



County of Orange

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



David E. Sundstrom, CPA
Auditor-Controller

Laguna Coast Wilderness Park

This year's cover portrays Laguna Coast Wilderness Park, which is situated in the San Joaquin Hills, between the cities of Irvine, Laguna Beach, Laguna Hills, and Newport Beach. Laguna Coast Wilderness Park lies within some of the last remaining coastal canyons in Southern California. The park ecosystem is primarily coastal sage scrub, with maritime chaparral, oak woodlands, riparian habitats, and the only natural lakes in Orange County. The park is also enrolled in the Natural Community Conservation Planning program designed to protect various endangered species (California Gnatcatcher, Cactus Wren, Orange-Throated Whiptail) by preserving large tracts of the rapidly diminishing coastal sage ecosystem.

Laguna Coast Wilderness Park's 6,500 acres (property is owned by The City of Laguna Beach, The County of Orange, and the California Department of Fish & Game) are part of the South Coast Wilderness area, comprised of Aliso and Wood Canyons Wilderness Park, Crystal Cove State Park, The City of Irvine Open Space and Irvine Ranch Land Reserve, and Laguna Coast (about 18,000 acres).

New to the park is the James and Rosemary Nix Nature Center which provides visitors with the opportunity to view award-winning interior exhibits highlighting the landscape through interactive displays. By focusing on different views and perspectives of the local landscape, the interior exhibits at Nix Nature Center received first-place honors in the National Association for Interpretation's 2007 Interpretive Media Awards Competition.

In addition to the Nix Nature Center, Laguna Coast Wilderness Park offers an array of recreational activities for everyone to enjoy including horse-back riding, trail running, and bicycling. Following are some of the other amenities, activities, and features this one-of-a-kind wilderness park has to offer its visitors:

- Park volunteers host many events throughout the year such as fitness, geology, birding, native plant, sunset, and full moon hikes, as well as strenuous mountain bike rides.
- Various park amenities include a botanical preserve, interpretive center and interpretive programs, along with bicycling, hiking, and equestrian trails.
- The park is home to the James Dilley, Willow Canyon, and Big Bend Staging Areas.

For more information about Laguna Coast Wilderness Park, please visit <http://www.ocparks.com/lagunacoast/> or contact the park office at (949) 923-2235. The park is located at 18751 Laguna Canyon Road, Laguna Beach, CA 92651 and is open daily from 8 a.m. to 4 p.m.

Acknowledgments:

Information courtesy of Orange County (OC) Parks.

Photography courtesy of:

Andrew Castellano, Laguna Canyon Foundation: Oak over Trail and Monkey Flower

Wida Karim, OC Parks: Nix Nature Center Close up of Rocks and Caves

Patricia Manassian, Laguna Canyon Foundation: Lupine and California Poppies

Don Millar, Laguna Canyon Foundation: Johnny Jump Up

Barbara Norton, OC Parks: Lake and Laurel Waterfall

County of Orange

State of California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2009



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*Cholla Blooming—Laguna Coast Wilderness Park
Photo Courtesy of Laguna Canyon Foundation*



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December 16, 2009

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, 2009, 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, 2009, 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, 2009. The independent auditor's report is located at the front of the financial section of this report.

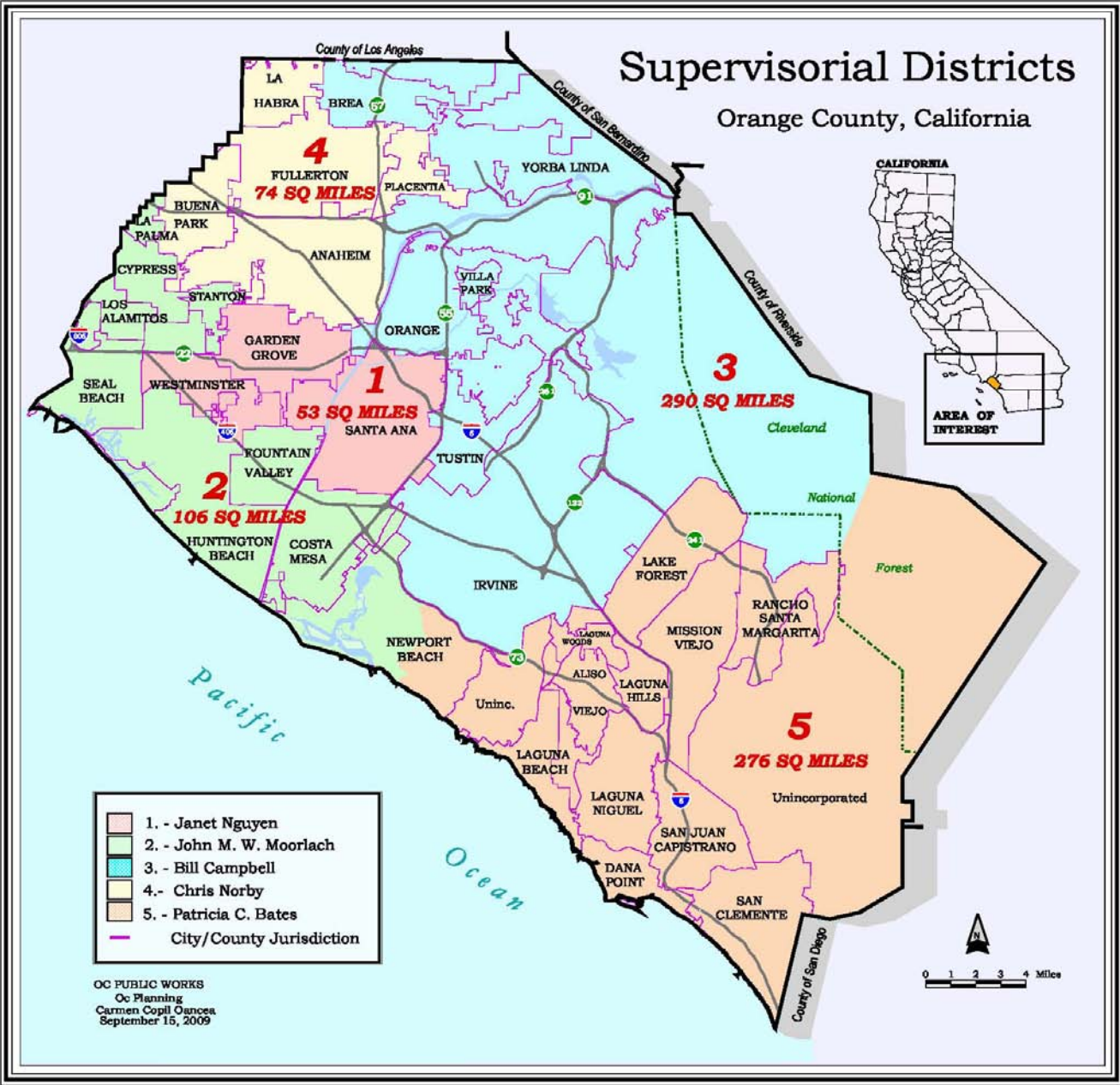
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and an analysis of the basic financial statements.

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		Unincorporated Area Services	
Affordable Housing (Housing Authority)	Indigent Medical Services	Animal Care & Control	Libraries
Agricultural Commissioner	Jails & Juvenile Facilities	Flood Control	Parks
Airport	Juvenile Justice Commission	Land Use	Water Disposal Collection
Child Protection & Social Services	Landfills & Solid Waste Disposal	Law Enforcement	
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		

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

Source: County of Orange Facts and Figures, 2009

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, 2009: 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-agency 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 portal at <http://www.ocgov.com> provides extensive information about County government and its services to the citizens of Orange County and others who visit our web pages. During Fiscal Year (FY) 2008-09, over 7 million visits were made to the Orange County web site and those visitors viewed over 22 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, 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, including 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 downturn 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).

