316	$ 6,214	$ 3,756	$ 5,917	Fund Balances - End of Year

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued) NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue				
	OC Public Libraries	Plan of Adjustment Available Cash	Health Care Programs	Orange County Housing Authority	Other Governmental Resources
Revenues					
Taxes	$ 36,756	$ --	$ --	$ --	$ --
Licenses, Permits, and Franchises	--	--	--	--	--
Fines, Forfeitures and Penalties	22	--	8,687	--	--
Use of Money and Property	329	20	1,753	392	261
Intergovernmental	2,047	--	139,904	121,688	--
Charges for Services	1,111	--	965	--	18
Other	677	--	158	1,845	33
Total Revenues	40,942	20	151,467	123,925	312
Expenditures					
Current					
General Government	--	10,466	--	--	1,113
Public Ways and Facilities	--	--	--	--	--
Health and Sanitation	--	--	824	--	--
Public Assistance	--	--	--	123,613	--
Education	38,921	--	--	--	--
Capital Outlay	1,698	--	--	--	111
Debt Service					
Principal Retirement	--	--	--	--	--
Interest	--	--	--	--	--
Total Expenditures	40,619	10,466	824	123,613	1,224
Excess (Deficit) of Revenues Over Expenditures	323	(10,446)	150,643	312	(912)
Other Financing Sources (Uses)					
Transfers In	--	9,926	508	--	745
Transfers Out	(17)	--	(90,450)	--	(2,744)
Total Other Financing Sources (Uses)	(17)	9,926	(89,942)	--	(1,999)
Net Change in Fund Balances	306	(520)	60,701	312	(2,911)
Fund Balances - Beginning of Year	9,988	10,479	116,045	23,076	27,666
Fund Balances - End of Year	$ 10,294	$ 9,959	$ 176,746	$ 23,388	$ 24,755

Debt Service				
Redevelopment Agency Bonds	Public Facilities Corporation Bonds, Master Lease	Pension Obligation Bonds	Orange County Public Financing Authority	
				Revenues
$ 31,549	$ --	$ --	$ --	Taxes
--	--	--	--	Licenses, Permits, and Franchises
50	--	--	--	Fines, Forfeitures and Penalties
654	340	22,628	1,382	Use of Money and Property
305	--	--	--	Intergovernmental
--	--	--	--	Charges for Services
74	--	--	--	Other
32,632	340	22,628	1,382	Total Revenues
				Expenditures
				Current
20,418	--	20	--	General Government
--	--	--	--	Public Ways and Facilities
--	--	--	--	Health and Sanitation
--	--	--	--	Public Assistance
--	--	--	--	Education
--	--	--	--	Capital Outlay
				Debt Service
2,620	744	10,380	56,580	Principal Retirement
2,513	1,861	4,036	16,151	Interest
25,551	2,605	14,436	72,731	Total Expenditures
				Excess (Deficit) of Revenues
7,081	(2,265)	8,192	(71,349)	Over Expenditures
				Other Financing Sources (Uses)
1,538	2,403	--	73,456	Transfers In
(7,062)	--	--	(5,308)	Transfers Out
(5,524)	2,403	--	68,148	Total Other Financing Sources (Uses)
1,557	138	8,192	(3,201)	Net Change in Fund Balances
60,488	3,579	165,097	93,646	Fund Balances - Beginning of Year
$ 62,045	$ 3,717	$ 173,289	$ 90,445	Fund Balances - End of Year

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued) NONMAJOR GOVERNMENTAL FUNDS

	Capital Projects		Permanent Fund
	Criminal Justice Facilities	Redevelopment Agency	Regional Park Endowment
Revenues			
Taxes	$ --	$ --	$ --
Licenses, Permits, and Franchises	--	--	--
Fines, Forfeitures and Penalties	11,085	--	--
Use of Money and Property	422	363	3
Intergovernmental	--	--	--
Charges for Services	--	--	--
Other	41	596	2
Total Revenues	11,548	959	5
Expenditures			
Current			
General Government	--	--	--
Public Ways and Facilities	--	--	--
Health and Sanitation	--	--	--
Public Assistance	--	--	--
Education	--	--	--
Capital Outlay	9,351	8,495	--
Debt Service			
Principal Retirement	--	--	--
Interest	--	--	--
Total Expenditures	9,351	8,495	--
Excess (Deficit) of Revenues Over Expenditures	2,197	(7,536)	5
Other Financing Sources (Uses)			
Transfers In	6,107	1,450	--
Transfers Out	(28,651)	--	--
Total Other Financing Sources (Uses)	(22,544)	1,450	--
Net Change in Fund Balances	(20,347)	(6,086)	5
Fund Balances - Beginning of Year	49,084	36,071	149
Fund Balances - End of Year	$ 28,737	$ 29,985	$ 154

COUNTY OF ORANGE
CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations
Parking Facilities								
Revenues and Other Financing Sources								
Use of Money and Property		$ 2,992	$ --	$ 2,992	$ 2,644	$ (348)		
Charges for Services		212	--	212	566	354		
Other		23	--	23	22	(1)		
Transfers In		1,400	--	1,400	1,400	--		
Total Revenues and Other Financing Sources		4,627	--	4,627	4,632	5		
Expenditures/Encumbrances and Other Financing Uses								
Public Ways and Facilities:								
Parking Facilities	$ 1,021	4,873	(75)	5,819	4,798	1,021	$ 293	$ 728
Total Expenditures/Encumbrances and Other Financing Uses	1,021	4,873	(75)	5,819	4,798	1,021	$ 293	$ 728
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(1,021)	(246)	75	(1,192)	(166)	$ 1,026		
Fund Balances - Beginning of Year	--	246	--	246	6,685			
Net Decrease in Fund Balances - Non-Budgeted Fund	--	--	--	--	(2,959)			
Cancellation of Reserves/Designations	--	--	--	--	(293)			
Fund Balance Reserved for Encumbrances	1,021	--	--	1,021	293			
Provisions for Reserves and/or Designations	--	--	(75)	(75)	--			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 3,560			
Redevelopment Agency								
Revenues and Other Financing Sources								
Use of Money and Property		$ 560	$ --	$ 560	$ 501	$ (59)		
Other		60	--	60	107	47		
Transfers In		6,934	--	6,934	5,612	(1,322)		
Total Revenues and Other Financing Sources		7,554	--	7,554	6,220	(1,334)		
Expenditures/Encumbrances and Other Financing Uses								
Public Assistance:								
Orange County Development Agency Low and Moderate Income Housing (Santa Ana Heights)	$ --	35,836	486	36,322	1,909	34,413	$ --	$ 34,413
Total Expenditures/Encumbrances and Other Financing Uses	--	35,836	486	36,322	1,909	34,413	$ --	$ 34,413
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(28,282)	(486)	(28,768)	4,311	$ 33,079		
Fund Balances - Beginning of Year	--	28,282	--	28,282	41,034			
Cancellation of Reserves/Designations	--	--	486	486	(45,345)			
Provisions for Reserves and/or Designations	--	--	--	--	45,345			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 45,345			

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2010	Variance Unspent Appropriations
Service Area, Lighting, Maintenance and Assessment Districts								
Revenues and Other Financing Sources								
Taxes		$ 463	$ --	$ 463	$ 466	$ 3		
Use of Money and Property		1,645	--	1,645	685	(960)		
Intergovernmental		3	--	3	4	1		
Charges for Services		22	--	22	22	--		
Other		2	--	2	46	44		
Total Revenues and Other Financing Sources		2,135	--	2,135	1,223	(912)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Aliso Viejo Community Facilities District 88-1(A) 1992-Construction	$ --	6,222	(22)	6,200	974	5,226	$ --	$ 5,226
Special Assessment-Top of the World Improvement	--	53	--	53	--	53	--	53
CFD 99-1, Ladera Construction Series A of 1999 Construction	--	384	(2)	382	--	382	--	382
Rancho Santa Margarita Community Facilities District 86-2, Series A of 1998 Construction	--	1,637	(3)	1,634	2	1,632	--	1,632
Rancho Santa Margarita Community Facilities District 86-1, Series A of 1998 Construction	--	207	--	207	--	207	--	207
CFD 2002-1 Ladera Construction	--	11,649	(218)	11,431	3,355	8,076	--	8,076
Lomas Laguna Community Facilities District 88-2 Construction	--	398	(2)	396	--	396	--	396
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
Newport Coast IV Construction 01-1	--	19	(14)	5	4	1	--	1
Newport Coast Construction 01-1 GR-2	--	483	(2)	481	39	442	--	442
Newport Coast Construction 01-1	--	9,487	445	9,932	3,636	6,296	--	6,296
Mission Viejo Community Facilities District 87-3(A) 90 Construction	--	16	--	16	--	16	--	16
CFD 2004-1 Ladera Construction	--	60,994	(16,306)	44,688	8,910	35,778	--	35,778
CFD 01-1 Ladera Construction Series A of 2001 Construction	--	58	(11)	47	4	43	--	43
Santa Teresita Community Facilities District 87-9(A) 1991 Construction	--	138	(1)	137	--	137	--	137
CFD 00-1, Ladera Construction Series A of 2000 Construction	--	1,612	(4)	1,608	--	1,608	--	1,608
Newport Ridge Construction 92-1	--	146	--	146	--	146	--	146
Newport Ridge Construction Series B	--	79	4	83	3	80	--	80
Foothill Ranch Community Facilities District 87-4(A) 94 Construction	--	392	--	392	1	391	--	391
CFD 2003-1, Ladera Construction	--	7,615	2,553	10,168	3,804	6,364	--	6,364
Rancho Santa Margarita Community Facilities District 87-5C, Series A of 1994 Construction	--	73	--	73	--	73	--	73
Coto de Caza Community Facilities District 87-8(A) 94 Construction	--	68	--	68	--	68	--	68
Public Ways and Facilities:								
County Infrastructure Project	--	5,251	(20)	5,231	--	5,231	--	5,231
North Tustin Landscaping and Lighting Assessment District	450	2,126	24	2,600	845	1,755	160	1,595
County Service Area No. 13 - La Mirada	--	6	1	7	6	1	--	1
County Service Area No. 20 - La Habra	--	159	1	160	1	159	--	159
County Service Area No. 22 - East Yorba Linda	3	79	13	95	38	57	18	39
Total Expenditures/Encumbrances and Other Financing Uses	453	109,950	(13,565)	96,838	21,622	75,216	$ 178	$ 75,038
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(453)	(107,815)	13,565	(94,703)	(20,399)	$ 74,304		
Fund Balances - Beginning of Year	--	108,012	--	108,012	97,232			
Cancellation of Reserves/Designations	--	3	--	3	(75,049)			
Fund Balance Reserved for Encumbrances	453	--	--	453	178			
Provisions for Reserves and/or Designations	--	(200)	(13,565)	(13,765)	74,871			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 76,833			

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE (Continued)

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations
Other Environmental Management								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		$ 8	$ --	$ 8	$ 6	$ (2)		
Use of Money and Property		325	--	325	340	15		
Intergovernmental		733	--	733	153	(580)		
Charges for Services		55	--	55	56	1		
Other		154	--	154	198	44		
Total Revenues and Other Financing Sources		1,275	--	1,275	753	(522)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Real Estate Development Program	$ 15	699	60	774	486	288	$ --	$ 288
Air Quality Improvement	--	531	78	609	55	554	$ --	554
Public Protection:								
Fish and Game Propagation	--	16	--	16	10	6	--	6
Survey Monument Preservation	--	254	(50)	204	--	204	--	204
Public Ways and Facilities:								
El Toro Improvement Fund	--	673	--	673	226	447	--	447
Recreation and Cultural Services:								
Off-Highway Vehicle Fees	--	34	1	35	28	7	--	7
Total Expenditures/Encumbrances and Other Financing Uses	15	2,207	89	2,311	805	1,506	$ --	$ 1,506
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(15)	(932)	(89)	(1,036)	(52)	$ 984		
Fund Balances - Beginning of Year	--	582	--	582	3,589			
Cancellation of Reserves/Designations	--	350	89	439	(2,549)			
Fund Balance Reserved for Encumbrances	15	--	--	15	--			
Provisions for Reserves and/or Designations	--	--	--	--	2,549			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 3,537			
Tobacco Settlement								
Revenues								
Use of Money and Property		$ --	$ --	$ --	$ 179	$ 179		
Other		28,496	--	28,496	28,831	335		
Transfers In		--	--	--	13	13		
Total Revenues and Other Financing Sources		28,496	--	28,496	29,023	527		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Orange County Tobacco Settlement Fund	$ --	36,931	(1,667)	35,264	28,583	6,681	$ --	$ 6,681
Total Expenditures/Encumbrances and Other Financing Uses	--	36,931	(1,667)	35,264	28,583	6,681	$ --	$ 6,681
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(8,435)	1,667	(6,768)	440	$ 7,208		
Fund Balances - Beginning of Year	--	8,435	--	8,435	6,775			
Provisions for Reserves and/or Designations	--	--	(1,667)	(1,667)	--			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 7,215			

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2010	Variance Unspent Appropriations
Community and Welfare Services								
Revenues and Other Financing Sources								
Licenses, Permits, and Franchises		$ 825	$ --	$ 825	$ 717	$ (108)		
Use of Money and Property		888	294	1,182	528	(654)		
Intergovernmental		55,011	14,223	69,234	45,276	(23,958)		
Charges for Services		4,874	--	4,874	4,488	(386)		
Other		274	--	274	327	53		
Transfers In		15,674	3,898	19,572	17,134	(2,438)		
Total Revenues and Other Financing Sources		77,546	18,415	95,961	68,470	(27,491)		
Expenditures/Encumbrances and Other Financing Uses								
Public Assistance:								
MHSA Housing Fund	$ --	--	3,083	3,083	--	3,083	--	$ 3,083
Department of Labor Grants Fund	--	--	700	700	179	521	152	369
Dispute Resolution Program	--	1,552	(41)	1,511	993	518	45	473
Domestic Violence Program	40	860	23	923	664	259	181	78
District Community Priorities and Projects	--	2,911	4	2,915	2,495	420	277	143
Facilities Development and Maintenance	350	1,609	322	2,281	606	1,675	--	1,675
Workforce Investment Act	622	20,314	10,467	31,403	22,576	8,827	4,752	4,075
County Executive Office - Single Family Housing	--	2,626	153	2,779	15	2,764	5	2,759
Housing and Community Services	68	25,663	4,468	30,199	13,949	16,250	4,637	11,613
Strategic Priority Affordable Housing	--	149	123	272	125	147	20	127
In-Home Support Services Public Authority	11	1,201	49	1,261	934	327	8	319
SSA Donations and Fees	--	2,207	446	2,653	1,213	1,440	--	1,440
SSA Wraparound	--	40,388	2,333	42,721	23,285	19,436	--	19,436
CalHome Program Reuse Fund	--	34	--	34	--	34	--	34
OCHA Admin Fee Reserves 2004	--	--	--	--	--	--	--	--
SARC Lease Conveyance	--	1,170	61	1,231	7	1,224	--	1,224
Total Expenditures/Encumbrances and Other Financing Uses	1,091	100,684	22,191	123,966	67,041	56,925	$ 10,077	$ 46,848
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(1,091)	(23,138)	(3,776)	(28,005)	1,429	$ 29,434		
Fund Balances - Beginning of Year	--	24,387	--	24,387	38,887			
Cancellation of Reserves/Designations	--	--	3,776	3,776	(22,545)			
Fund Balance Reserved for Encumbrances	1,091	--	--	1,091	10,077			
Provisions for Reserves and/or Designations	--	(1,249)	--	(1,249)	12,468			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 40,316			