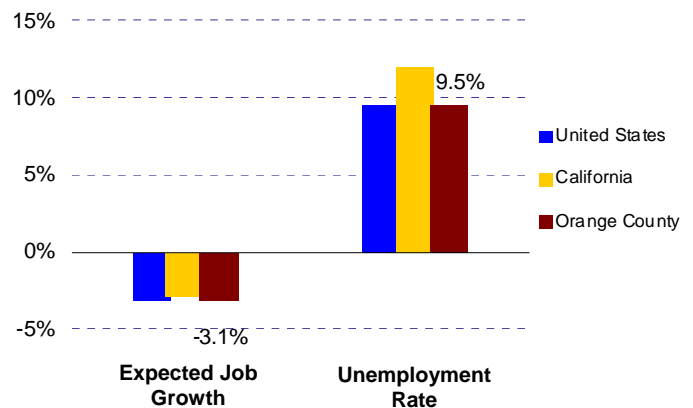
According to Chapman University, Orange County's job growth is expected to decrease by 3.1% in 2009 and result in approximately 45,740 fewer jobs relative to 2008. This compares to decreases of (2.9%) for the State of California and (3.2%) at the national level.

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 2009. (see Table 2).

Table 1 : Unemployment Rate Comparison

Primary Government Entity	September 2009 Unemployment Rate
United States	9.5%
California	12.0%
Los Angeles County	12.6%
Orange County	9.5%
Riverside County	14.9%
San Bernardino County	13.8%
San Diego County	10.4%

Unemployment and Expected Job Growth Rates



*Sources: State of California, Employment Development Department
Economic & Business Review, Chapman University, June 2009*

Table 2: 2009 – Projected Increase of the CPI

United States	California	Orange County
1.0%	1.1%	1.0%

Orange County's Housing and Urban Development median family income is expected to be \$86,100 (absolute dollars) in 2009, up from \$84,100 (absolute dollars) in 2008. 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 \$427,750 (absolute dollars) in August 2009, representing a 2.8% decrease relative to August 2008. This decrease in Orange County is 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).

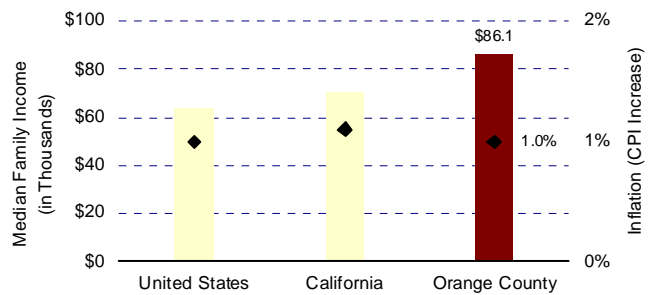
For the future, Chapman University is projecting that while housing values will continue to decline, housing affordability (compared to other parts of the country) will remain low.

In terms of internal trends, current and projected indicators suggest that the Orange County economy will decline throughout 2009. Historical point-in-time unemployment rates in Orange County during the month of August show a steady increase since 2006.

Table 3: Median Family Income Comparison

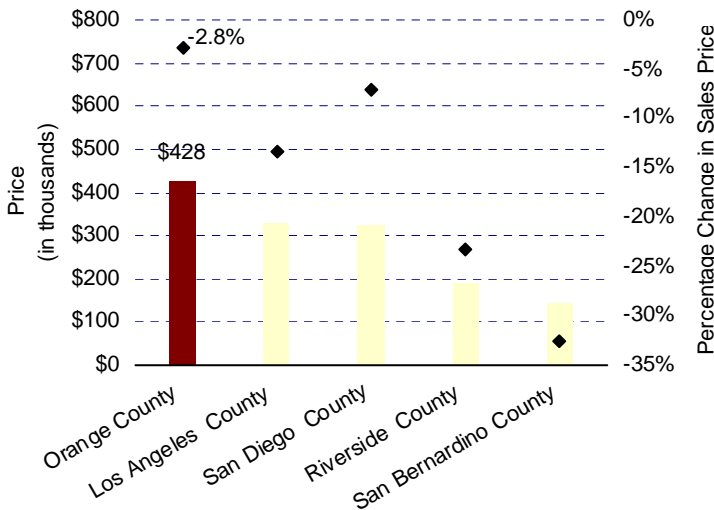
Primary Government Entity	Median Family Income (absolute dollars)
United States	\$64,000
California	\$70,400
Los Angeles County	\$62,100
Orange County	\$86,100
Riverside County	\$64,500
San Diego County	\$74,900

Comparisons of Inflation and Median Family Income



Sources: Economic & Business Review, Chapman University, June 2009
 U.S. Department of Housing and Urban Development, 2009

Comparison of Median Home Sales Price and Price Changes Among Counties



Source: DataQuick Information Systems, October 2009

Table 4: Median Home Sales Price Comparison – Southern California Counties – August 2009

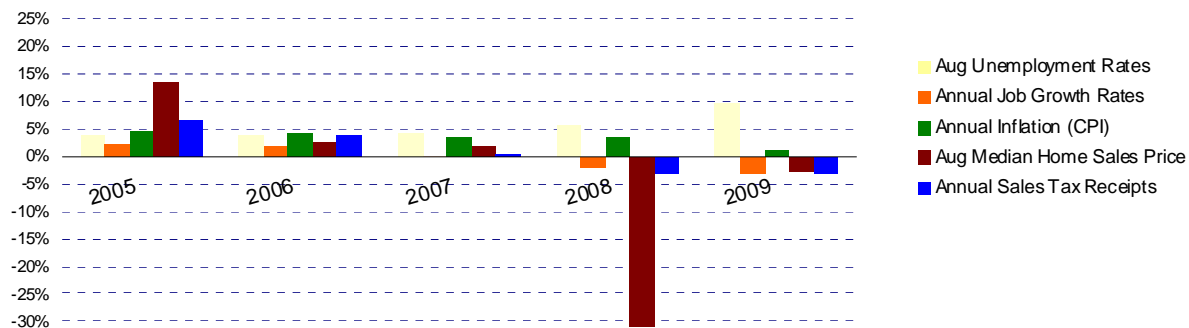
Primary Government Entity	Median Home Sales Price Change Increase/(Decrease)	Median Home Sales Price (absolute dollars)
Los Angeles County	(13.3%)	\$329,500
Orange County	(2.8%)	\$427,750
Riverside County	(23.2%)	\$190,000
San Bernardino County	(32.6%)	\$145,000
San Diego County	(7.1%)	\$325,000

Table 5 shows various internal indicators reflecting the slowing of Orange County's economy. First, job growth has decreased since 2005. Second, year-to-year home sales prices have continued to decrease for several years. Third, changes in taxable sales in Orange County have continually declined since 2005.

Table 5: Orange County Historical Data

Historical Indicators	2005	2006	2007	2008	2009
Aug Unemployment Rates	3.8%	3.6%	4.2%	5.8%	9.6%
Annual Job Growth	2.3%	1.9%	(0.2%)	(2.0%)	(3.1%)
Annual CPI Inflation	4.5%	4.3%	3.3%	3.5%	1.0%
Aug Median Home Sales Price increase	13.6%	2.6%	1.9%	(31.5%)	(2.8%)
Annual Change in Sales Tax Receipts	6.5%	3.9%	0.2%	(3.0%)	(3.1%)

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 2009
DataQuick Information Systems, September 2009
Auditor-Controller, County of Orange

In summary, economic growth in Orange County continues to show signs of slowing down. Projected trends suggest a continuing pattern.

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 2009 Strategic Financial Plan (SFP) on December 15, 2009. The 2009 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 2009-10 quarterly budget reporting process and the adoption of the FY 2010-11 Budget. The five-year SFP projections indicate that General Purpose Revenue growth will continue to remain relatively flat in the first year of the plan and will grow at a much slower rate than predicted in prior years SFPs, including 2008. The continued flux in the economy, coupled with continued wariness of consumer confidence will continue to impact recovery at least into the next fiscal year and possibly into FY 2011-12. As such, operations cannot be maintained at past levels, and the Departments and the County Executive Office will collaboratively monitor programs and financial operations on an ongoing basis to ensure that the County continues to provide outstanding, cost-effective regional public services.

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 2009 SFP reflects a 6% reduction in FY 2010-11 Net County Cost limits.
- Action was taken in the FY 2009-10 First Quarter Budget Report to apply year-end Fund Balance Available toward projected current year General Fund revenue shortfalls in order to balance the budget.
- Actions to delete vacant positions and a hard hiring freeze were implemented.
- Departments continue to monitor the State budget for additional impact and take action when quantifiable.
- Capital project and information technology projects were identified for elimination or deferral.
- Equipment and capital asset purchases are being deferred where appropriate.

Santa Ana River Mainstem Project: The Santa Ana River Mainstem Project (SARP) 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 SARP. Construction for the SARP was authorized by the Water Resources Development Act of 1986. Construction for the SARP was initiated in 1989, and completion is scheduled for 2015.

The SARP 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 SARP is available in Note 15, Construction and Other Significant Commitments. To learn more about the SARP, 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 December 12, 2006, the Board approved a "Letter of Intent" between the Superior Court of California, County of Orange, and State AOC relating to the Funding and Expansion of the South Justice Center in Laguna Niguel, California and directed County staff to work with the Superior Court of California and the State AOC to develop the Transaction Documents. On November 12, 2008, the Superior Court advised the County that the project will be officially declared "on hold." In the course of negotiations related to the transfer of all of the court facilities, the County, the State AOC, and the Superior Court determined that the former court facility located at 30143 Crown Valley Parkway, Laguna Niguel, California, commonly referred to as the "South Justice Center" will not transfer and will remain the property and responsibility of the County. The County agreed to transfer the Civil Complex Center (CXC) or former Federal modular county facility in exchange for the South Justice Center, Laguna Niguel court facility.

The August 2005 refunding of the 1996 Recovery Certificates of Participation allowed the County to unencumber (release) all court properties from this particular refunding debt. The Betty Lou Lamoreaux Justice Center continues

to be encumbered by the Orange County Public Financing Authority, Juvenile Justice Center Facility Lease Revenue Refunding Bonds, Series 2002 and is the only remaining court facility with bonded indebtedness.

On July 28, 2009, the Board approved an agreement with the AOC to transfer the Harbor Court facility. On October 20, 2009, the Board approved an agreement with the 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 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 AOC to transfer the Lamoreaux Court facilities located in Orange. On December 8, 2009, the Board approved an agreement with the AOC to transfer the Central Court, the CXC and the Community Court facilities located in Santa Ana. These actions will complete the Court Transfer process required by State legislation.

OC Dana Point Harbor Revitalization Plan: On October 9, 2009, the Coastal Commission approved the Dana Point Harbor Revitalization Plan, which includes long awaited revitalization improvements in Dana Point Harbor. The next steps for the Harbor Revitalization Plan involve various phases for projects on both the waterside and landside. The County will prepare specific projects for coastal development permits within each specific planning area as appropriate. All of these projects will be based on the policies contained within the new Local Coastal Program approved by the Coastal Commission.

The total revitalization cost is estimated at \$168,000, including waterside improvements of \$85,000 and landside improvements of \$83,000. Waterside improvements would be funded by the State Department of Boat and Waterways (DBW) loan of up to \$60,000. The landside improvements would be funded by bond proceeds up to \$55,000; the balance needed to complete the financing of the improvements will be accumulated from the OC Dana Point Harbor cash flow (i.e., pay-as-you-go). Bond proceeds are projected to be received in FY 2011-12. OC Dana Point Harbor and County Executive Office Public Finance staff is expected to present the initial financial plan to the Public Facilities Advisory Committee and the Board.

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 <http://www.ocgov.com/finance/financereports.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	<p>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 2008-09, the target amount for the reserve was \$61,300. The current balance is \$61,300.</p> <p>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.</p>
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 five Ex-Officio members: the Chairman and Vice-Chairman of the Board, the elected Auditor-Controller, the County Executive Officer, the elected Treasurer-Tax Collector (non-voting), and one public member from the private sector appointed 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. 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

The crisis in the financial markets in 2008 resulted in major bank failures, massive federal intervention in the form of financial support and guarantees to the banking, auto, and insurance industries. 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. The direct impact on the County’s debt portfolio has been limited to periods of higher interest costs on variable rate debt issues, and lower interest earnings on some debt service reserve accounts due to termination of downgraded Guaranteed Investment Contract providers. The County’s own ratings were not affected. In June 2009, the County received the best available short-term ratings (MIG 1 by Moody’s, and SP-1+ by S&P) for its 2009-10 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 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 2002 imposed stricter, more detailed, requirements than previous municipal stormwater permits. The permittees are required to review new development plans and inspect projects to ensure the inclusion of appropriate water quality protection measures (termed best management practices or BMPs), monitor the water quality in streams, flood control channels, harbors, bays, and beaches, and report their activities and monitoring results to the Regional Water Quality Control Boards. The permits 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 and within each watershed. The County, District, and cities must also determine and implement BMPs for public projects, commercial and industrial activities, construction sites, municipal operations, and maintenance activities and educate the public on common activities that prevent pollution. Permits are expected to be reissued with revised requirements during 2009.

Because of the importance of beach recreation to Orange County’s economy and quality of life, the County, District, and cities 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.

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. These groups represent over 15,000 of the County's 17,480 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.

Overtime cost reductions of as much as 30% are estimated under the new OCEA agreement because overtime will be paid based on "hours worked" in excess of FLSA standards (generally after 40 hours worked in a week) compared to the prior agreement which provided overtime pay after 40 hours inclusive of paid time off hours.

The agreement with OCMA extended a prior three year agreement by one year and eliminated a previously negotiated salary increase. The OCMA agreement will save the County an estimated \$12,000 compared to the prior agreement that it replaced. The extension agreement with OCAA defers a general salary increase for one year and saves an estimated \$2,900, with the possible deferral for one additional year. It is anticipated that OCMA and OCAA will also agree to the pension reform as described above before the planned implementation of January 2010.

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 in 2006 and 2007 for the restructuring of the Retiree Medical Plan, the County's total UAAL for the June 2007 valuation of the restructured plan was approximately \$408,322 (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, and is paying its full ARC.

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

AWARDS AND ACKNOWLEDGEMENTS

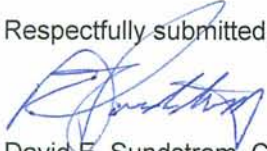
GFOA Awards: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Orange for its CAFR for the year ended June 30, 2008. This represents the County's 14th consecutive award. The Certificate of Achievement is the highest form of recognition for excellence 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.

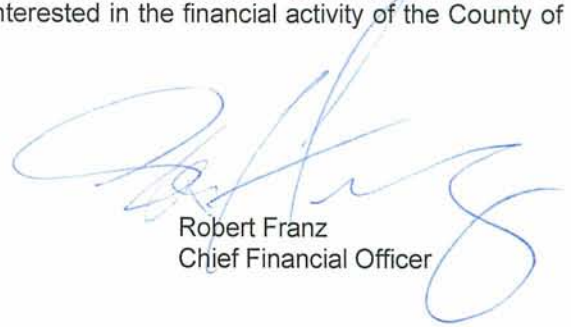
In addition, the County issued its sixth consecutive Popular Annual Financial Report (PAFR) titled the "OC Citizens' Report" for the year ended June 30, 2008. The County received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for this PAFR. The award is a prestigious 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.