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE (Continued)

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations
Designated Special Revenue								
Revenues and Other Financing Sources								
Use of Money and Property		$ --	$ --	$ --	$ 111	$ 111		
Other		--	--	--	50	50		
Transfers In		--	--	--	9	9		
Total Revenues and Other Financing Sources		--	--	--	170	170		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Designated Special Revenue	$ --	$ 10,978	(677)	10,301	4,260	6,041	$ --	$ 6,041
Total Expenditures/Encumbrances and Other Financing Uses	--	10,978	(677)	10,301	4,260	6,041	$ --	$ 6,041
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(10,978)	677	(10,301)	(4,090)	$ 6,211		
Fund Balances - Beginning of Year	--	10,978	--	10,978	10,304			
Provisions for Reserves and/or Designations	--	--	(677)	(677)	--			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 6,214			
Recovery Certificates of Participation								
Revenues and Other Financing Sources								
Use of Money and Property		$ 50	$ --	$ 50	$ 36	$ (14)		
Total Revenues and Other Financing Sources		50	--	50	36	(14)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
1996 Recovery Certificates of Participation, Series A	$ --	310	(9)	301	4	297	$ --	$ 297
Total Expenditures/Encumbrances and Other Financing Uses	--	310	(9)	301	4	297	$ --	$ 297
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(260)	9	(251)	32	$ 283		
Fund Balances - Beginning of Year	--	260	--	260	3,724			
Cancellation of Reserves/Designations	--	--	--	--	(3,468)			
Provisions for Reserves and/or Designations	--	--	(9)	(9)	3,468			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 3,756			

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2010	Variance Unspent Appropriations
Schedule 1 County-Administered Accounts								
Revenues and Other Financing Sources								
Use of Money and Property		$ 79	$ --	$ 79	$ 56	$ (23)		
Total Revenues and Other Financing Sources		79	--	79	56	(23)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Litigation Reserve - Escrow AG FTCI	$ --	221	--	221	--	221	$ --	$ 221
Indemnification Reserve	--	92	(3)	89	2	87	--	87
Litigation Reserve	--	4,356	(9)	4,347	4	4,343	--	4,343
Total Expenditures/Encumbrances and Other Financing Uses	--	4,669	(12)	4,657	6	4,651	$ --	$ 4,651
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(4,590)	12	(4,578)	50	$ 4,628		
Fund Balances - Beginning of Year	--	4,590	--	4,590	5,867			
Cancellation of Reserves/Designations	--	--	--	--	(1,282)			
Provisions for Reserves and/or Designations	--	--	(12)	(12)	1,282			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 5,917			
OC Public Libraries								
Revenues and Other Financing Sources								
Taxes		$ 38,108	$ (761)	$ 37,347	$ 36,756	$ (591)		
Fines, Forfeitures and Penalties		16	--	16	22	6		
Use of Money and Property		305	216	521	329	(192)		
Intergovernmental		7,147	152	7,299	2,047	(5,252)		
Charges for Services		1,151	--	1,151	1,111	(40)		
Other		311	103	414	677	263		
Transfers In		1,471	(901)	570	--	(570)		
Total Revenues and Other Financing Sources		48,509	(1,191)	47,318	40,942	(6,376)		
Expenditures/Encumbrances and Other Financing Uses								
Education:								
Public Library - Capital	$ 1,337	7,206	162	8,705	1,432	7,273	$ 228	$ 7,045
Public Library	4,352	43,285	(1,103)	46,534	39,204	7,330	3,401	3,929
Total Expenditures/Encumbrances and Other Financing Uses	5,689	50,491	(941)	55,239	40,636	14,603	$ 3,629	$ 10,974
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(5,689)	(1,982)	(250)	(7,921)	306	$ 8,227		
Fund Balances - Beginning of Year	--	2,532	--	2,532	9,988			
Cancellation of Reserves/Designations	--	--	250	250	(7,299)			
Fund Balance Reserved for Encumbrances	5,689	--	--	5,689	3,629			
Provisions for Reserves and/or Designations	--	(550)	--	(550)	3,670			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 10,294			

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE (Continued)

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations
Plan of Adjustment Available Cash								
Revenues and Other Financing Sources								
Use of Money and Property		$ 72	$ --	$ 72	$ 20	$ (52)		
Transfers In		7,743	--	7,743	9,926	2,183		
Total Revenues and Other Financing Sources		7,815	--	7,815	9,946	2,131		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Option B Pool Participants' Warrants	$ --	18	--	18	--	18	$ --	$ 18
Recovery Plan of Adjustment Available Cash	--	14,121	4,642	18,763	10,466	8,297	--	8,297
Total Expenditures/Encumbrances and Other Financing Uses	--	14,139	4,642	18,781	10,466	8,315	$ --	$ 8,315
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(6,324)	(4,642)	(10,966)	(520)	$ 10,446		
Fund Balances - Beginning of Year	--	6,324	--	6,324	10,479			
Cancellation of Reserves/Designations	--	--	4,642	4,642	--			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 9,959			
Health Care Programs								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		$ 8,501	$ --	$ 8,501	$ 8,687	$ 186		
Use of Money and Property		2,378	--	2,378	1,753	(625)		
Intergovernmental		117,674	3,800	121,474	139,904	18,430		
Charges for Services		875	--	875	965	90		
Other		400	--	400	158	(242)		
Transfers In		--	500	500	508	8		
Total Revenues and Other Financing Sources		129,828	4,300	134,128	151,975	17,847		
Expenditures/Encumbrances and Other Financing Uses								
Health and Sanitation:								
Medi-Cal Administrative Activities Targeted Case Management	$ --	3,272	2,263	5,535	915	4,620	$ --	$ 4,620
Emergency Medical Services	--	9,030	4	9,034	9,018	16	--	16
HCA Purpose Restricted Revenues	--	1,768	666	2,434	1,022	1,412	--	1,412
HCA Interest Bearing Purpose Restricted Revenue	--	474	4,515	4,989	4,572	417	--	417
HCA Realignment	--	3,000	5,941	8,941	107	8,834	--	8,834
Mental Health Services Act	--	151,942	(8,589)	143,353	68,061	75,292	--	75,292
Bioterrorism Center for Disease Control	--	5,818	4,023	9,841	7,579	2,262	--	2,262
Total Expenditures/Encumbrances and Other Financing Uses	--	175,304	8,823	184,127	91,274	92,853	$ --	$ 92,853
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(45,476)	(4,523)	(49,999)	60,701	$ 110,700		
Fund Balances - Beginning of Year	--	42,485	--	42,485	116,045			
Cancellation of Reserves/Designations	--	2,991	4,523	7,514	(65,883)			
Provisions for Reserves and/or Designations	--	--	--	--	65,883			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 176,746			

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2010	Variance Unspent Appropriations
Orange County Housing Authority								
Revenues and Other Financing Sources								
Use of Money and Property		$ 400	$ --	$ 400	$ 358	$ (42)		
Intergovernmental		--	--	--	109	109		
Other		70	--	70	61	(9)		
Total Revenues and Other Financing Sources		470	--	470	528	58		
Expenditures/Encumbrances and Other Financing Uses								
Public Assistance:								
Orange County Housing Authority-Operating Reserve	$ --	1,378	577	1,955	461	1,494	$ 128	$ 1,366
Total Expenditures/Encumbrances and Other Financing Uses	--	1,378	577	1,955	461	1,494	$ 128	$ 1,366
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(908)	(577)	(1,485)	67	$ 1,552		
Fund Balances - Beginning of Year	--	908	--	908	23,076			
Net Decrease in Fund Balances - Non-Budgeted Fund	--	--	--	--	245			
Cancellation of Reserves/Designations	--	--	577	577	(15,076)			
Fund Balance Reserved for Encumbrances	--	--	--	--	128			
Provisions for Reserves and/or Designations	--	--	--	--	14,948			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 23,388			
Other Governmental Resources								
Revenues and Other Financing Sources								
Use of Money and Property		$ 413	$ --	$ 413	$ 261	$ (152)		
Intergovernmental		328	--	328	--	(328)		
Charges for Services		60	--	60	18	(42)		
Other		18	--	18	33	15		
Transfers In		--	114	114	745	631		
Total Revenues and Other Financing Sources		819	114	933	1,057	124		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Remittance Processing Equipment Replacement	$ 108	173	2	283	199	84	$ 65	$ 19
Property Tax Administration State Grant	6	1,277	114	1,397	720	677	28	649
Assessor Property Characteristic	--	60	320	380	362	18	--	18
Revenue Neutrality Trust	--	657	9,697	10,354	2,442	7,912	--	7,912
Deferred Compensation Reimbursement - CEO	2	425	26	453	245	208	1	207
Total Expenditures/Encumbrances and Other Financing Uses	116	2,592	10,159	12,867	3,968	8,899	$ 94	$ 8,805
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(116)	(1,773)	(10,045)	(11,934)	(2,911)	$ 9,023		
Fund Balances - Beginning of Year	--	1,732	--	1,732	27,666			
Cancellation of Reserves/Designations	--	1,336	10,045	11,381	(15,677)			
Fund Balance Reserved for Encumbrances	116	--	--	116	94			
Provisions for Reserves and/or Designations	--	(1,295)	--	(1,295)	15,583			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 24,755			

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations
Redevelopment Agency Bonds								
Revenues and Other Financing Sources								
Taxes		$ 30,191	$ --	$ 30,191	$ 31,549	$ 1,358		
Fines, Forfeitures and Penalties		20	--	20	50	30		
Use of Money and Property		835	--	835	654	(181)		
Intergovernmental		312	--	312	305	(7)		
Other		81	--	81	74	(7)		
Transfers In		1,541	--	1,541	1,538	(3)		
Total Revenues and Other Financing Sources		32,980	--	32,980	34,170	1,190		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Orange County Development Agency Debt Service - Santa Ana Heights	$ --	12,951	7,327	20,278	18,198	2,080	$ --	$ 2,080
Orange County Development Agency - Neighborhood Development and Preservation Project, Debt Service	--	23,214	4,400	27,614	14,415	13,199	--	13,199
Total Expenditures/Encumbrances and Other Financing Uses	--	36,165	11,727	47,892	32,613	15,279	$ --	$ 15,279
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(3,185)	(11,727)	(14,912)	1,557	$ 16,469		
Fund Balances - Beginning of Year	--	19,693	--	19,693	60,488			
Cancellation of Reserves/Designations	--	--	11,727	11,727	(62,045)			
Provisions for Reserves and/or Designations	--	(16,508)	--	(16,508)	62,045			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 62,045			

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2010	Variance Unspent Appropriations
Pension Obligation Bonds								
Revenues								
and Other Financing Sources								
Use of Money and Property		$ 7,986	$ --	$ 7,986	$ 22,628	$ 14,642		
Total Revenues								
and Other Financing Sources		7,986	--	7,986	22,628	14,642		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Pension Obligation Bonds								
Debt Service	$ --	14,461	--	14,461	14,436	25	$ --	$ 25
Total Expenditures/Encumbrances								
and Other Financing Uses	--	14,461	--	14,461	14,436	25	$ --	$ 25
Excess (Deficit) of Revenues								
and Other Financing Sources								
Over Expenditures/Encumbrances								
and Other Financing Uses	--	(6,475)	--	(6,475)	8,192	$ 14,667		
Fund Balances - Beginning of Year	--	456	--	456	165,097			
Cancellation of Reserves/Designations	--	6,019	--	6,019	(173,289)			
Provisions for Reserves								
and/or Designations	--	--	--	--	173,289			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 173,289			

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance: Open Encumbrances June 30, 2010	Variance: Unspent Appropriations
Criminal Justice Facilities								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		$ 8,600	$ 1,200	$ 9,800	$ 11,085	$ 1,285		
Use of Money and Property		1,030	--	1,030	422	(608)		
Other		40	--	40	41	1		
Transfers In		2,875	126	3,001	6,107	3,106		
Total Revenues and Other Financing Sources		12,545	1,326	13,871	17,655	3,784		
Expenditures/Encumbrances and Other Financing Uses								
Public Protection:								
Criminal Justice Facilities								
Accumulated Capital Outlay	$ 673	10,755	3,116	14,544	5,700	8,844	$ 644	$ 8,200
Courthouse Temporary Construction	--	5,610	785	6,395	4,513	1,882	--	1,882
Sheriff-Coroner Construction and Facility Development	7,065	39,531	(5,459)	41,137	27,770	13,367	4,353	9,014
Theo Lacy Jail Construction	--	650	150	800	19	781	--	781
Total Expenditures/Encumbrances and Other Financing Uses	7,738	56,546	(1,408)	62,876	38,002	24,874	$ 4,997	$ 19,877
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(7,738)	(44,001)	2,734	(49,005)	(20,347)	$ 28,658		
Fund Balances - Beginning of Year	--	44,001	--	44,001	49,084			
Cancellation of Reserves/Designations	--	--	--	--	(4,997)			
Fund Balance Reserved for Encumbrances	7,738	--	--	7,738	4,997			
Provisions for Reserves and/or Designations		--	(2,734)	(2,734)	--			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 28,737			

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2010	Variance Unspent Appropriations
Redevelopment Agency								
Revenues and Other Financing Sources								
Use of Money and Property		$ 831	$ 3	$ 834	$ 363	$ (471)		
Other		461	--	461	596	135		
Transfers In		1,450	--	1,450	1,450	--		
Total Revenues and Other Financing Sources		2,742	3	2,745	2,409	(336)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Orange County Development Agency - Santa Ana Heights 1993 Bond Issue	$ --	14,198	(226)	13,972	5,188	8,784	$ 1,495	$ 7,289
Orange County Development Agency - Santa Ana Heights 1993 Bond Issue Low/Moderate Income Housing	--	245	--	245	--	245	--	245
Orange County Development Agency - Santa Ana Heights Surplus	--	10,591	(219)	10,372	2,089	8,283	543	7,740
Orange County Development Agency - Neighborhood Development and Preservation Projects, 1992 Issue A	--	891	(2)	889	1	888	--	888
Neighborhood Development and Preservation Project - Low/Moderate Income Housing, 1992 Issue A	--	3,128	3	3,131	3	3,128	--	3,128
Orange County Development Agency - Neighborhood Development and Preservation Projects, 1992 Issue B	--	317	--	317	1	316	--	316
Orange County Development Agency - Neighborhood Development and Preservation Projects, 1992 Issue B Low/Moderate Income Housing	--	188	77	265	--	265	--	265
Orange County Development Agency-Neighborhood Preservation and Development Construction	--	515	9	524	1	523	--	523
Orange County Development Agency - Neighborhood Development and Preservation Project Surplus	--	2,696	(53)	2,643	1,212	1,431	27	1,404
Total Expenditures/Encumbrances and Other Financing Uses	--	32,769	(411)	32,358	8,495	23,863	$ 2,065	$ 21,798
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(30,027)	414	(29,613)	(6,086)	$ 23,527		
Fund Balances - Beginning of Year	--	30,027	--	30,027	36,071			
Cancellation of Reserves/Designations	--	--	--	--	(9,657)			
Fund Balance Reserved for Encumbrances	--	--	--	--	2,065			
Provisions for Reserves and/or Designations	--	--	(414)	(414)	7,592			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 29,985			

BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUND

	Open Encumbrances July 1, 2009	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance Open Encumbrances June 30, 2010	Variance Unspent Appropriations
Permanent Fund								
Revenues and Other Financing Sources								
Use of Money and Property		$ 8	$ --	$ 8	$ 3	$ (5)		
Other		2	--	2	2	--		
Total Revenues and Other Financing Sources		10	--	10	5	(5)		
Expenditures/Encumbrances and Other Financing Uses								
Recreation and Cultural Services:								
Limestone Regional Park Mitigation Maintenance Endowment	$ --	10	--	10	--	10	$ --	$ 10
Total Expenditures/Encumbrances and Other Financing Uses	--	10	--	10	--	10	$ --	$ 10
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	--	--	--	5	$ 5		
Fund Balances - Beginning of Year	--	11	--	11	149			
Cancellation of Reserves/Designations	--	--	--	--	(146)			
Provisions for Reserves and/or Designations	--	(11)	--	(11)	146			
Fund Balances - End of Year	$ --	$ --	$ --	$ --	$ 154			

COUNTY OF ORANGE
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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.

Health Maintenance Organization (HMO) Health Insurance
This fund is used to account for the managed system of medical care 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 ASSETS
INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	HMO Health Insurance
ASSETS			
Current Assets			
Pooled Cash/Investments	$ 182,782	$ 24,199	$ 3,762
Restricted Cash and Investments with Trustee	873	--	--
Imprest Cash Funds	133	125	--
Receivables			
Accounts	164	--	41
Interest/Dividends	384	53	--
Allowance for Uncollectible Receivables	(1)	--	--
Due from Other Funds	1,858	125	--
Due from Other Governmental Agencies	559	386	9
Inventory of Materials and Supplies	313	--	--
Total Current Assets	187,065	24,888	3,812
Noncurrent Assets			
Capital Assets			
Construction in Progress	1,492	--	--
Structures and Improvements	9,695	--	--
Accumulated Depreciation	(4,393)	--	--
Equipment	81,732	--	--
Accumulated Depreciation	(66,886)	--	--
Total Capital Assets	21,640	--	--
Total Assets	208,705	24,888	3,812
LIABILITIES			
Current Liabilities			
Accounts Payable	6,176	67	--
Salaries and Employee Benefits Payable	565	--	--
Due to Other Funds	461	2	--
Due to Other Governmental Agencies	2	--	--
Insurance Claims Payable	59,715	10,949	--
Compensated Employee Absences Payable	1,010	--	--
Total Current Liabilities	67,929	11,018	--
Noncurrent Liabilities			
Insurance Claims Payable	119,399	--	--
Compensated Employee Absences Payable	878	--	--
Total Noncurrent Liabilities	120,277	--	--
Total Liabilities	188,206	11,018	--
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	21,642	--	--
Unrestricted	(1,143)	13,870	3,812
Total Net Assets	$ 20,499	$ 13,870	$ 3,812

Life Insurance	Workers' Compensation	Unemployment Insurance	
			ASSETS
			Current Assets
$ 166	$ 87,302	$ 7,165	Pooled Cash/Investments
873	--	--	Restricted Cash and Investments with Trustee
--	--	--	Imprest Cash Funds
			Receivables
--	--	--	Accounts
1	186	15	Interest/Dividends
--	--	--	Allowance for Uncollectible Receivables
--	8	--	Due from Other Funds
--	--	--	Due from Other Governmental Agencies
--	--	--	Inventory of Materials and Supplies
1,040	87,496	7,180	Total Current Assets
			Noncurrent Assets
			Capital Assets
--	--	--	Construction in Progress
--	--	--	Structures and Improvements
--	--	--	Accumulated Depreciation
--	--	--	Equipment
--	--	--	Accumulated Depreciation
--	--	--	Total Capital Assets
1,040	87,496	7,180	Total Assets
			LIABILITIES
			Current Liabilities
--	688	--	Accounts Payable
--	39	--	Salaries and Employee Benefits Payable
--	8	1	Due to Other Funds
--	--	--	Due to Other Governmental Agencies
--	25,304	3,722	Insurance Claims Payable
--	67	--	Compensated Employee Absences Payable
--	26,106	3,723	Total Current Liabilities
			Noncurrent Liabilities
--	97,149	--	Insurance Claims Payable
--	34	--	Compensated Employee Absences Payable
--	97,183	--	Total Noncurrent Liabilities
--	123,289	3,723	Total Liabilities
			NET ASSETS
--	--	--	Invested in Capital Assets, Net of Related Debt
1,040	(35,793)	3,457	Unrestricted
$ 1,040	$ (35,793)	$ 3,457	Total Net Assets

COMBINING STATEMENT OF NET ASSETS (Continued)
INTERNAL SERVICE FUNDS

	Property & Casualty Risk	Transportation	Publishing Services	Information & Technology
ASSETS				
Current Assets				
Pooled Cash/Investments	$ 32,545	$ 13,601	$ 1,232	$ 12,810
Restricted Cash and Investments with Trustee	--	--	--	--
Imprest Cash Funds	5	--	--	3
Receivables				
Accounts	32	79	11	1
Interest/Dividends	74	27	2	26
Allowance for Uncollectible Receivables	--	--	--	(1)
Due from Other Funds	411	1,210	7	97
Due from Other Governmental Agencies	--	1	27	136
Inventory of Materials and Supplies	--	313	--	--
Total Current Assets	33,067	15,231	1,279	13,072
Noncurrent Assets				
Capital Assets				
Construction in Progress	--	1,492	--	--
Structures and Improvements	--	7,956	--	1,739
Accumulated Depreciation	--	(4,269)	--	(124)
Equipment	--	31,417	1,620	48,695
Accumulated Depreciation	--	(22,362)	(932)	(43,592)
Total Capital Assets	--	14,234	688	6,718
Total Assets	33,067	29,465	1,967	19,790
LIABILITIES				
Current Liabilities				
Accounts Payable	2,222	1,136	66	1,997
Salaries and Employee Benefits Payable	46	212	57	211
Due to Other Funds	3	253	47	147
Due to Other Governmental Agencies	--	--	2	--
Insurance Claims Payable	19,740	--	--	--
Compensated Employee Absences Payable	86	369	104	384
Total Current Liabilities	22,097	1,970	276	2,739
Noncurrent Liabilities				
Insurance Claims Payable	22,250	--	--	--
Compensated Employee Absences Payable	128	312	88	316
Total Noncurrent Liabilities	22,378	312	88	316
Total Liabilities	44,475	2,282	364	3,055
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	--	14,235	688	6,719
Unrestricted	(11,408)	12,948	915	10,016
Total Net Assets	$ (11,408)	$ 27,183	$ 1,603	$ 16,735

COUNTY OF ORANGE
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COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS

	Total	Health and Other Self-Insured Employee Benefits	HMO Health Insurance
Operating Revenues			
Use of Money and Property	$ 3,722	$ --	$ --
Charges for Services	62,277	--	--
Insurance Premiums	195,750	36,443	114,975
Total Operating Revenues	261,749	36,443	114,975
Operating Expenses			
Salaries and Employee Benefits	16,622	--	--
Services and Supplies	30,466	2,034	--
Professional Services	32,566	3,149	6
Operating Leases	3,817	--	--
Insurance Claims and Premiums	247,476	64,341	115,416
Taxes and Other Fees	7	--	--
Depreciation	5,949	--	--
Total Operating Expenses	336,903	69,524	115,422
Operating Loss	(75,154)	(33,081)	(447)
Nonoperating Revenues (Expenses)			
Intergovernmental Revenues	1,441	1,098	343
Interest Revenue	1,938	368	63
Gain (Loss) on Disposition of Capital Assets	111	--	--
Other Revenue	4,266	2,097	106
Total Nonoperating Revenues	7,756	3,563	512
Income (Loss) Before Contributions and Transfers	(67,398)	(29,518)	65
Transfers In	1,679	1,388	6
Transfers Out	(1,825)	--	(63)
Increase (Decrease) in Net Assets	(67,544)	(28,130)	8
Net Assets - Beginning of Year	88,043	42,000	3,804
Net Assets - End of Year	$ 20,499	$ 13,870	$ 3,812

Life Insurance	Workers' Compensation	Unemployment Insurance	
			Operating Revenues
$ --	$ --	$ --	Use of Money and Property
--	--	--	Charges for Services
724	20,073	2,684	Insurance Premiums
724	20,073	2,684	Total Operating Revenues
			Operating Expenses
--	1,053	--	Salaries and Employee Benefits
--	49	--	Services and Supplies
--	3,742	78	Professional Services
--	177	--	Operating Leases
1,355	26,952	6,239	Insurance Claims and Premiums
--	--	--	Taxes and Other Fees
--	--	--	Depreciation
1,355	31,973	6,317	Total Operating Expenses
(631)	(11,900)	(3,633)	Operating Loss
			Nonoperating Revenues (Expenses)
--	--	--	Intergovernmental Revenues
26	838	73	Interest Revenue
--	--	--	Gain (Loss) on Disposition of Capital Assets
--	252	5	Other Revenue
26	1,090	78	Total Nonoperating Revenues
(605)	(10,810)	(3,555)	Income (Loss) Before Contributions and Transfers
--	277	--	Transfers In
(2)	--	--	Transfers Out
(607)	(10,533)	(3,555)	Increase (Decrease) in Net Assets
1,647	(25,260)	7,012	Net Assets - Beginning of Year
$ 1,040	$ (35,793)	$ 3,457	Net Assets - End of Year

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS

	Property & Casualty Risk	Transportation	Publishing Services	Information & Technology
Operating Revenues				
Use of Money and Property	$ --	$ --	$ --	$ 3,722
Charges for Services	--	20,107	3,455	38,715
Insurance Premiums	20,851	--	--	--
Total Operating Revenues	20,851	20,107	3,455	42,437
Operating Expenses				
Salaries and Employee Benefits	1,344	6,524	1,778	5,923
Services and Supplies	9,372	8,183	1,151	9,677
Professional Services	580	1,904	410	22,697
Operating Leases	114	71	443	3,012
Insurance Claims and Premiums	33,173	--	--	--
Taxes and Other Fees	--	7	--	--
Depreciation	--	3,606	124	2,219
Total Operating Expenses	44,583	20,295	3,906	43,528
Operating Loss	(23,732)	(188)	(451)	(1,091)
Nonoperating Revenues (Expenses)				
Intergovernmental Revenues	--	--	--	--
Interest Revenue	310	123	12	125
Gain (Loss) on Disposition of Capital Assets	--	129	--	(18)
Other Revenue	1,142	326	293	45
Total Nonoperating Revenues	1,452	578	305	152
Income (Loss) Before Contributions and Transfers	(22,280)	390	(146)	(939)
Transfers In	--	8	--	--
Transfers Out	--	(1,760)	--	--
Increase (Decrease) in Net Assets	(22,280)	(1,362)	(146)	(939)
Net Assets - Beginning of Year	10,872	28,545	1,749	17,674
Net Assets - End of Year	$ (11,408)	$ 27,183	$ 1,603	$ 16,735

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	$ 66,638	$ --	$ --	$ --
Cash Received for Premiums Within the County's Entity	195,750	36,443	114,975	724
Payments to Suppliers for Goods and Services	(224,471)	(3,344)	(115,422)	(1,355)
Payments to Employees for Services	(16,449)	--	--	--
Payments for Interfund Services Provided	(438)	(127)	--	--
Cash Receipts for Interfund Services Provided	302	--	--	--
Taxes and Other Fees	(7)	--	--	--
Other Receipts	1,469	--	106	--
Other Payments	(65,531)	(62,380)	(6)	--
Net Cash Provided (Used) by Operating Activities	(42,737)	(29,408)	(347)	(631)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	1,679	1,388	6	--
Transfers Out	(1,825)	--	(63)	(2)
Intergovernmental Revenues	1,441	1,098	343	--
Net Cash Provided (Used) by Noncapital Financing Activities	1,295	2,486	286	(2)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(2,836)	--	--	--
Net Cash Used by Capital and Related Financing Activities	(2,836)	--	--	--
CASH FLOW FROM INVESTING ACTIVITIES				
Interest on Investments	2,111	453	62	25
Net Cash Provided by Investing Activities	2,111	453	62	25
Net Increase (Decrease) in Cash and Cash Equivalents	(42,167)	(26,469)	1	(608)
Cash and Cash Equivalents - Beginning of Year	225,955	50,793	3,761	1,647
Cash and Cash Equivalents - End of Year	$ 183,788	$ 24,324	$ 3,762	$ 1,039
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Loss	$ (75,154)	$ (33,081)	$ (447)	$ (631)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	5,949	--	--	--
Other Revenue - net	4,266	2,097	106	--
(Increases) Decreases In:				
Accounts Receivable	602	--	(9)	--
Due from Other Funds	697	(125)	--	--
Due from Component Unit	135	--	--	--
Due from Other Governmental Agencies	(133)	(136)	3	--
Inventory of Materials and Supplies	(69)	--	--	--
Prepaid Costs	55	--	--	--
Increases (Decreases) In:				
Accounts Payable	823	(192)	--	--
Retainage Payble	(53)	--	--	--
Salaries and Employee Benefits Payable	34	--	--	--
Due to Other Funds	(968)	(2)	--	--
Due to Other Governmental Agencies	(6)	--	--	--
Insurance Claims Payable	20,946	2,031	--	--
Compensated Employee Absences Payable	139	--	--	--
Total Adjustments	32,417	3,673	100	--
Net Cash Provided (Used) by Operating Activities	$ (42,737)	$ (29,408)	$ (347)	$ (631)
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Pooled Cash/Investments	$ 182,782	$ 24,199	$ 3,762	$ 166
Imprest Cash Funds	133	125	--	--
Restricted Cash and Investments with Trustee	873	--	--	873
Total Cash and Cash Equivalents	$ 183,788	$ 24,324	$ 3,762	$ 1,039