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, 2008

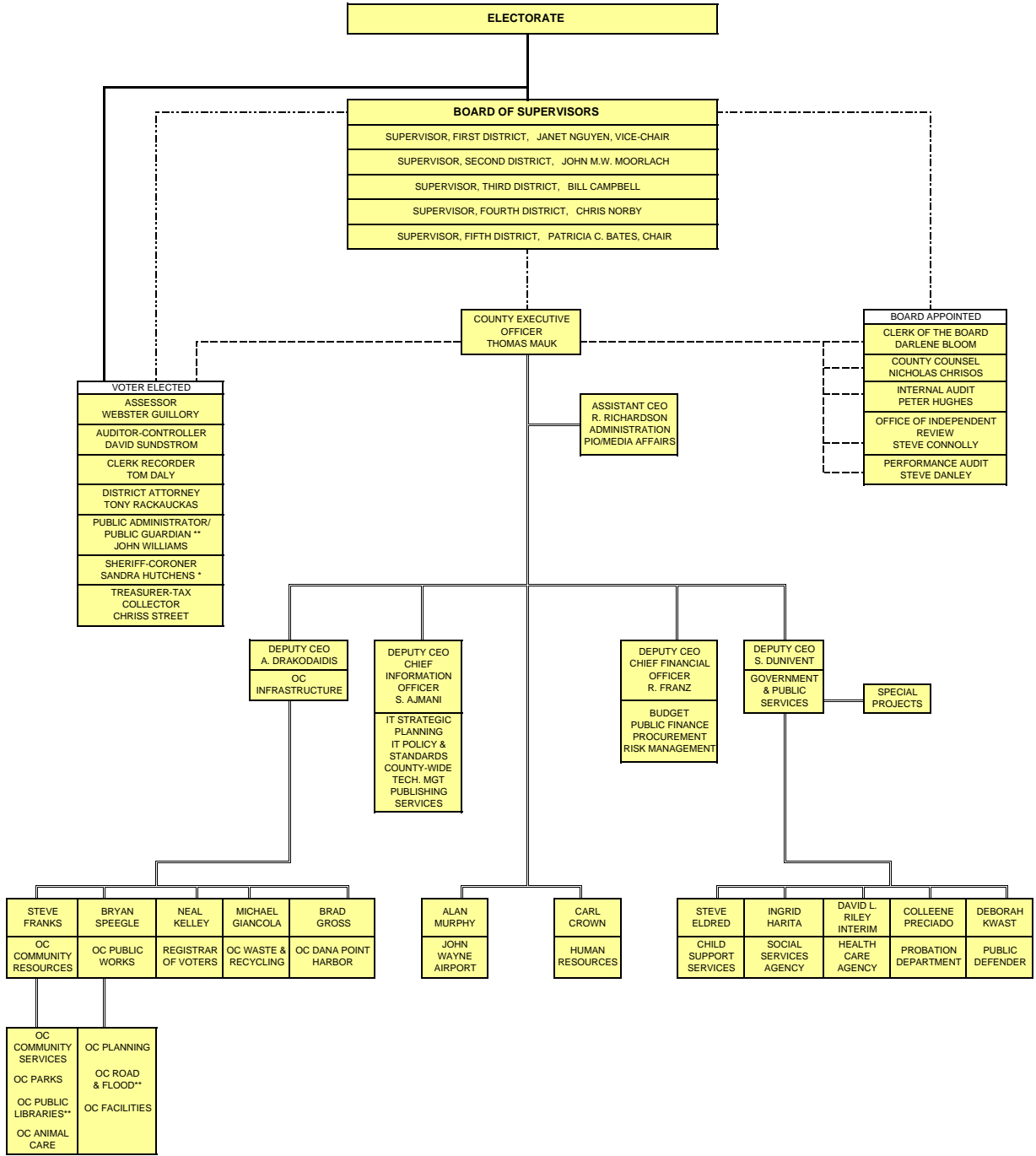
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

ORGANIZATIONAL CHART



LEGEND	
—————	ELECTED BY THE PUBLIC
- - - - -	APPOINTED BY THE BOARD OF SUPERVISORS
· · · · ·	ELECTED OFFICIALS: STATUTORILY - REQUIRED BOARD ADMINISTRATIVE AND BUDGET OVERSIGHT
-----	ADMINISTRATIVE COORDINATION AND BUDGET OVERSIGHT
=====	ADMINISTRATIVE AND BUDGET DIRECTION
**	POSITION IS APPOINTED BY THE BOARD OF SUPERVISORS BUT REPORTS TO THE CEO
*	APPOINTED BY THE BOARD OF SUPERVISORS TO FILL THE VACANCY

SOURCE: Orange County Executive Office/County Budget



*Oak over Trail—Laguna Coast Wilderness Park
Photo Courtesy of Andrew Castellano, Laguna Canyon Foundation*





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, 2009, 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, 2009, 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 Note 1 to the financial statements, the County has adopted the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, as of July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2009, 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.

The management's discussion and analysis on pages 18 through 42 and the schedules of funding progress and employer contributions on pages 144 through 145 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.

A handwritten signature in cursive script that reads "Vavriach, Train, Dwyer & Co., LLP".

Rancho Cucamonga, California
December 16, 2009





*Barbara's Lake—Laguna Coast Wilderness Park
Photo Courtesy of Andrew Castellano, Laguna Canyon Foundation*



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, 2009. 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 decreased by \$29,580 (including the effect of restating Beginning Net Assets), or 1% as compared to last year.
- Long-term debt decreased by \$259,205, or 28% during the current fiscal year.
- As of the end of the FY, the County’s governmental funds reported combined ending fund balances of \$1,746,823, a decrease of \$318,664, or 15% in comparison with the prior year.
- At June 30, 2009, unreserved fund balance in the General Fund was \$26,819, or 1% of total FY 2008-09 expenditures and transfers of \$2,703,975.
- General Fund revenues and transfers ended the year 15% below budget.
- General Fund expenditures and transfers ended the year 16% 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

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

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

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Type of Financial Statement	Statement of Net 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 and waste management.

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 both 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 2008-09, a decrease of \$76,818 in net assets in the government-wide financial statements was reported, and a decrease of \$318,664 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 and Waste Management. **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, 2009, the County's combined net assets (governmental and business-type activities) totaled \$4,655,419, a decrease of 1% from FY 2007-08.

The largest component of the County's net assets (63%) was **invested in capital assets, less any related outstanding debt** used to acquire those assets. Capital assets include land, structures and improvements, equipment, construction in progress, and infrastructure that are used to provide needed services to the citizens of the County. Since the capital assets themselves cannot be used to liquidate the associated debt, the resources needed to repay the debt must be provided from other sources.

COMPONENTS OF NET ASSETS

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

The County's **restricted** net assets total \$1,717,635 which represents 37% of its net assets. This means that these resources are 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, 2009, governmental activities showed a negative amount of \$1,271 in unrestricted net assets, compared to \$57,812 in FY 2007-08. The deficit balance shown for unrestricted net assets was caused primarily by the County's continued retirement of bankruptcy-related debt in FY 2008-09, and is not a reflection of the County's lack of resources to meet its ongoing obligation to the citizens and creditors. Additional causes of the unrestricted net assets deficit are declining revenues caused by the slowing economy and the deferral or delay in reimbursement of state and local services, while expenses (salaries and pension costs) continue to steadily increase.

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

NET ASSETS – Primary Government						
June 30, 2009						
	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
ASSETS						
Current and other assets	\$ 2,773,189	\$ 3,000,431	\$ 733,000	\$ 801,300	\$ 3,506,189	\$ 3,801,731
Capital assets	2,523,055	2,388,820	558,032	520,657	3,081,087	2,909,477
Total Assets	5,296,244	5,389,251	1,291,032	1,321,957	6,587,276	6,711,208
LIABILITIES						
Long-term liabilities	1,315,785	1,309,632	253,060	321,123	1,568,845	1,630,755
Other liabilities	279,866	302,208	83,146	93,246	363,012	395,454
Total Liabilities	1,595,651	1,611,840	336,206	414,369	1,931,857	2,026,209
NET ASSETS						
Invested in capital assets, net of related debt	2,445,397	2,302,926	493,658	395,227	2,939,055	2,698,153
Restricted	1,256,467	1,416,673	461,168	512,361	1,717,635	1,929,034
Unrestricted	(1,271)	57,812	--	--	(1,271)	57,812
Total Net Assets	\$ 3,700,593	\$ 3,777,411	\$ 954,826	\$ 907,588	\$ 4,655,419	\$ 4,684,999

As of June 30, 2009, the County's total assets decreased by 2%, or \$123,932 during the current fiscal year. Current and other assets decreased by \$295,542 (8%) due primarily to the amortization of the prepaid pension cost in FY 2008-09 to pay for a portion of the County's annual required contribution to OCERS (\$61,641). The decrease in current and other assets is also attributable to a reduction in restricted investments with trustee for the retirement of long-term obligations. Capital assets increased by \$171,610 (6%).

Total liabilities for this year decreased by 5% or \$94,353. Other liabilities decreased by \$32,443 (8%), mostly due to the payment of FY 2007-08 Proposition 1B (Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act) monies to the cities in FY 2008-09. Long-term liabilities decreased by \$61,910 (4%) due to the retirement of long-term obligations and a decrease in the landfill site closure/postclosure liability. Refer to Note 11, Long-Term Obligations, for the reduction of the specific obligations.