Workers' Compensation	Unemployment Insurance	Property & Casualty Risk	
			CASH FLOWS FROM OPERATING ACTIVITIES
$ --	$ --	$ --	Receipts from Customers
20,073	2,684	20,851	Cash Received for Premiums Within the County's Entity
(27,621)	(4,645)	(28,941)	Payments to Suppliers for Goods and Services
(1,024)	--	(1,317)	Payments to Employees for Services
--	--	--	Payments for Interfund Services Provided
76	--	46	Cash Receipts for Interfund Services Provided
--	--	--	Taxes and Other Fees
75	5	1,028	Other Receipts
--	--	(28)	Other Payments
(8,421)	(1,956)	(8,361)	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
277	--	--	Transfers In
--	--	--	Transfers Out
--	--	--	Intergovernmental Revenues
277	--	--	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
901	85	317	Interest on Investments
901	85	317	Net Cash Provided by Investing Activities
(7,243)	(1,871)	(8,044)	Net Increase (Decrease) in Cash and Cash Equivalents
94,545	9,036	40,594	Cash and Cash Equivalents - Beginning of Year
$ 87,302	$ 7,165	$ 32,550	Cash and Cash Equivalents - End of Year
			Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
$ (11,900)	$ (3,633)	$ (23,732)	Operating Loss
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
--	--	--	Depreciation
252	5	1,142	Other Revenue - net
			(Increases) Decreases In:
--	--	(28)	Accounts Receivable
92	--	64	Due from Other Funds
--	--	--	Due from Component Unit
--	--	--	Due from Other Governmental Agencies
--	--	--	Inventory of Materials and Supplies
--	--	--	Prepaid Costs
			Increases (Decreases) In:
(57)	--	120	Accounts Payable
--	--	--	Retainage Payble
11	--	5	Salaries and Employee Benefits Payable
(16)	--	(18)	Due to Other Funds
--	--	--	Due to Other Governmental Agencies
3,179	1,672	14,064	Insurance Claims Payable
18	--	22	Compensated Employee Absences Payable
3,479	1,677	15,371	Total Adjustments
$ (8,421)	$ (1,956)	$ (8,361)	Net Cash Provided (Used) by Operating Activities
			Reconciliation of Cash and Cash Equivalents to Statement of Net Assets
$ 87,302	$ 7,165	$ 32,545	Pooled Cash/Investments
--	--	5	Imprest Cash Funds
--	--	--	Restricted Cash and Investments with Trustee
$ 87,302	$ 7,165	$ 32,550	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	$ 20,119	$ 3,455	$ 43,064
Cash Received for Premiums Within the County's Entity	--	--	--
Payments to Suppliers for Goods and Services	(9,146)	(1,591)	(32,406)
Payments to Employees for Services	(6,521)	(1,754)	(5,833)
Payments for Interfund Services Provided	(287)	(24)	--
Cash Receipts for Interfund Services Provided	--	--	180
Taxes and Other Fees	(7)	--	--
Other Receipts	255	--	--
Other Payments	--	(150)	(2,967)
Net Cash Provided (Used) by Operating Activities	4,413	(64)	2,038
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	8	--	--
Transfers Out	(1,760)	--	--
Intergovernmental Revenues	--	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	(1,752)	--	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(2,129)	--	(707)
Net Cash Used by Capital and Related Financing Activities	(2,129)	--	(707)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest on Investments	128	15	125
Net Cash Provided by Investing Activities	128	15	125
Net Increase (Decrease) in Cash and Cash Equivalents	660	(49)	1,456
Cash and Cash Equivalents - Beginning of Year	12,941	1,281	11,357
Cash and Cash Equivalents - End of Year	$ 13,601	$ 1,232	$ 12,813
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Loss	$ (188)	$ (451)	$ (1,091)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,606	124	2,219
Other Revenue - net	326	293	45
(Increases) Decreases In:			
Accounts Receivable	12	--	627
Due from Other Funds	672	(7)	1
Due from Component Unit	--	--	135
Due from Other Governmental Agencies	--	--	--
Inventory of Materials and Supplies	(69)	--	--
Prepaid Costs	55	--	--
Increases (Decreases) In:			
Accounts Payable	955	(24)	21
Retainage Payble	--	--	(53)
Salaries and Employee Benefits Payable	2	3	13
Due to Other Funds	(959)	(17)	44
Due to Other Governmental Agencies	--	(6)	--
Insurance Claims Payable	--	--	--
Compensated Employee Absences Payable	1	21	77
Total Adjustments	4,601	387	3,129
Net Cash Provided (Used) by Operating Activities	$ 4,413	$ (64)	$ 2,038
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets			
Pooled Cash/Investments	$ 13,601	$ 1,232	$ 12,810
Imprest Cash Funds	--	--	3
Restricted Cash and Investments with Trustee	--	--	--
Total Cash and Cash Equivalents	$ 13,601	$ 1,232	$ 12,813

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.

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.

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 Employee 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 Employee Retirement System.

401(a) Defined Contribution Plan

This fund accounts for the 401(a) retirement plan, which was established on January 1999 for eligible employees, including the members of the Board of Supervisors, certain executive managers, administrative managers included in the Executive Policy Unit, attorneys represented by the Orange County Attorney's Association and certain other employee classifications as defined in the plan document.

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.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan	Retiree Medical Plan	Health Reimbursement Arrangement Plan
ASSETS						
Pooled Cash/Investments	$ 15,075	$ 4,827	$ --	$ --	$ 10,204	$ 44
Restricted Cash and Investments with Trustee	115,887	--	4,427	8,673	82,482	20,305
Receivables						
Interest/Dividends	63	16	--	--	46	1
Due from Other Governmental Agencies	2,006	647	--	--	1,079	280
Total Assets Held in Trust	133,031	5,490	4,427	8,673	93,811	20,630
LIABILITIES						
Accounts Payable	274	274	--	--	--	--
Total Liabilities	274	274	--	--	--	--
NET ASSETS						
Held in Trust	132,757	5,216	4,427	8,673	93,811	20,630
Total Net Assets Held in Trust	$ 132,757	$ 5,216	$ 4,427	$ 8,673	$ 93,811	$ 20,630

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Additions:	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401 (a) Defined Contribution Plan	Retiree Medical Plan	Health Reimbursement Arrangement Plan
Contributions to Pension Trust:						
Employer	$ 41,569	$ 157	$ --	$ 956	$ 32,163	$ 8,293
Employee	859	(5)	864	--	--	--
Interest and Investment Income	7,736	46	182	505	7,064	(61)
Less: Investment Expense	(24)	(5)	--	--	(18)	(1)
Total Additions	50,140	193	1,046	1,461	39,209	8,231
Deductions:						
Benefits Paid to Participants	26,475	558	506	242	25,062	107
Total Deductions	26,475	558	506	242	25,062	107
Change in Net Assets Held in Trust For:						
Employees' Retirement	23,665	(365)	540	1,219	14,147	8,124
Net Assets Held in Trust, Beginning of Year	109,092	5,581	3,887	7,454	79,664	12,506
Net Assets Held in Trust, End of Year	$ 132,757	$ 5,216	$ 4,427	$ 8,673	$ 93,811	$ 20,630

COUNTY OF ORANGE
CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS

	Total	Unapportioned Tax and Interest Funds	Departmental Funds
ASSETS			
Pooled Cash/Investments	$ 329,788	$ 131,904	$ 197,884
Restricted Cash and Investments with Trustee	56,657	--	56,657
Investments	9,620	--	9,620
Deposits In-Lieu of Cash	11,865	--	11,865
Receivables			
Accounts	87	2	85
Taxes	313,688	313,688	--
Interest/Dividends	9,815	9,175	640
Allowance For Uncollectible Receivables	(4)	(2)	(2)
Due from Other Governmental Agencies	8,032	1,655	6,377
Prepaid Costs	443	--	443
Notes Receivable	18,572	--	18,572
Total Assets	$ 758,563	$ 456,422	$ 302,141
LIABILITIES			
Interest Payable	$ 8,234	$ 8,234	$ --
Deposits from Others	11,520	--	11,520
Monies Held for Others	265,046	--	265,046
Due to Other Governmental Agencies	26,354	782	25,572
Unapportioned Taxes	447,406	447,406	--
Unearned Revenue	3	--	3
Total Liabilities	$ 758,563	$ 456,422	$ 302,141

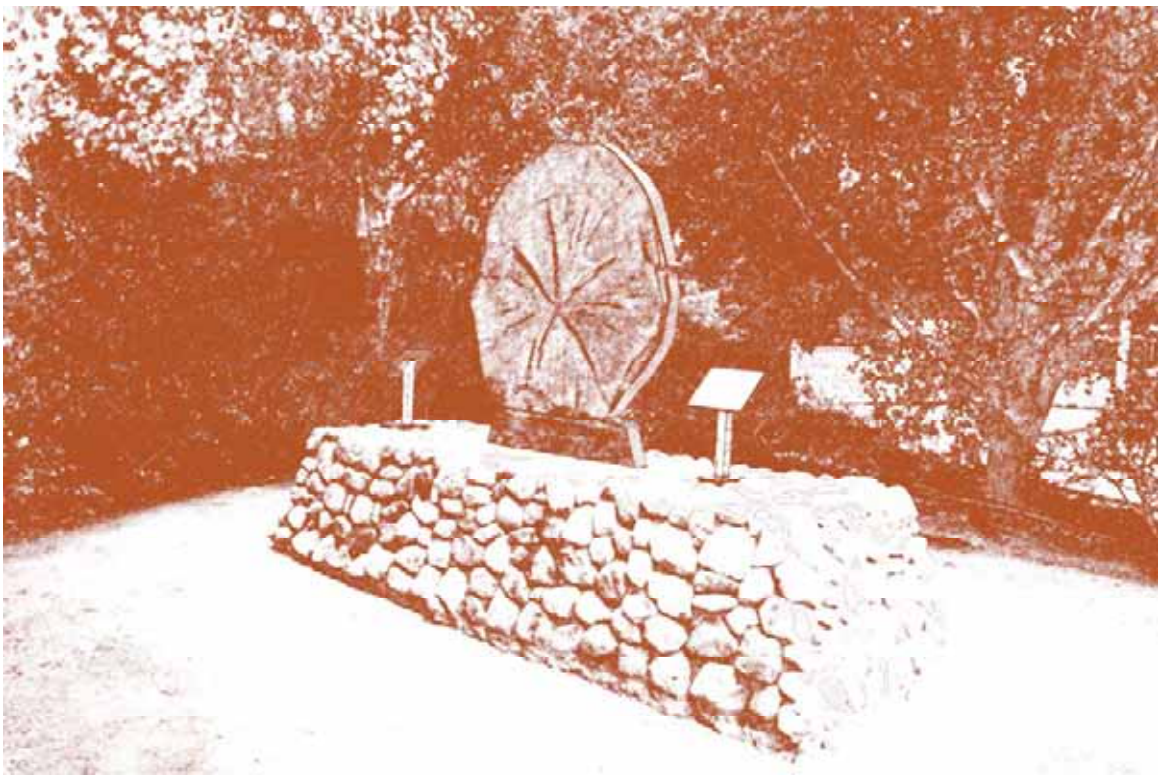
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

UNAPPORTIONED TAX AND INTEREST FUNDS	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	$ 164,677	$ 7,167,521	$ 7,200,294	$ 131,904
Receivables				
Accounts	6	--	4	2
Taxes	367,571	15,593,035	15,646,918	313,688
Interest	10,461	83,652	84,938	9,175
Allowance for Uncollectible Receivables	(2)	--	--	(2)
Due from Other Funds	--	18,963	18,963	--
Due from Other Governmental Agencies	606	12,621	11,572	1,655
Total Assets	$ 543,319	$ 22,875,792	$ 22,962,689	$ 456,422
LIABILITIES				
Accounts Payable	$ --	$ 1,759,036	$ 1,759,036	$ --
Interest Payable	8,846	45,700	46,312	8,234
Monies Held for Others	--	909,336	909,336	--
Due to Other Funds	--	21,549	21,549	--
Due to Other Governmental Agencies	1,636	299,241	300,095	782
Unapportioned Taxes	532,837	8,059,974	8,145,405	447,406
Deferred Revenue	--	28	28	--
Unearned Revenue	--	31	31	--
Total Liabilities	$ 543,319	$ 11,094,895	$ 11,181,792	$ 456,422

DEPARTMENTAL FUNDS	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	$ 227,231	$ 3,794,523	$ 3,823,870	$ 197,884
Imprest Cash Funds	40	--	40	--
Restricted Cash and Investments with Trustee	57,490	206,978	207,811	56,657
Investments	9,945	10	335	9,620
Deposits In-Lieu of Cash	12,690	1,151	1,976	11,865
Receivables				
Accounts	87	89	91	85
Interest	504	2,809	2,673	640
Allowance for Uncollectible Receivables	--	--	2	(2)
Due from Other Funds	--	854,781	854,781	--
Due from Other Governmental Agencies	2,094	22,742	18,459	6,377
Prepaid Costs	1,075	123,111	123,743	443
Notes Receivable	15,341	3,750	519	18,572
Total Assets	$ 326,497	$ 5,009,944	$ 5,034,300	$ 302,141
LIABILITIES				
Accounts Payable	$ --	$ 1,497,632	$ 1,497,632	$ --
Salaries and Employee Benefits Payable	--	300,713	300,713	--
Deposits From Others	26,481	62,285	77,246	11,520
Monies Held for Others	277,323	6,931,156	6,943,433	265,046
Due to Other Funds	--	114,959	114,959	--
Due to Other Governmental Agencies	22,693	876,356	873,477	25,572
Unapportioned Taxes	--	5,097	5,097	--
Insurance Claims Payable	--	3	3	--
Deferred Revenue	--	10,229	10,229	--
Unearned Revenue	--	189,163	189,160	3
Total Liabilities	$ 326,497	$ 9,987,593	$ 10,011,949	$ 302,141