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, 2009						
	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 531,250	\$ 525,524	\$ 218,551	\$ 225,687	\$ 749,801	\$ 751,211
Operating Grants and Contributions	1,641,501	1,735,820	171	569	1,641,672	1,736,389
Capital Grants and Contributions	94,031	46,308	7,466	15,188	101,497	61,496
General Revenues:						
Property Taxes	456,924	461,682	--	--	456,924	461,682
Property Taxes in Lieu of Motor Vehicle License Fees	232,760	224,210	--	--	232,760	224,210
Other Taxes	94,184	84,434	--	--	94,184	84,434
Grants and Contributions not Restricted to Specific Programs	27,637	23,434	--	--	27,637	23,434
State Allocation of Vehicle Motor License Fees	50,390	54,656	--	--	50,390	54,656
Other General Revenues	63,021	94,660	18,118	32,092	81,139	126,752
Total Revenues	3,191,698	3,250,728	244,306	273,536	3,436,004	3,524,264
EXPENSES						
General Government	268,092	264,049	--	--	268,092	264,049
Public Protection	1,230,894	1,164,458	--	--	1,230,894	1,164,458
Public Ways and Facilities	108,748	131,563	--	--	108,748	131,563
Health and Sanitation	593,331	576,160	--	--	593,331	576,160
Public Assistance	898,668	862,709	--	--	898,668	862,709
Education	41,265	37,728	--	--	41,265	37,728
Recreation and Cultural Services	81,896	75,612	--	--	81,896	75,612
Interest on Long-Term Debt	59,751	76,210	--	--	59,751	76,210
Airport	--	--	91,959	86,750	91,959	86,750
Waste Management	--	--	79,374	101,990	79,374	101,990
Total Expenses	3,282,645	3,188,489	171,333	188,740	3,453,978	3,377,229
Excess before Transfers and Special Items	(90,947)	62,239	72,973	84,796	(17,974)	147,035
Transfers	14,129	16,802	(14,129)	(16,802)	--	--
Special Items	--	--	--	(6,835)	--	(6,835)
Increase/(Decrease) in Net Assets	(76,818)	79,041	58,844	61,159	(17,974)	140,200
Net Assets - Beginning of the Year, as Restated	3,777,411	3,698,370	895,982	846,429	4,673,393	4,544,799
Net Assets - End of the Year	\$ 3,700,593	\$ 3,777,411	\$ 954,826	\$ 907,588	\$ 4,655,419	\$ 4,684,999

As of June 30, 2009, the County's net assets decreased by \$17,974 during the current fiscal year. Revenues for the year totaled \$3,436,004, a decrease of \$88,260 from the previous year, and expenses totaled \$3,453,978, an increase of \$69,914 from last year's total expenses (including special items of \$6,835).

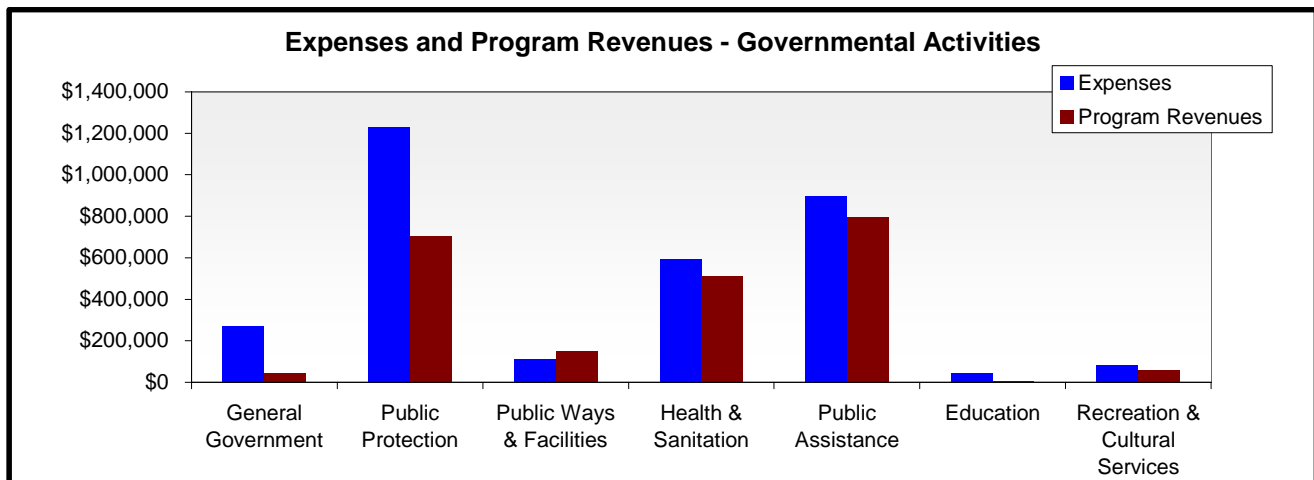
Governmental Activities

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 the 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.

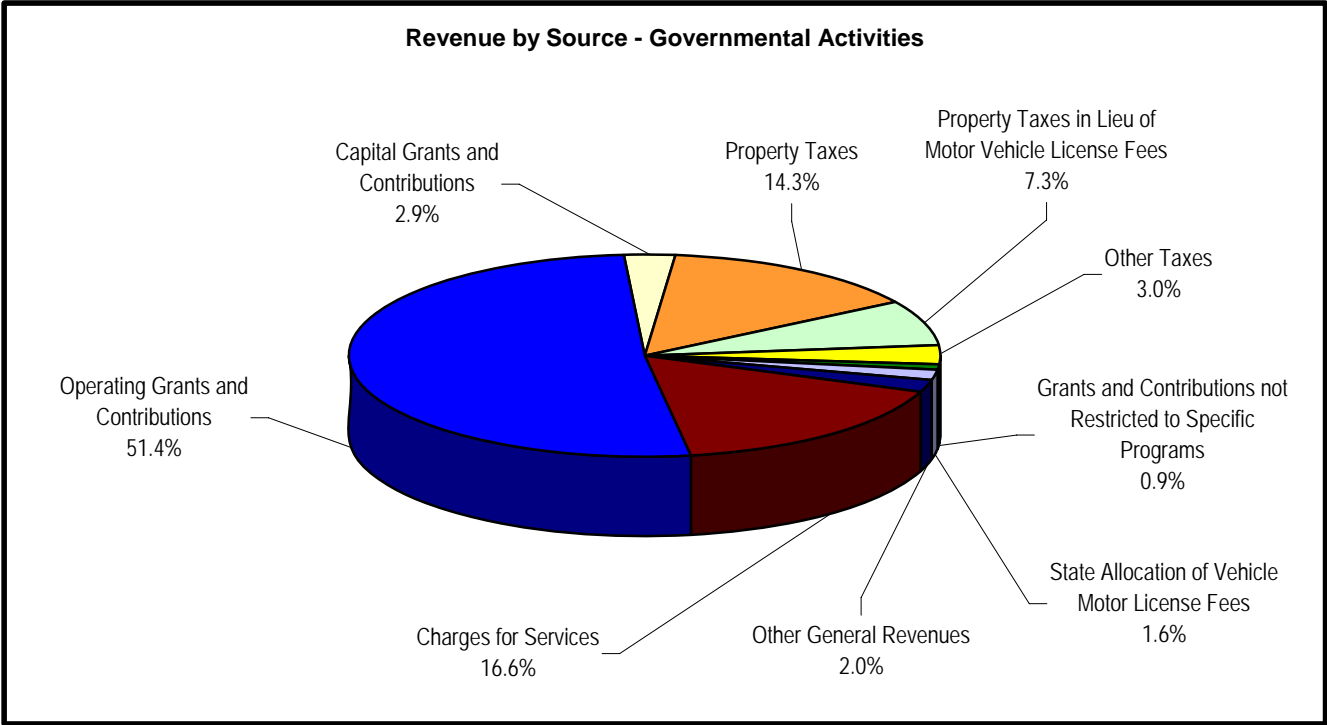
At the end of FY 2008-09 total revenues for the governmental activities, including transfers from the business-type activities were \$3,205,827, a decrease of \$61,703 from the previous year. Expenses totaled \$3,282,645, an increase of \$94,156 from the prior year. Governmental activities decreased the County’s net assets by \$76,818, accounting for most of the total negative growth in the net assets of the County. In addition to the effects of expenditure-driven grants, key elements of the decrease are as follows:

- Operating grants and contributions decreased by \$94,319 due to a continued decline in Proposition 172 revenue resulting from a drop in taxable sales, a reduction in Juvenile Probation Camps funding, and lower interest earnings on purpose-restricted revenues.
- The allocation of Proposition 1B monies from the State for FY 2008-09 was smaller than the FY 2007-08 allocation.
- Property tax revenues decreased by \$4,759 due to a reduction in the supplemental property tax and penalty collections in FY 2008-09.
- State allocation of motor vehicle license fees decreased by \$4,266 due to a drop in car purchases or sales activity during the current economic downturn.
- Capital grants and contributions increased by \$47,723 due primarily to the donation of road infrastructure from the cities to the County.
- An increase of \$48,369 in salaries, compensated absences, and pension costs were experienced in most functions such as public protection (\$30,954), public assistance (\$9,630), and general government (\$6,513).
- An increase of \$75,492 in services and supplies was attributable to the increase in professional services for the Mental Health Services Act Program, Medical Services Initiative Program, Public Protection services, and Teeter Program services. The increase in expenses was partially offset by a reduction in interest expense for bonds payable and office expenses.