TOTAL - ALL AGENCY FUNDS	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	$ 391,908	$ 10,962,044	$ 11,024,164	$ 329,788
Imprest Cash Funds	40	--	40	--
Restricted Cash and Investments with Trustee	57,490	206,978	207,811	56,657
Investments	9,945	10	335	9,620
Deposits In-Lieu of Cash	12,690	1,151	1,976	11,865
Receivables				
Accounts	93	89	95	87
Taxes	367,571	15,593,035	15,646,918	313,688
Interest	10,965	86,461	87,611	9,815
Allowance for Uncollectible Receivables	(2)	--	2	(4)
Due from Other Funds	--	873,744	873,744	--
Due from Other Governmental Agencies	2,700	35,363	30,031	8,032
Prepaid Costs	1,075	123,111	123,743	443
Notes Receivable	15,341	3,750	519	18,572
Total Assets	$ 869,816	$ 27,885,736	$ 27,996,989	$ 758,563
LIABILITIES				
Accounts Payable	$ --	$ 3,256,668	$ 3,256,668	$ --
Interest Payable	8,846	45,700	46,312	8,234
Salaries and Employee Benefits Payable	--	300,713	300,713	--
Deposits from Others	26,481	62,285	77,246	11,520
Monies Held for Others	277,323	7,840,492	7,852,769	265,046
Due to Other Funds	--	136,508	136,508	--
Due to Other Governmental Agencies	24,329	1,175,597	1,173,572	26,354
Unapportioned Taxes	532,837	8,065,071	8,150,502	447,406
Insurance Claims Payable	--	3	3	--
Deferred Revenue	--	10,257	10,257	--
Unearned Revenue	--	189,194	189,191	3
Total Liabilities	$ 869,816	$ 21,082,488	$ 21,193,741	$ 758,563

COUNTY OF ORANGE
CALIFORNIA



Heritage Hill Historical Park, Lake Forest, CA

COUNTY OF ORANGE
CALIFORNIA

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 financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

Contents

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Debt Capacity These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	202
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	207
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	209

Note: The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

Source: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

COUNTY OF ORANGE
CALIFORNIA

Net Assets by Component
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	$ 2,560,468	$ 2,445,397	$ 2,302,926	$ 2,273,891	$ 2,306,178	$ 2,336,881	$ 2,259,064	$ 2,183,152	$ 1,703,213
Restricted for:									
Expendable									
Other Postemployment Benefits	43,580	57,322	46,442	--	--	--	--	--	--
Capital Projects	58,947	85,197	211,426	247,277	255,201	240,768	207,838	209,994	210,688
Debt Service	76,936	66,515	168,468	155,918	121,840	24,196	155,964	61,066	33,785
Legally Segregated Special Revenue Funds Restricted for Grants and Other Purposes	1,069,801	1,047,284	990,198	916,563	738,515	648,092	628,881	711,714	581,662
Nonexpendable									
Regional Park Endowment	154	149	139	125	109	97	91	87	82
Unrestricted	(9,986)	(1,271)	57,812	135,826	(33,051)	(44,929)	(280,592)	(374,852)	(363,291)
Total Governmental Activities Net Assets	$ 3,799,900	$ 3,700,593	$ 3,777,411	$ 3,729,600	$ 3,388,792	$ 3,205,105	$ 2,971,246	$ 2,791,161	$ 2,166,139
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	$ 537,375	$ 493,658	$ 395,227	$ 359,544	$ 343,390	$ 335,795	$ 315,335	$ 293,959	$ 240,969
Restricted for:									
Expendable									
Airport	48,225	176,225	218,293	194,038	146,332	113,402	97,573	77,931	90,410
Waste Management	86,943	284,943	294,068	292,847	264,502	233,999	217,194	201,698	192,022
Unrestricted	321,778	--	--	--	--	--	--	--	--
Total Business-Type Activities Net Assets	$ 994,321	$ 954,826	$ 907,588	$ 846,429	$ 754,224	$ 683,196	$ 630,102	$ 573,588	$ 523,401
Primary Government									
Invested in Capital Assets, Net of Related Debt	$ 3,097,843	$ 2,939,055	$ 2,698,153	$ 2,633,435	$ 2,649,568	$ 2,672,676	$ 2,574,399	$ 2,477,111	$ 1,944,182
Restricted for:									
Expendable									
Other Postemployment Benefits	43,580	57,322	46,442	--	--	--	--	--	--
Capital Projects	58,947	85,197	211,426	247,277	255,201	240,768	207,838	209,994	210,688
Debt Service	76,936	66,515	168,468	155,918	121,840	24,196	155,964	61,066	33,785
Legally Segregated Special Revenue Funds Restricted for Grants and Other Purposes	1,069,801	1,047,284	990,198	916,563	738,515	648,092	628,881	711,714	581,662
Airport	48,225	176,225	218,293	194,038	146,332	113,402	97,573	77,931	90,410
Waste Management	86,943	284,943	294,068	292,847	264,502	233,999	217,194	201,698	192,022
Nonexpendable									
Regional Park Endowment	154	149	139	125	109	97	91	87	82
Unrestricted	311,792 (1)	(1,271)	57,812	135,826	(33,051)	(44,929)	(280,592)	(374,852)	(363,291)
Total Primary Government Net Assets	$ 4,794,221	$ 4,655,419	$ 4,684,999	$ 4,576,029	$ 4,143,016	$ 3,888,301	$ 3,601,348	$ 3,364,749	$ 2,689,540

Notes: (1) In accordance with GASB 2010-11 Comprehensive Implementation Guide, net assets for business-type activities have been reclassified in the government-wide statements to be consistent with the classification of net assets in the enterprise fund financial statements.

The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Expenses									
Governmental Activities:									
General Government	$ 165,489	$ 268,092	$ 264,049	$ 281,739	$ 227,536	$ 171,771	$ 170,820	$ 193,192	$ 182,237
Public Protection	1,160,823	1,230,894	1,164,458	1,055,593	972,996	947,698	905,229	892,817	863,159
Public Ways and Facilities	120,135	108,748	131,563	96,776	105,342	77,928	78,454	74,561	82,893
Health and Sanitation	578,983	593,331	576,160	527,541	467,640	455,059	447,743	441,047	430,954
Public Assistance	931,469	898,668	862,709	794,862	773,109	740,987	731,698	740,794	718,016
Education	41,009	41,265	37,728	32,722	40,452	30,641	31,978	29,108	28,583
Recreation and Cultural Services	90,649	81,896	75,612	80,279	72,535	73,530	76,249	70,273	70,875
Interest on Long-Term Debt	53,782	59,751	76,210	65,961	64,680	81,841	78,474	53,853	125,664
Subtotal Governmental Activities	3,142,339	3,282,645	3,188,489	2,935,473	2,724,290	2,579,455	2,520,645	2,495,645	2,502,381
Business-Type Activities:									
Airport	92,068	91,959	86,750	90,524	84,362	79,882	78,235	75,770	75,446
Waste Management	84,754	79,374	101,990	85,378	76,771	87,533	70,858	79,217	72,652
Compressed Natural Gas	95	--	--	--	--	--	--	--	--
Subtotal Business-Type Activities	176,917	171,333	188,740	175,902	161,133	167,415	149,093	154,987	148,098
Total Primary Government Expenses	$ 3,319,256	$ 3,453,978	$ 3,377,229	$ 3,111,375	$ 2,885,423	$ 2,746,870	$ 2,669,738	$ 2,650,632	$ 2,650,479
Program Revenues									
Governmental Activities:									
Charges for Services									
General Government	$ 27,452	$ 44,782	$ 40,659	$ 45,647	$ 38,645	$ 38,977	$ 30,569	$ 35,668	$ 25,794
Public Protection	278,355	289,014	295,740	283,215	275,703	279,241	256,253	247,228	231,564
Public Ways and Facitlities	45,809	47,283	45,898	41,014	42,483	34,884	44,728	33,516	29,900
Health and Sanitation	86,430	82,059	95,069	85,305	79,493	78,686	68,778	73,438	66,682
Public Assistance	30,914	26,636	6,360	5,372	4,709	3,794	3,436	4,607	3,899
Education	1,449	1,338	1,349	4,743	1,353	1,795	1,156	6,072	1,198
Recreation and Cultural Cultural Services	38,223	40,138	40,449	39,028	34,974	32,882	31,219	30,622	29,091
Operating Grants and Contributions	1,741,762	1,641,501	1,735,820	1,759,887	1,605,063	1,540,938	1,532,106	1,545,050	1,438,646
Capital Grants and Contributions	16,828	94,031	46,308	69,340	18,178	66,889	55,337	509,839[1]	44,185
Subtotal Governmental Activities Program Revenues	2,267,222	2,266,782	2,307,652	2,333,551	2,100,601	2,078,086	2,023,582	2,486,040	1,870,959
Business-Type Activities:									
Charges for Services									
Airport	126,656	125,095	126,139	127,747	101,775	95,562	90,657	83,330	76,456
Waste Management	82,442	93,456	99,548	111,362	114,239	114,541	112,498	107,858	103,926
Compressed Natural Gas	129	--	--	--	-	-	-	-	-
Operating Grants and Contributions	1,432	171	569	691[3]	22,846	13,968	7,459	10,494	1,637
Capital Grants and Contributions	8,077	7,466	15,188	6,731	1,720	10,703	6,183	16,374	1,610
Subtotal Business-Type Activities Program Revenues	218,736	226,188	241,444	246,531	240,580	234,774	216,797	218,056	183,629
Total Primary Government Program Revenues	$ 2,485,958	$ 2,492,970	$ 2,549,096	$ 2,580,082	$ 2,341,181	$ 2,312,860	$ 2,240,379	$ 2,704,096	$ 2,054,588

Note: The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Net (Expense)/Revenue									
Governmental Activities	$ (875,117)	$ (1,015,863)	$ (880,837)	$(601,922)	$ (623,689)	$(501,369)	$ (497,063)	$ (9,605)	$(631,422)
Business-Type Activities	41,819	54,855	52,704	70,629	79,447	67,359	67,704	63,069	35,531
Total Primary Government Net Revenue/(Expense)	$ (833,298)	$ (961,008)	$ (828,133)	$(531,293)	$ (544,242)	$(434,010)	$ (429,359)	$ 53,464	$(595,891)
General Revenue and Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property Taxes, Levied for General Fund	$ 290,054	$ 263,893	$ 273,259	$ 283,112	$ 271,925	$ 247,390[2]	$ 211,944	$ 180,671	$ 181,113
Property Taxes, Levied for Flood Control District	67,103	68,747	68,042	63,209	53,662	49,295	47,677	45,397	41,158
Property Taxes, Levied for OC Parks	49,857	51,076	50,551	46,965	39,869	37,504	35,450	33,761	30,630
Property Taxes, Levied for OC Public Libraries	37,057	37,932	37,454	34,427	31,408	28,893	25,739	24,243	22,666
Property Tax Increments	31,917	35,276	32,376	25,828	26,580	24,122	21,602	19,364	17,327
Property Taxes in-Lieu of Motor Vehicle License Fees	229,635	232,760	224,210	206,933	158,240	141,319[2]	--	--	--
Other Taxes	93,024	94,184	84,434	54,644	50,676	48,862	51,104	51,694	7,917
Grants and Contributions Not Restricted to Specific Programs	10,299	27,637	23,434	1,917	1,881	9,442	11,969	22,707	58,614
State Allocation of Motor Vehicle License Fees	46,697	50,390	54,656	58,487	56,873	54,325[2]	189,732	178,446	172,916
Unrestricted Investment Earnings	15,541	13,583	27,773	60,856	38,588	30,674	25,753	18,195	32,835
Miscellaneous	54,496	49,438	66,887	60,762	66,239	48,823	44,023	46,258	52,288
Gain on Sale of Capital Assets	--	--	--	31,460	--	--	--	--	--
Transfers	11,188	14,129	16,802	14,130	11,435	14,579	12,155	13,419	19,606
Subtotal Governmental Activities	936,868	939,045	959,878	942,730	807,376	735,228	677,148	634,155	637,070
Business-Type Activities:									
Unrestricted Investment Earnings	6,411	17,332	29,206	34,500[3]	--	--	--	--	14,647
Miscellaneous Revenues	2,453	786	2,886	1,206	3,016	314	965	537	1,211
Special Items	--	--	(6,835)	--	--	--	--	--	--
Transfers	(11,188)	(14,129)	(16,802)	(14,130)	(11,435)	(14,579)	(12,155)	(13,419)	(19,606)
Subtotal Business-Type Activities	(2,324)	3,989	8,455	21,576	(8,419)	(14,265)	(11,190)	(12,882)	(3,748)
Total Primary Government	$ 934,544	$ 943,034	$ 968,333	$ 964,306	$ 798,957	$ 720,963	$ 665,958	$ 621,273	$ 633,322
Change in Net Assets									
Governmental Activities	$ 61,751	$ (76,818)	$ 79,041	$ 340,808	$ 183,687	$ 233,859	$ 180,085	$ 624,550	$ 5,648
Business-Type Activities	39,495	58,844	61,159	92,205	71,028	53,094	56,514	50,187	31,783
Total Primary Government	$ 101,246 [4]	$ (17,974)	$ 140,200	$ 433,013	$ 254,715	$ 286,953	$ 236,599	$ 674,737	$ 37,431

Notes:
(1) In FY 2002-03, the Federal Government transferred ownership and maintenance responsibility of the Santa Ana River Mainstem Project including the Seven Oaks Dam valued at $425,430 to the County.

(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.

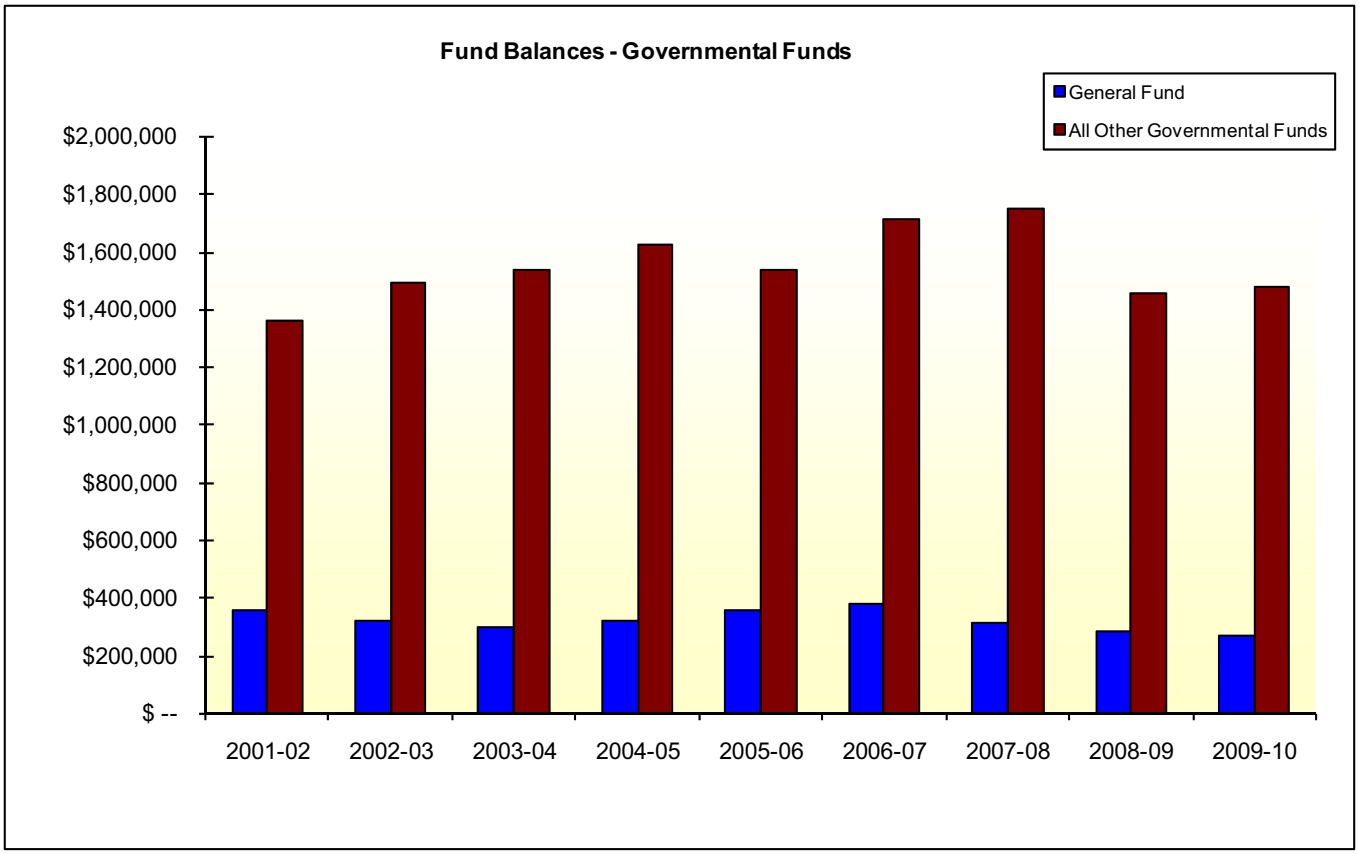
(3) In FY 2006-07, the Unrestricted Investment Earnings were reclassified from Program Revenues to General Revenues for Business-Type Activities.

(4) The significant change in net assets is explained in Management's Discussion and Analysis (MD&A).

The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

Fund Balances, Governmental Funds
Last Nine Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year								
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
General Fund									
Reserved	$ 53,190	$ 49,423	$ 99,877	$ 89,001	$ 68,082	$ 67,554	$ 70,861	$ 56,819	$ 75,206
Unreserved	215,094	238,621	215,096	294,739	290,053	253,788	232,304	263,810	281,464
Total General Fund	$ 268,284	$ 288,044	$ 314,973	$ 383,740	$ 358,135	$ 321,342	$ 303,165	$ 320,629	$ 356,670
All Other Governmental Funds									
Reserved	$ 540,745	$ 517,375	$ 671,739	$ 626,134	$ 594,090	$ 657,214	$ 603,438	$ 606,227	$ 605,949
Unreserved, Reported in:									
Special Revenue Funds	894,148	878,113	880,288	838,291	694,973	616,943	626,323	703,493	599,438
Debt Service Funds	(1,813)	(9,903)	--	17,456	5,323	122,873	110,042	1,354	210
Capital Projects Funds	47,362	73,045	198,348	232,317	245,770	230,474	197,047	182,493	156,793
Permanent Fund	154	149	139	125	110	97	91	87	82
Total All Other Governmental Funds	$ 1,480,596	$1,458,779	$1,750,514	$1,714,323	$ 1,540,266	$1,627,601	$1,536,941	$ 1,493,654	$ 1,362,472



Note: The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

Changes in Fund Balances of Governmental Funds
Last Nine Fiscal Years
(Modified Basis of Accounting)

	Fiscal Year								
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Revenues									
Taxes	$ 741,850	$ 727,159	$ 719,742	$ 674,278	$ 618,429	$ 530,596	$ 367,087	$ 341,426	$ 320,544
Licenses, Permits and Franchises	14,976	17,965	20,516	23,289	18,011	19,767	15,867	15,730	11,807
Fines, Forfeitures and Penalties	102,959	112,882	89,700	73,353	70,624	70,686	60,038	68,406	63,881
Use of Money and Property	88,350	69,667	146,983	165,042	100,207	112,592	95,360	117,443	102,145
Intergovernmental	1,769,253	1,697,017	1,743,637	1,722,951	1,614,484	1,531,370	1,593,175	1,625,639	1,546,234
Charges for Services	418,373	443,456	423,611	406,071	386,332	379,216	360,719	345,609	306,932
Contributions from Property Owners	--	--	--	--	18,094	65,955	54,570	83,468	28,991
Other	65,727	89,064	91,197	104,046	90,721[1]	268,174	215,343	137,677	92,560
Total Revenues	3,201,488	3,157,210	3,235,386	3,169,030	2,916,902	2,978,356	2,762,159	2,735,398	2,473,094
Expenditures									
General Government	211,434	277,369	252,781	204,585	303,827[1]	356,883	293,679	221,977	161,023
Public Protection	1,054,947	1,117,882	1,103,442	1,005,737	910,531	874,789	875,096	826,232	788,238
Public Ways and Facilities	106,985	110,548	117,963	90,683	95,161	71,075	70,740	68,523	72,219
Health and Sanitation	559,315	576,964	564,335	516,901	458,741	446,887	439,380	435,898	417,373
Public Assistance	903,733	878,436	851,836	788,326	664,723	731,100	723,079	724,443	698,234
Education	38,921	39,666	37,091	35,904	40,061	29,745	31,069	27,684	26,748
Recreation and Cultural Services	82,826	79,889	70,084	73,386	67,776	67,411	66,606	67,654	61,601
Capital Outlay	124,077	155,286	143,468	154,373	99,519	207,146	124,210	149,914	151,296
Debt Service									
Principal Retirement	88,962	205,268	301,066	191,012	67,602	61,503	69,476	61,176	33,498
Escrow Bond Agent	--	--	--	--	230,719	--	4,314	--	12,914
Interest	39,565	46,697	53,478	58,586	57,028	67,134	67,699	71,921	73,286
Debt Issuance Costs	--	--	--	799	4,402	--	1,279	43	1,645
Total Expenditures	3,210,765	3,488,005	3,495,544	3,120,292	3,000,090	2,913,673	2,766,627	2,655,465	2,498,075
Excess of Revenues Over (Under) Expenditures	(9,277)	(330,795)	(260,158)	48,738	(83,188)	64,683	(4,468)	79,933	(24,981)
Other Financing Sources (Uses)									
Transfers In	382,154	793,528	359,791	298,138	245,441	244,551	303,456	281,927	624,869
Transfers Out	(370,820)	(781,397)	(345,674)	(288,045)	(239,834)	(239,314)	(295,587)	(269,537)	(606,836)
Bonds Issued	--	--	--	32,700	--	--	--	--	--
Premium on Bonds Issued	--	--	--	2,140	29,290	--	1,660	--	3,491
Principal Payment on Demand Bonds	--	--	211,065	105,991	--	--	--	--	--
Remarketed Refunding Debt Issued	--	--	--	--	--	--	--	--	34,000
Payment to Remarketing Agent	--	--	--	--	--	--	--	--	(34,000)
Refunding Bonds Issued	--	--	--	--	565,762	--	38,465	--	106,445
Payment to Refunded Bond Escrow	--	--	--	--	(568,409)	--	(35,844)	--	(101,997)
Capital Leases	--	--	2,400	--	396	38,917	18,142	2,817	1,696
Total Other Financing Sources	11,334	12,131	227,582	150,924	32,646	44,154	30,292	15,207	27,668
Net Change in Fund Balances	$ 2,057[2]	$ (318,664)	$ (32,576)	$ 199,662	$ (50,542)	$ 108,837	$ 25,824	$ 95,140	$ 2,687
Debt Service as a Percentage of Noncapital Expenditures:	4.18%	7.54%	10.43%	8.44%	12.40%	4.75%	5.40%	5.31%	5.17%

Notes: (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 significant net change in fund balances is explained in Management's Discussion and Analysis.

The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

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]
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
2002-03	185,488,834	64,216,309	2,223,463	18,234,577
2001-02	171,004,187	60,057,351	1,835,252	16,382,505
2000-01	156,278,012	54,900,170	1,802,008	15,344,588

Assessed Value of Taxable Property [1]

Last Ten Fiscal Years

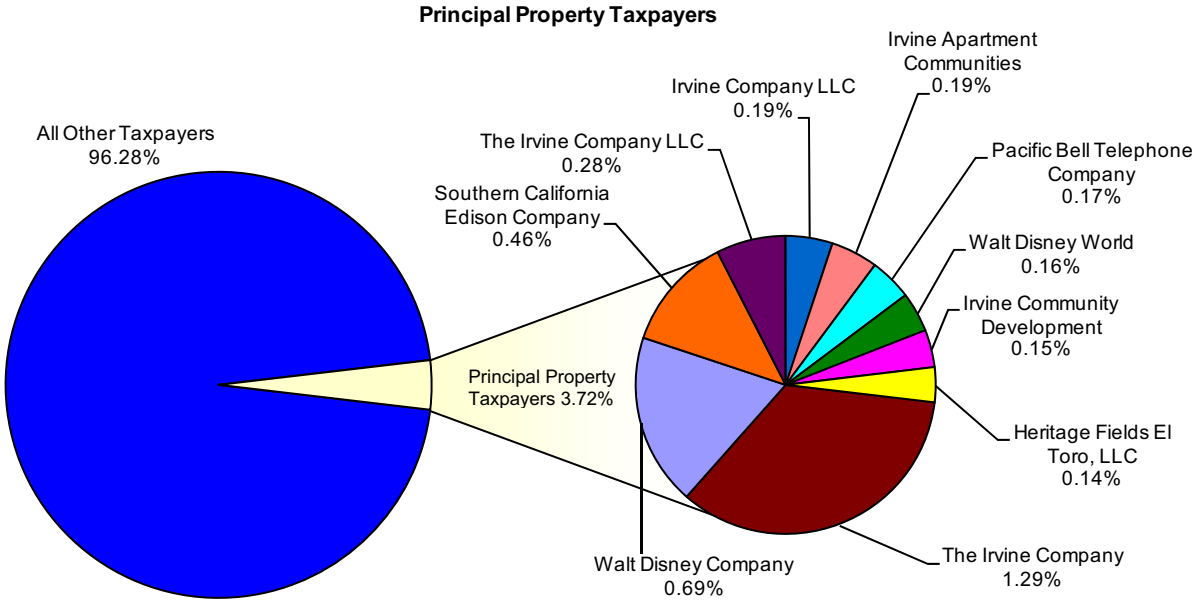
Total Taxable Assessed Value	Less: Exempt & Non-Reimbursed Exemptions	Net Taxable Assessed Value	Total Direct Tax Rate Percent [1]
$ 427,873,019	$ (9,063,739)	$ 418,809,280	1.00
432,065,100	(8,051,290)	424,013,810	1.00
415,491,877	(6,757,810)	408,734,067	1.00
383,890,682	(6,613,199)	377,277,483	1.00
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
270,163,183	(4,349,312)	265,813,871	1.00
249,279,295	(4,138,290)	245,141,005	1.00
228,324,778	(3,956,647)	224,368,131	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
June 30, 2010 and June 30, 2001

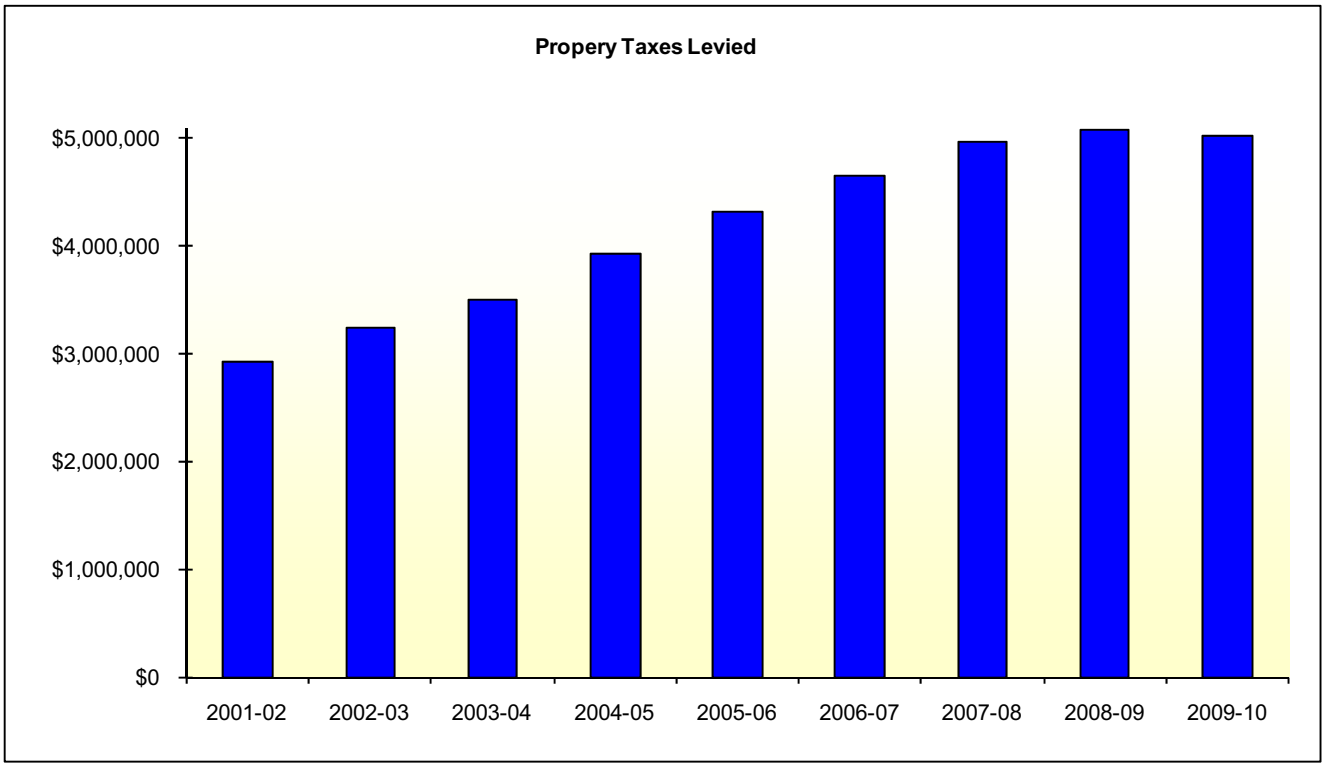
	2010			2001		
Taxpayer	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied
The Irvine Company	$ 64,587	1	1.29%	$ 40,103	1	1.66%
Walt Disney Company	34,570	2	0.69%	16,107	3	0.67%
Southern California Edison Company	23,180	3	0.46%	13,748	4	0.57%
The Irvine Company LLC	13,946	4	0.28%			
Irvine Company LLC	9,735	5	0.19%			
Irvine Apartment Communities	9,653	6	0.19%	17,366	2	0.72%
Pacific Bell Telephone Company	8,290	7	0.17%	12,581	5	0.52%
Walt Disney World	8,173	8	0.16%	9,101	6	0.38%
Irvine Community Development	7,487	9	0.15%			
Heritage Fields El Toro, LLC	7,098	10	0.14%			
Rockwell Semiconductor Systems				6,493	7	0.27%
United Laguna Hills				4,758	8	0.20%
Boeing				4,568	9	0.19%
Irvine Company of W VA				4,154	10	0.17%
Total	$ 186,719		3.72%	$ 128,979		5.35%



Source: Treasurer-Tax Collector, County of Orange

Property Tax Levies and Collections
Last Nine Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year[1]	Collections Within the Fiscal Year of the Levy[2]		Collections of Delinquent Taxes from Prior Years	Total Collections for the Fiscal Year[3]	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009-10	$ 5,019,061	$ 4,904,188	97.71%	$ 177,318	$ 5,081,506	101.24%
2008-09	5,076,796	4,901,574	96.55%	167,321	5,068,895	99.84%
2007-08	4,965,990	4,784,438	96.34%	103,391	4,887,829	98.43%
2006-07	4,661,169	4,499,537	96.53%	61,208	4,560,745	97.85%
2005-06	4,323,550	4,133,562	95.61%	46,584	4,180,146	96.68%
2004-05	3,929,458	3,844,104	97.83%	41,080	3,885,184	98.87%
2003-04	3,501,754	3,437,180	98.16%	46,924	3,484,104	99.50%
2002-03	3,236,257	3,154,950	97.49%	46,878	3,201,828	98.94%
2001-02	2,930,982	2,874,785	98.08%	40,644	2,915,429	99.47%



Notes:
(1) Total tax levy includes secured, supplemental, unsecured and redevelopment agency tax increment.
(2) Total tax collections are reported net of refunds and impounds.
(3) Total collections to date include collections of current year taxes and collections of delinquent taxes from prior years. The percentage of levy represents the ratio of total collections to date to the taxes levied for that fiscal year.