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

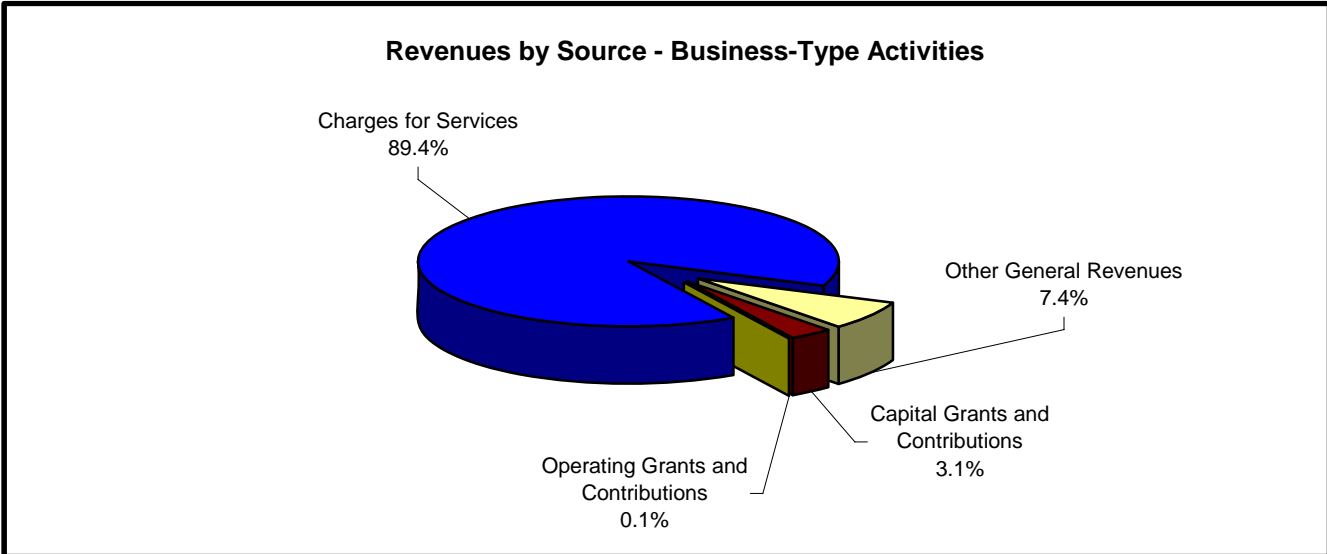


The chart below presents the percentage of total revenues by source for governmental activities:



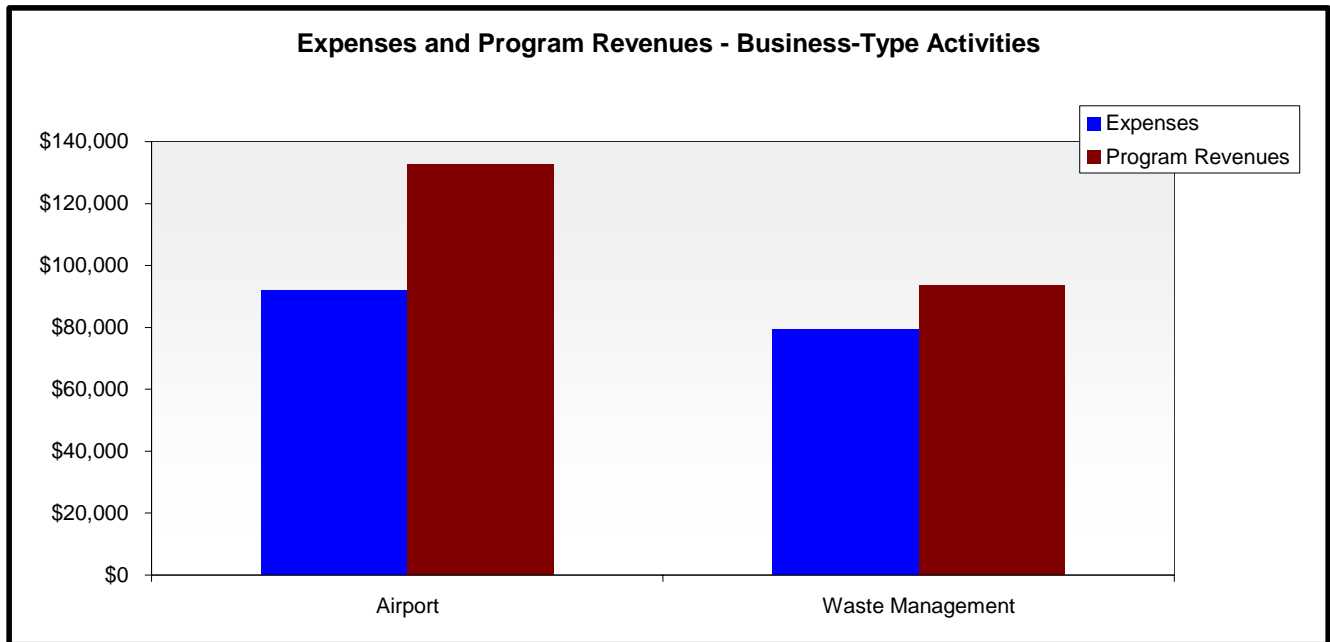
Business-Type Activities

The County has two business-type activities: Airport and Waste Management. 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. Operating grants and contributions, as well as capital grants and contributions, were the other revenue sources for Airport and Waste Management activities. Capital grants and contributions include revenues received from the Federal Aviation Administration (FAA) for use in airport construction projects.



At the end of FY 2008-09, the business-type activities' total revenues exceeded expenses resulting in an increase in net assets of \$58,844, compared to the prior year's increase of \$61,159. Revenues totaled \$244,306, a decrease of \$29,230 from the prior year; this decrease is primarily due to a smaller amount of disposal fees charged to users of the waste disposal sites than prior year, a decrease in interest revenue resulting from declining investment yields in the County's Investment Pool, and a decrease in capital grants and contribution for airport construction projects. Expenses, including transfers to the governmental activities and special items, totaled \$185,462, representing in a decrease of \$26,915 from the previous year. The decrease in expenses is primarily due to the decrease in the landfill site closure/postclosure costs. The program revenues (charges for services, operating grants and contributions, and capital grants and contributions) financed the majority of expenses recorded for the business-type activities. Other factors concerning the finances of the County's two 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:



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 a 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 that each fund was established for. 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 executory contracts for goods or services are recorded and established as reservations of fund balances in the governmental funds.