The County began reporting property tax levies and collections when it implemented GASB Statement No. 34 in FY 2001-02.

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt [1] by Type
Last Nine Fiscal Years (in Thousands except Per Capita)
(Accrual Basis of Accounting)

	Governmental Activities						
Fiscal Year	Refunding Recovery Bonds	Redevelopment Bonds	Certificates of Participation	Pension Obligation Bonds	Teeter Plan Revenue Bonds	Lease Revenue Bonds	Capital Lease Obligations [2]
2009-10	$ 81,619	$ 49,729	$ 4,758	$ 59,331	$ --	$ 309,517	$ 80,114
2008-09	95,206	52,306	5,502	69,711	--	365,850	84,952
2007-08	108,175	54,750	6,306	72,728	123,725	420,668	90,769
2006-07	120,019	57,122	7,165	89,891	123,725	470,616	93,533
2005-06	131,420	58,994	8,092	99,714	123,725	486,020	101,546
2004-05	210,705	60,825	589,909	111,772	123,725	75,895	106,189
2003-04	225,870	62,955	619,394	116,772	123,725	80,862	71,712
2002-03	240,110	75,107	647,409	120,772	123,725	87,298	58,233
2001-02	247,455	76,997	673,934	134,612	124,425	93,982	59,398

Ratios of Outstanding Debt [1] by Type
Last Nine Fiscal Years (in Thousands except Per Capita)
(Accrual Basis of Accounting)

Business-Type Activities				
Airport Revenue Bonds	Waste Management System Revenue Bonds	Total Primary Government	Percentage of Personal Income [3]	Per Capita [3]
$ 264,099	$ 25,738	$ 874,905	0.57%	$ 279
33,502	31,144	738,173	0.48%	237
89,897	36,177	1,003,195	0.65%	324
101,925	40,881	1,104,877	0.77%	360
113,156	45,272	1,167,939	0.88%	383
123,544	49,386	1,451,950	1.16%	481
133,051	53,232	1,487,573	1.26%	499
140,129	56,883	1,549,666	1.39%	527
163,665	60,395	1,634,863	1.50%	566

Notes:
(1) Details regarding the County's outstanding debt can be found in Note 11, Long-Term Obligations.
(2) Capital lease obligations arise from lease agreements which are in-substance like purchases. The agreements convey property rights to the lessee and the lessee assumes substantially all of the risks and benefits of ownership.
(3) See demographic and economic statistics schedule for personal income and population data. The personal income ratio and the debt per capita amounts are calculated using personal income and population for the prior fiscal year.

The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

Source: Auditor-Controller, County of Orange

Ratio of Net General Debt [1] Outstanding
Last Nine Fiscal Years (in Thousands except Per Capita)
(Accrual Basis of Accounting)

	General Debt Outstanding					
Fiscal Year	Refunding Recovery Bonds	Pension Obligation Bonds	Reserve for Debt Payments	Total (Excess)/ Under	Percentage of Assessed Value	Per Capita [2]
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%	31
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%	27
2002-03	240,110	120,772	337,697	23,185	0.01%	8
2001-02	247,455	134,612	315,459	66,608	0.03%	23

Notes: (1) Details regarding the County's outstanding debt can be found in Note 11, Long-Term Obligations.
(2) See demographic and economic statistics schedule for population data. The debt per capita amount is calculated using the population for the prior fiscal year.

The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

Source: Auditor-Controller, County of Orange

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
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%
2002-03	265,813,871	3,322,673	--	3,322,673	0%
2001-02	245,141,005	3,064,263	--	3,064,263	0%
2000-01	224,368,131	2,804,602	--	2,804,602	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
Last Nine Fiscal Years

Redevelopment Agency Bonds

Funding Source: Property Tax Increment and Interest Earnings

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009-10	$ 32,632	$ 20,418	$ 12,214	$ 2,620	$ 2,513	2.38
2008-09	37,050	13,437	23,613	2,535	2,609	4.59
2007-08	34,687	11,252	23,435	2,450	2,694	4.56
2006-07	27,643	11,196	16,447	1,965	3,196	3.19
2005-06	27,925	12,340	15,585	1,939	3,224	3.02
2004-05	24,776	10,366	14,410	2,257	3,246	2.62
2003-04	22,208	5,692	16,516	12,200	3,218	1.07
2002-03	19,832	8,436	11,396	1,935	4,284	1.83
2001-02	18,262	4,598	13,664	1,105	3,910	2.72

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
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
2002-03	3,741	--	3,741	4,485	548	0.74
2001-02	10,610	2	10,608	3,065	3,286	1.67

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
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
2002-03	9,988	--	9,988	4,550	4,369	1.12
2001-02	--	--	--	--	--	--

Orange County Special Financing Authority

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
2009-10	$ --	$ --	$ --	$ --	$ --	--
2008-09	119,231	25,934	93,297	123,725	1,936	0.74
2007-08	20,038	10,779	9,259	--	4,751	1.95
2006-07	13,904	6,667	7,237	--	4,416	1.64
2005-06	11,878	9,470	2,408	--	3,514	0.69
2004-05	9,699	6,163	3,536	--	2,128	1.66
2003-04	9,739	8,978	761	--	1,173	0.65
2002-03	12,465	10,785	1,680	700	1,489	0.77
2001-02	--	--	--	--	--	--

Airport Revenue Bonds

Funding Source: Rents and Concessions, Other Charges for Services, Interest Earnings, Miscellaneous Revenue, and Passenger Facility Charge Revenue

Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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
2002-03	86,304	64,390	21,914	10,360	9,736	1.09
2001-02	81,172	59,102	22,070	9,680	10,290	1.11

Waste Management Revenue Bonds

Funding Source: Sanitation Services and Interest Earnings

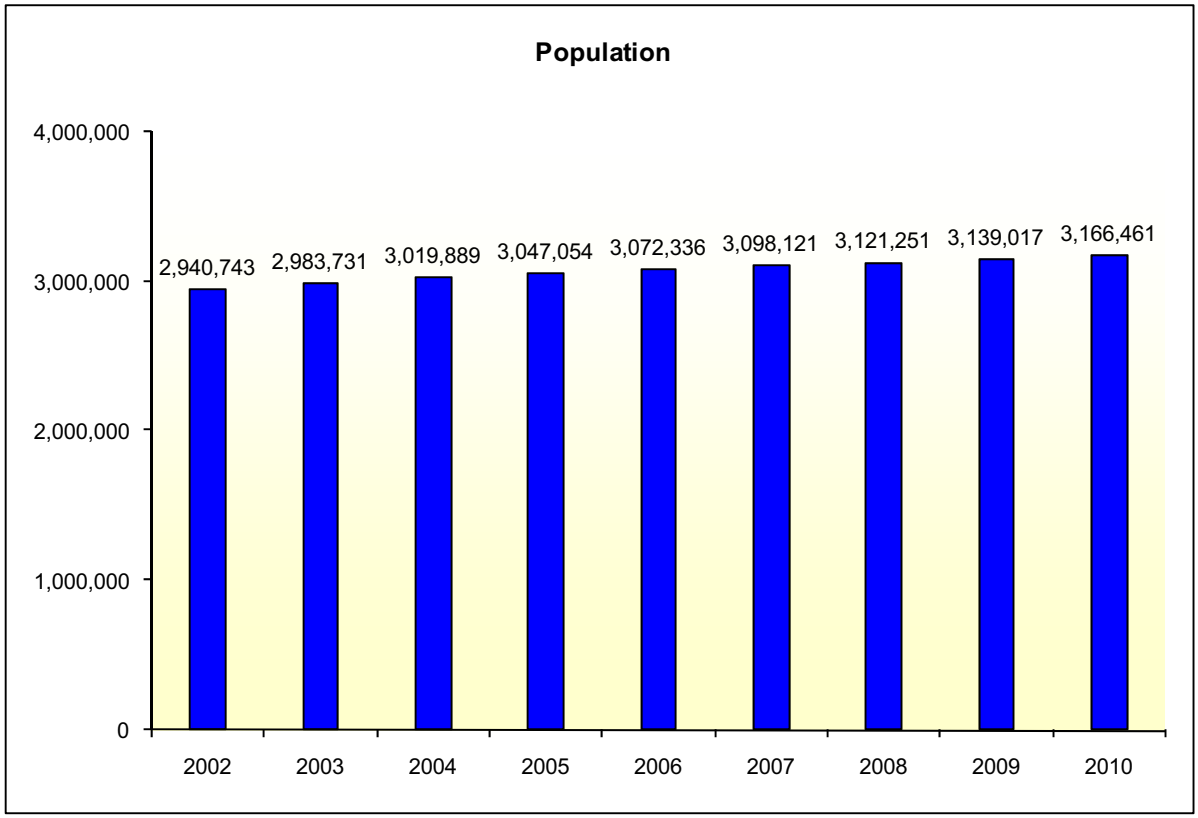
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009-10	$ 88,283	$ 64,524	$ 23,759	$ 5,620	$ 1,527	3.32
2008-09	105,832	59,167	46,665	5,310	1,818	6.55
2007-08	120,309	82,884	37,425	5,030	2,176	5.19
2006-07	136,543	83,278	53,265	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
2002-03	115,766	75,127	40,639	3,905	3,674	5.36
2001-02	115,873	68,035	47,838	3,730	3,853	6.31

Note: The County began reporting pledged revenue information when it implemented GASB Statement No. 34 in FY 2001-02. 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.

Source: Auditor-Controller, County of Orange

Demographic and Economic Statistics
Last Nine 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]
2010	3,166,461	155,181,900	49,008	N/A	502,275	9.6%
2009	3,139,017	152,417,500	48,556	36.9	504,136	9.6%
2008	3,121,251	155,118,400	49,698	36.1	503,225	5.7%
2007	3,098,121	153,838,700	49,655	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%
2003	2,983,731	117,722,484	39,745	34.5	512,105	4.8%
2002	2,940,743	111,750,294	38,109	33.7	503,351	5.0%



N/A means Not Available

Note: The County began reporting demographic and economic statistics when it implemented GASB Statement No. 34 in FY 2001-02.

Sources:
(1) California Department of Finance, Demographic Research Unit, http://www.dof.ca.gov
(2) For years prior to 2007, the source is the U.S Department of Commerce, Bureau of Economic Analysis, http://www.bea.gov. For 2007, 2008, 2009 and 2010 the source for personal income is from the Chapman University Economic & Business Review Volume 28 Number 2, June 2010. Personal income in 2010 is an estimate. In addition, per capita personal income for 2007, 2008, 2009 and 2010 was calculated by dividing personal income by the population.
(3) U.S Census Bureau, American Community Survey, http://www.census.gov
(4) California Department of Education, http://www.cde.ca.gov
(5) State of California, Employment Development Department, http://www.edd.ca.gov/

Principal Employers
Last Year and Nine Years Ago

2009

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Company	20,000	1	1.25%
County of Orange	18,668	2	1.17%
University of California, Irvine	17,500	3	1.10%
St. Joseph Health System	10,656	4	0.67%
Boeing Co.	8,100	5	0.51%
Yum! Brands Incorporated	7,000	6	0.44%
Target Corporation	6,100	7	0.38%
Supervalu Inc.	6,082	8	0.38%
California State University Fullerton	5,768	9	0.36%
Bank of America Corporation	5,500	10	0.35%

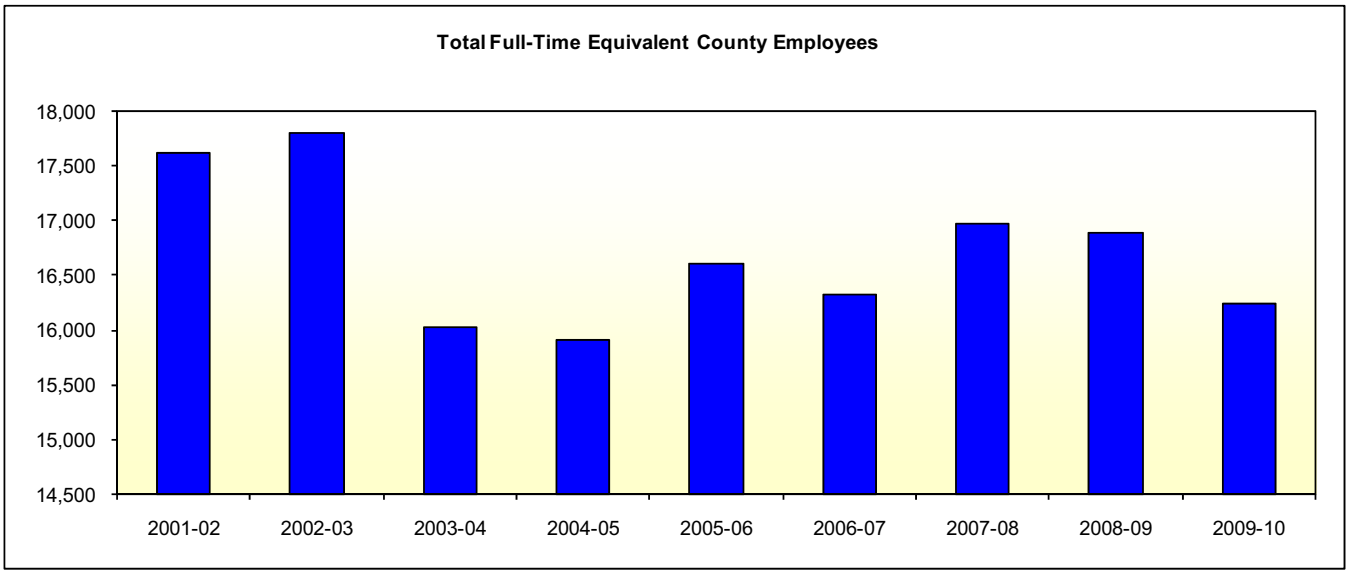
2001

Employer	Number of Employees	Rank	Percentage of Total County Employment
County of Orange	16,408	1	1.08%
Boeing Co.	10,300	2	0.68%
University of California, Irvine	10,000	3	0.66%
Verizon Wireless	9,000	4	0.59%
Walt Disney Company	8,500	5	0.56%
Pinkerton Security	3,800	6	0.25%
Knott's Berry Farm	3,500	7	0.23%
Pacificare of California	3,500	8	0.23%
Hoag Memorial Hospital	3,200	9	0.21%
Ingram Micro Inc.	3,000	10	0.20%