At June 30, 2009, the County's governmental funds reported total fund balances of \$1,746,823 which is a decrease of \$318,664 in comparison with the prior year. Of the total fund balances for the governmental funds, \$1,180,025 (68%) 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, 2009						
	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	2009	2008	2009	2008	2009	2008
General Fund	\$ 2,677,046	\$ 2,867,612	\$ 2,703,975	\$ 2,936,379	\$ (26,929)	\$ (68,767)
Roads	57,373	78,564	72,155	75,515	(14,782)	3,049
Flood Control District	128,178	150,215	127,282	93,047	896	57,168
OC Parks	108,113	113,566	94,154	80,816	13,959	32,750
Other Public Protection	70,933	81,591	152,902	117,440	(81,969)	(35,849)
Teeter Plan Obligation						
Commercial Paper Program Note	153,375	--	168,478	--	(15,103)	--
Other Governmental	755,720	517,094	950,456	538,021	(194,736)	(20,927)
Total	\$ 3,950,738	\$ 3,808,642	\$ 4,269,402	\$ 3,841,218	\$ (318,664)	\$ (32,576)

* Teeter Plan Obligation Commercial Paper Program Note Fund was determined a major Governmental Fund in FY 2008-09

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 2008-09, expenditures exceeded revenues resulting in a decrease in fund balances of \$26,929 compared to last year's decrease in fund balances of \$68,767. Revenues decreased by \$190,566, and expenditures decreased by \$232,404, resulting in an increase in the net change in fund balances from the prior year of \$41,838. 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 2008-09:

- Revenues decreased by \$190,566 primarily because the County recorded the Taxable Pension Obligation Bonds, Series 2007 (\$211,065) in FY 2007-08 as an other financing source; a reduction of \$61,973 in Proposition 172 (Public Safety Sales Tax) revenue, realignment revenue, and sales tax and vehicle license fees was realized in FY 2008-09, and a decrease of \$23,585 in other revenue was recorded in FY 2008-09. The revenue decrease was offset by an increase in transfers of \$103,791 to the General Fund for reimbursement of costs for the Mental Health Services Act, the Cogeneration Plant at Central Utility Facility Construction Project, and the Youth Offender Program, and additional transfers from Other Public Protection Funds to support the Sheriff Department's programs.
- Expenditures decreased by \$232,404 primarily because the debt service payments for the Taxable Pension Obligation Bonds, Series 2007 (\$212,778) were recorded in FY 2007-08, and there was a reduction in office expenses and contributions to non-county agencies in FY 2008-09 (\$65,725). The expenditure decrease was offset by an increase in (1) salaries and pension costs of \$38,140 for various functions such as public protection (\$27,396), public assistance (\$8,778), and general government (\$6,534); and (2) support and preventive services of \$23,093 for the In-Home Supportive Services and Welfare-to-Work programs.

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 2008-09, fund balances decreased by \$14,782, compared to last year's increase in fund balances of \$3,049. There was a \$18,791 decrease in intergovernmental revenues due primarily to a delay in the State's allocation of Proposition 1B general obligation bonds to the County to fund transportation projects that will benefit motorists throughout the County. Public ways and facilities expenditures decreased by \$8,909 due primarily to a decrease in professional services for construction projects and disbursements of Proposition 1B monies to participating cities that support Proposition 1B roadway improvement projects. The expenditure decrease was partially offset by an increase of \$5,549 in capital outlay for the Irvine Avenue and Ortega Highway Widening 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 2008-09, there was an increase in fund balances of \$896 compared to last year's increase in fund balances of \$57,168. A decrease of \$33,476 in intergovernmental revenues resulted from the State's delay in reimbursing the County for the Santa Ana River (SAR) Mainstem Subvention Claim in FY 2008-09. The decrease in revenue was offset by the increase of \$16,359 in miscellaneous revenue for the sale of the Katella Yard. Expenditures increased by \$34,235 primarily due to the land acquisition and relocation of tenants for the Prado Dam Project.

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 2008-09, there was a \$13,959 increase in fund balances compared to last year's increase of \$32,750 in fund balances. Revenue decreased by \$5,453 primarily due to the decrease in grants received for the Irvine Park Sewer Conversion and Laguna Coast Wilderness Park Projects, and a decrease in transfer from other funds to support park capital projects. Expenditures increased by \$13,338 primarily due to the reimbursement of the Sheriff's harbor patrol service costs at the Dana Point Harbor and transfers to the General Fund for the purchase of the Chestnut Avenue Complex.

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 2008-09, there was a decrease in fund balances of \$81,969 compared to last year's decrease in fund balances of \$35,849. Revenues decreased by \$10,658, while expenditures increased by \$35,462, resulting in a decrease in the net change in fund balances of \$46,120. Licenses, Permits, and Franchises decreased by \$2,772 due to the lower demand for building permits. A decrease of \$6,454 in interest revenue resulted from declining interest yields in the County's Investment Pool and a diminishing cash balance from which interest is earned. The revenue decreases were partially offset by an increase in charge for service to other counties for the Multi-County Electronic Recording Delivery System project. There was an increase of \$29,202 of excess unrestricted revenues transferred to the General Fund to support the Sheriff Department's programs. A \$6,546 increase in capital outlay was for the purchase of patrol service equipment and a building (including land) for the Regional Narcotics Suppression Program unit.

Teeter Plan Obligation Commercial Paper Program Note

This fund was established in FY 2008-09 and 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 2008-09, there was a decrease in fund balances of \$15,103. Residual balances from the Orange County Special Financing Authority, penalties and interest collected, did not fully cover the additional costs, interest expenses of the CP Notes incurred in the first year of the CP Program, and CP principal.

Other Governmental Funds

At the end of FY 2008-09, there was a decrease in fund balances of \$194,736 compared to last year's decrease in fund balances of \$20,927. Expenditures increased by \$412,435 primarily due to the redemption of the Teeter Plan Revenue Bonds, Series 1995A through E of \$123,725 in FY 2008-09, and an increase of \$281,150 in transfers out (1) to reimburse the General Fund for the Mental Health Services Act expenditures, and the construction costs for the Tustin Family Campus and the Cogeneration Plant at Central Utilities Facility, (2) to consolidate the residual balances of the Orange County Special Financing Authority into the Teeter Plan Obligation Commercial Paper Program Note Fund, and (3) to consolidate the residual equity of the Special Assessment Districts, Community Facilities District and Service Areas Capital Projects Fund with the Service Areas, Lighting, Maintenance and Assessment Districts Special Revenue Fund. The increase in expenditures was offset by an increase in revenues of \$238,626 due primarily to: (1) the receipt of a larger allocation of the Prop. 63 (State Mental Health Services) monies from the State, (2) the proceeds of Commercial Paper Notes to retire the Teeter Plan Revenue Bonds, Series 1995A through E, and (3) the residual transfer 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.

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

COMPARATIVE FUND BALANCE				
Governmental Funds *				
June 30, 2009 and 2008				
	2009	2008	Increase/(Decrease) %	
General Fund	\$ 288,044	\$ 314,973	(9)%	
Roads	100,108	114,890	(13)%	
Flood Control District	313,323	312,427	--	
OC Parks	135,415	121,456	11 %	
Other Public Protection	115,571	197,540	(41)%	
Teeter Plan Obligation Commercial Paper Program Note	(15,103)	--	--	
Other Governmental Funds	809,465	1,004,201	(19)%	
Total	\$ 1,746,823	\$ 2,065,487	(15)%	

* Teeter Plan Obligation Commercial Paper Program Note Fund was determined a major Governmental Fund in FY 2008-09

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, both of which are considered to be major funds 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, 2009						
	Revenues, Contributions and Transfers		Expenses, Special Items and Transfers		Change in Fund Net Assets	
	2009	2008	2009	2008	2009	2008
Airport	\$ 139,907	\$ 150,745	\$ 93,290	\$ 94,347	\$ 46,617	\$ 56,398
Waste Management	105,720	122,708	92,883	118,905	12,837	3,803
Total	\$ 245,627	\$ 273,453	\$ 186,173	\$ 213,252	\$ 59,454	\$ 60,201

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 2008-09, there was an increase in fund net assets of \$46,617, compared to the prior year increase of \$56,398. Revenues decreased by \$10,838 primarily due to the combination of a \$5,343 decrease in capital grant contributions for the Airport Improvement Program, a \$3,654 decrease in interest earning, and a \$2,085 decrease in Passenger Facility Charge revenue resulting from lower passenger activity. Expenses increased by \$5,778 excluding a \$6,835 decrease in special items associated with the Parking Structure B1 recorded in FY 07-08. The increase is primary due to an increase in the Salaries and Benefits costs and additional Airport security service charge.

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 2008-09, there was an increase in fund net assets of \$12,837, compared to the prior year increase of \$3,803. Revenues decreased by \$16,876 primarily due to a decrease in importation tonnage and declining interest earned. Expenses also decreased by \$25,698 primarily due to the decrease in the landfill closure and post-closure expenses.