Source: Orange County Business Journal, Book of Lists, 2009 and Orange County CEO Budget Office

Full-time Equivalent County Employees by Function
Last Nine Fiscal Years

Function/Program	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
General Government	1,346	1,383	1,377	1,334	1,384	1,342	1,335	1,317	1,303
Public Protection	6,879	7,298	7,226	6,943	7,068	6,786	6,941 (1)	8,667	8,561
Public Ways and Facilities	585	622	621	579	598	544	532	500	481
Health and Sanitation	2,346	2,507	2,550	2,441	2,478	2,424	2,458	2,407	2,424
Public Assistance	4,023	4,000	4,123	3,992	4,029	3,787	3,728	3,946	3,909
Education	325	350	360	351	359	344	349	345	328
Recreation and Cultural Services	285	277	264	257	265	279	277	259	254
Airport	169	168	161	157	150	136	136	129	123
Waste Management	267	272	270	258	263	259	256	226	224
Orange County Children and Families Commission	16	17	17	16	15	12	12	10	7
Total Full-time Equivalent Employees (2)	16,241	16,894	16,969	16,328	16,609	15,913	16,024	17,806	17,614



Notes: (1) In FY 2003-04, the State of California assumed control of Superior Court.
(2) A full-time equivalent employee is calculated by dividing total labor hours by the total of hours (2080) in a fiscal year.

The County began reporting the full-time equivalent county employees by function when it implemented GASB Statement No. 34 in FY 2001-02.

Source: County Executive Office, County of Orange

Operating Indicators by Function/Program
Last Six Fiscal Years

Function/Program	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
General Government						
Auditor-Controller						
Property Tax Bills Prepared	1,144,933	1,148,720	1,149,007	1,164,584	1,155,562	1,136,302
Assessor						
Number of Real Property Valued	897,547	888,770	881,233	872,439	859,112	845,293
Number of Unsecured Property Assessed	168,208	169,821	176,584	171,542	168,342	165,814
New Parcels Created and Mapped	9,413	9,185	10,252	14,760	13,800	14,646
New Construction Events	13,172	16,565	19,380	19,991	16,730	18,919
County Executive Office						
Volunteer Program Service Hours	882,680	839,125	675,285	923,689	1,021,153	995,739
Clerk-Recorder						
Marriage Licenses Issued	20,292	21,339	20,894	21,088	21,198	27,000
Copies of Birth Certificates Issued	87,999	98,231	117,226	120,817	99,792	130,000
Property-Related Document Recordings	669,332	629,373	658,005	849,739	979,733	1,400,000
Treasurer-Tax Collector						
Orange County Investment Pool Return	$ 35,656,277	$ 67,241,720	$141,824,456	$167,106,896	$119,560,608	$ 66,375,267
Orange County Educational Investment Pool Return	$ 35,449,102	$ 61,318,814	$131,796,036	$150,134,812	$106,373,702	$ 56,258,941
Registrar of Voters						
Registered Voters	1,603,312	1,607,989	1,566,951	1,497,397	1,491,009	1,495,824
Highest Number of Ballots Cast	482,708	1,167,657	748,910	756,348	653,077	1,094,405
Elections Conducted	5	4	5	3	8	4
Public Protection						
Sheriff-Coroner						
Patrolled Cities Population	584,947	581,109	575,909	571,648	571,456	566,650
Patrolled Unincorporated Areas Population	120,088	119,480	118,136	120,174	118,664	112,800
Number of Bookings to Orange County Jail System	58,322	61,778	64,596	66,869	67,062	64,847
Average Daily Jail Head Count	5,171	6,090	6,183	6,571	6,517	6,054
District Attorney						
Defendants Prosecuted - Adult	64,969	70,058	69,507	74,010	71,094	67,756
Defendants Prosecuted - Juvenile	6,894	7,740	9,076	8,763	7,670	7,470
Probation						
Physical Arrests - Adult	1,822	1,725	2,470	3,000	3,052	2,191
Physical Arrests - Juvenile	685	595	1,051	1,363	1,421	1,343
Public Defender						
Cases Appointed Annually	76,191	83,029	79,052	83,299	79,785	77,578
Recreation						
OC Community Resources						
Exotic Invasive Plant Removal (acres)	61	1,475	*	30	15	24
Native Vegetation Restoration (acres)	82	144	*	13	0.5	*
New Open Space Management (acres)	--	--	250	--	--	1,004
Dana Point Harbor						
Slip and Dry Storage Tenants	2,750	2,836	2,932	2,932	2,932	*
Boat Launches	18,759	19,903	22,247	22,159	19,719	*
Sailing and Event Center Participants	83,738	66,163	54,371	54,539	54,496	*
Ocean Institute Students	125,060	126,957	116,218	149,220	136,926	*
Hotel Guests	25,252	28,650	26,940	29,580	28,366	*
Catalina Express Passengers	106,305	111,648	114,000	114,708	114,567	*
Special Events at the Harbor	16	16	16	16	16	*

Operating Indicators by Function/Program
Last Six Fiscal Years

Function/Program	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Public Ways and Facilities						
OC Public Works (OCPW)						
Building and Home Inspections	11,222	24,731	31,363	32,365	38,945	57,563
Health and Sanitation						
OC Community Resources						
Animal Licenses	176,123	158,202	155,875	166,137	167,340	157,921
Health Care Agency						
911 Emergency Medical Services Responses	158,863	160,369	150,545	147,067	141,850	141,284
Retail Food Facility Inspections Conducted	36,445	33,146	33,451	31,475	31,216	28,433
Hazardous Waste Inspections Conducted	6,600	5,847	6,194	6,223	6,122	6,294
Number of Home Visits by Public Health Nurses	30,091	29,505	30,447	38,245	42,646	35,600
Number of Low Income Children Dental Health Services	1,520	979	660	1,055	993	1,142
Number of Ocean Water Days of Closure (In Beach-Miles)	20	26	11	3	19	79
Public Assistance						
OC Community Resources						
Adult Day Care Hours of Service	92,964	101,732	89,584	76,005	85,116	79,035
Elderly Nutrition Program Meals Delivered	1,796,596	1,725,058	1,736,877	1,606,272	1,665,392	1,667,021
One-Way Transportation Trips Provided to Seniors	213,832	233,382	225,783	242,415	226,689	213,998
Social Service Agency						
Average Medi-Cal Recipients	376,101	343,222	326,506	317,771	316,949	300,934
Average Monthly Child Abuse Hotline Calls	3,165	3,242	3,427	3,049	2,782	2,909
Average Monthly Food Stamp Recipients	150,141	109,491	88,284	82,132	79,487	79,931
Average Monthly In-Home Supportive Services	17,595	16,364	14,425	12,765	11,877	11,063
Average Persons Receiving Cash Assistance	53,214	44,115	38,840	38,790	40,886	44,008
Average Children in Foster Care/Relative Care	2,336	2,466	2,797	2,692	2,531	2,741
Average Elder and Adult Abuse Unduplicated Reports Received	598	531	549	509	444	449
Education						
Library						
Total Volumes Borrowed at Library Branches	7,629,378	7,314,615	6,908,477	6,767,502	6,919,627	6,913,954
Airport						
Passengers	8,812,169	8,552,590	9,566,043	9,910,016	9,600,753	9,530,981
Air Cargo Tonnage	14,870	15,197	21,084	22,853	24,246	23,162
Takeoffs & Landings	213,404	215,585	319,791	343,572	348,993	349,936
Waste Management						
Solid Waste Tonnage	3,502,715	3,876,902	4,207,649	4,706,367	5,063,988	5,124,842
Gallons of Leachate and Impacted Ground Water Collected	3,390,965	3,441,343	3,766,898	3,695,743	3,922,890	3,713,480

* Means Not Available
Source: County Departments

Capital Assets Statistics by Function
Last Six Fiscal Years

Function/Program	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
General Government						
Auditor-Controller						
Hall of Finance and Records	1	1	1	1	1	1
Clerk-Recorder						
OC Archives Building	1	1	1	0	0	0
Registrar of Voters						
Vote by Mail Processing System	4	4	3	3	2	2
Trailer	1	1	1	1	1	1
Vehicle/Truck	3	3	3	2	2	0
Public Protection						
Probation Department						
Juvenile Institutions	5	5	6	6	5	5
District Attorney						
Justice Center Offices	5	5	6	6	6	6
Sheriff-Coroner						
Crime/Forensic Lab	1	1	1	1	1	1
Jail Facilities	3	3	3	3	3	3
Vehicles	844	859	855	777	646	624
Buses	13	13	12	14	16	14
Helicopters	2	2	2	3	3	3
Boats	5	5	5	3	3	3
Robot Andros	3	3	3	3	2	1
Haz-mat Vehicles	4	4	4	4	4	4
K-9 units	14	14	13	12	20	20
Public Assistance						
Social Service Agency						
Vehicles	8	7	8	7	7	7
Office Locations	20	21	27	27	30	30
Parks and Recreation						
OC Community Resources						
Park Land (acres)	57,263	39,490	32,000	32,000	32,000	32,000
Open Land (acres)	*	6,688	7,000	7,000	7,000	7,000
Recreational Trails (in miles)	292	300	300	300	300	300
Zoo	1	1	1	1	1	1
Urban Regional Parks	12	12	12	12	12	12
Wilderness Parks	5	5	5	5	5	5
Nature Preserves	4	3	3	3	3	3
Harbors	2	2	2	2	2	2
Beaches	9	9	9	9	9	9
Historical Sites	7	7	7	7	7	7
Boats	14	14	15	9	17	17
Tractors	18	17	9	16	9	8
Trailers	20	17	15	21	15	14
Vehicles/Trucks	208	176	165	135	119	119
Dana Point Harbor						
Harbor	1	1	1	1	1	1
Marinas	2	2	2	2	2	2
Public Parking Areas	9	9	9	9	9	*

Capital Assets Statistics by Function
Last Six Fiscal Years

Function/Program	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Parks and Recreation (Continued)						
Dana Point Harbor (Continued)						
Beaches	1	1	1	1	1	1
Access Points to Ocean	6	6	6	6	6	*
Hotel	1	1	1	1	1	1
Ocean Education Center	1	1	1	1	1	1
Sailing and Events Center	1	1	1	1	1	1
Shops	25	26	26	26	26	*
Restaurants	16	15	15	15	15	*
Fuel Dock	1	1	1	1	1	1
Shipyard	1	1	1	1	1	*
Boater Service Buildings	15	15	15	15	15	*
Public Ways and Facilities						
OC Public Works						
Hall of Administration	1	1	1	1	1	1
Data Center	1	1	1	1	1	1
Alternate Fuel Vehicles	59	59	59	50	31	40
Vehicles/Trucks	50	47	47	48	34	21
OC Flood Control District						
Watersheds	11	11	11	13	13	13
Dams	3	3	3	3	3	3
Dump Trucks	13	13	14	14	14	13
Tractors	19	19	20	20	19	19
Trailers	14	14	13	13	13	12
Vehicles/Trucks	122	166	162	154	150	145
Roads						
Street Miles	320	320	320	317	312	311
Dump Trucks	1	8	8	8	8	8
Tractors	3	12	13	13	11	9
Trailers	11	14	14	14	12	10
Vehicles/Trucks	144	158	157	143	138	130
Education						
Library Branches	33	33	33	32	32	32
Library Headquarters	1	1	1	1	1	1
Health						
Public Health Services						
Public Health Laboratory	1	1	1	1	1	1
Water Quality Laboratory	1	1	1	1	1	1
Public Health Clinics	1	1	11	11	15	15
Trailers	1	2	2	2	*	*
Behavioral Health Services						
Behavioral Health Clinics	1	1	32	20	*	*
Vehicles/Trucks	15	14	20	20	*	*
Trailers	1	1	1	1	*	*
Regulatory Health Services						
Vehicles/Trucks	5	7	45	45	*	*
Haz-mat Truck	1	1	1	1	*	*
Medical and Institutional Health Services						
Clinics	--	--	6	6	*	*
Health Disaster Management						
Vehicles/Trucks	5	3	2	2	*	*
Trailers	24	22	21	21	*	*
Forklifts	1	2	1	1	*	*

Capital Assets Statistics by Function
Last Six Fiscal Years

Function/Program	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Health (Continued)						
OC Communtiy Resources						
Animal Care Center	1	1	1	1	1	1
Trailers	3	3	2	2	*	*
Airport						
Acres	501	501	501	501	501	501
Runways	2	2	2	2	2	2
Public Parking Structures/Lots	5	5	5	5	5	5
Terminals	1	1	1	1	1	1
Fire Trucks	4	4	4	4	4	4
Waste Management						
Active Landfills	3	3	3	3	3	3
Inactive Landfills	2	2	2	2	2	2
Household Hazardous Waste Collection Centers	4	4	4	4	4	4
Dozers	10	10	10	12	15	17
Dump Trucks	14	14	14	14	4	4
Loaders	21	21	21	21	12	15
Scrapers	13	13	15	15	10	10
Tractors	29	28	27	26	34	28
Graders	3	6	5	5	5	5
Compactors	5	5	6	5	8	10
Water/Fuel Trucks	12	13	12	12	12	13

* Means Not Available
Source: County Departments

AUDITOR-CONTROLLER
COUNTY OF ORANGE
12 CIVIC CENTER PLAZA
SANTA ANA, CA 92702