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:

Charges for Services

- An increase of \$14,430 in the Sheriff's Department due to finalizing new law enforcement service contracts after the Original Budget.
- An increase of \$7,919 in Registrar of Voters for election services related to the May 2009 Special Election and the November 2008 Presidential Election.
- An increase of \$5,835 in OC Community Resources resulting from the transfer of administrative positions from OC Public Libraries, Housing Community Services, and OC Parks to OC Community Resources as part of the County's reorganization.

Transfers In

- An increase of \$19,409 in the Sheriff's Department from various sources, including purpose-restricted revenues in Other Public Protection Special Revenue Funds, and excess Public Safety Sales Tax to support the department's potential revenue shortfall.
- An increase of \$14,623 in the Miscellaneous Agency for reimbursement for the purchase of the former County Records Center facility, and costs associated with the new Teeter Commercial Paper Program originally paid from the General Fund, as well as unallocated appropriations in the District Community Priorities & Project Fund being returned to the General Fund.
- An increase of \$9,733 in the Health Care Agency from various sources, including HCA Realignment, Tobacco Settlement, Emergency Medical Services, and Substance Abuse & Crime Prevention Act funds, to support ongoing program costs.
- An increase of \$6,049 in the Social Services Agency (SSA) for the renovation of the Tustin Family Campus.

Other

- An increase of \$21,692 due primarily from the County's retention of a portion of the retirement annual required contribution (ARC) that is billed to each agency. The County used the OCERS Investment Account to fund a portion of the County's ARC. The revenue was set aside to increase the General Fund's Reserve for Contingencies.

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 \$10,587 increase in appropriations primarily to cover the costs of the State's special election held on May 2009 and the costs of the November 4, 2008, Presidential Election.

Sheriff-Coroner

- A \$19,288 increase in appropriations to support crime investigation, emergency management, forensic science, and security services; as well as the purchase of equipment needed to combat terrorism and enhance countywide emergency preparedness.

Social Services Agency (SSA)

- A decrease of \$17,267 in appropriations due to lower realignment revenues and reallocation of SSA's Net County Cost towards the In-Home Supportive Services, California Work Opportunities and Responsibility to Kids (CalWorks), and Foster Care Programs.

California Works Opportunities and Responsibility to Kids

- An increase of \$16,484 in appropriations to cover the additional projected caseloads for the CalWorks Program, which enables disadvantaged individuals and families to become self-sufficient through employment.

Aid to Families with Dependent Children - Foster Care

- An increase of \$12,728 in appropriations to cover significantly higher caseloads in the Wraparound and Seriously Emotionally Disturbed programs, and supplemental foster care payments retroactive to July 2007.

Community Services Programs

- An increase of \$27,115 in appropriations needed to support the OC Animal Care and Administration services transferred to OC Community Resources starting in January 2009.

Health Care Agency

- A decrease of \$14,147 in appropriations to transfer positions for Animal Care Services to OC Community Resources.

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:

Fines, Forfeitures, and Penalties

- A \$7,801 negative variance due to a decrease in the collection of the 10% penalty assessed to unpaid secured tax bills and an increase in refunds for roll corrections on the unsecured roll.
- A \$3,367 negative variance due to a new legislative bill effective January 1, 2009 which reduced the traffic school bail amount.

Intergovernmental Revenues

- A \$23,422 negative variance for the Sheriff's Department due to the decline in Proposition 172 revenues and delayed receipts for the Homeland Security and other grants.
- A \$13,073 negative variance for the OC Watersheds Agency due to the State's suspension of the Proposition 50, Wetlands Recovery, and Wildlife Conservation Board Grant projects.
- An \$11,842 negative variance due to the reclassification of excess delinquent penalties as interfund transfers from the Teeter Plan Obligation Commercial Paper Program Fund. The revenues were originally budgeted as intergovernmental revenues.
- A \$10,888 negative variance for the Probation Department due mainly to lower than anticipated State funding for the Juvenile Justice Crime Prevention Act and Juvenile Probation Camps, a structural claiming change in Title IV-E revenue, and lower probation fees.
- A \$10,838 negative variance for SSA due to the lower realignment revenues and prior year corrections for the Medi-Cal and CalWORKs Programs.
- A \$9,870 negative variance for Aid to Families with Dependent Children-Foster Agency due to lower realignment revenues and revenue adjustment for the Wraparound Program.
- A \$6,264 negative variance for the Miscellaneous Agency due to the State's delay in paying the SB90 mandates reimbursement.

Charges for Services

- A \$10,905 negative variance in OC Public Works due to lower than anticipated revenue resulting from lower reimbursable indirect charges.
- A \$4,853 negative variance in the Sheriff's Department due to a decrease in the contract amount for law enforcement services with the cities; the contracted amount includes a retirement rebate, prior year overtime adjustment, and reduced personnel costs.
- A \$4,545 negative variance in the Registrar of Voters due to the deferred reimbursement from the State for the May 2009, Statewide Special Election.
- A \$4,471 negative variance in the Trial Courts Agency due to lower court fees than budgeted.
- A \$4,163 negative variance in OC Community Resources due to lower than anticipated charges for animal services collected in FY 2008-09.

Other

- A \$335,014 negative variance in the Miscellaneous Agency due primarily to a change in accounting that previously budgeted the billing for retirement contribution to departments as revenue in the Miscellaneous Agency. Starting in FY 2008-09, the retirement contributions were forwarded directly to OCERS from a trust fund.
- A \$5,252 positive variance in the General Fund Level Agency for the receipt of intercept monies from the State for the Certificate of Participation Intercept Program.

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 \$33,549 positive variance due to the deferral of various capital projects such as Deferred Maintenance Projects for the Sheriff's Department, the Multipurpose Service Center Project for the Homeless and Veterans, and the 800 Megahertz coastal solution-enhanced coverage.

Sheriff-Coroner

- A \$32,047 positive variance resulting from cost saving strategies and a delay in eligible expenditures for Homeland Security Grants.

Health Care Agency

- A positive variance of \$29,443 resulting from cost saving strategies and delaying the start-up of the human services contracts for the Mental Health Services Act.

Social Services Agency

- A \$28,759 positive variance due to higher than anticipated savings from furloughs, reallocation of staff to reduce overtime, elimination of extra-help, and delayed information technology and facilities projects. In addition, there were sustained reductions to contracts, child care and CalWORKs transportation costs.

Miscellaneous

- A \$317,902 positive variance primarily due to a change in accounting that previously budgeted the retirement contribution to OCERS as an expenditure of the Miscellaneous Agency. Starting in FY 2008-09, the retirement contributions were forwarded directly to OCERS from a trust fund.

Capital Assets

At June 30, 2009, the County's capital assets for both the governmental and business-type activities amounted to \$3,081,087 net of accumulated depreciation. The investment in capital assets includes land, structures and improvements, equipment, infrastructure (roads, bridges, flood channels, trails, traffic signals, and harbors), and construction in progress. The total increase in the County's investment in capital assets for the current year was 5.9%.

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

CAPITAL ASSETS (Net of Depreciation) June 30, 2009							
	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2009	2008	2009	2008	2009	2008	% Change
Land	\$ 644,822	\$ 610,889	\$ 38,083	\$ 38,058	\$ 682,905	\$ 648,947	5.2 %
Structures and Improvements	526,052	525,604	157,891	172,046	683,943	697,650	(2.0)%
Equipment	95,242	97,582	34,943	34,436	130,185	132,018	(1.4)%
Infrastructure	876,244	837,511	184,096	200,069	1,060,340	1,037,580	2.2 %
Construction in Progress	380,695	317,234	143,019	76,048	523,714	393,282	33.2 %
Total	\$ 2,523,055	\$ 2,388,820	\$ 558,032	\$ 520,657	\$ 3,081,087	\$ 2,909,477	5.9 %

The following lists the significant expenditures for capital assets in FY 2008-09:

General Fund

- \$20,661 for the Cogeneration Plant at the Central Utilities Facility.
- \$5,384 for the renovation of the fifth floor and the Heating, Ventilation, and Air Conditioning (HVAC) and Electrical system upgrades at the Central Justice Center.
- \$1,451 for the replacement of an existing perimeter fence at Juvenile Hall.

Roads

- \$4,457 for the widening of Irvine Avenue from University to Bristol Street.
- \$2,601 for the Ortega Highway Widening Project.
- \$1,149 for the bridge seismic retrofit and barrier replacement of Santiago Canyon Road.

Flood Control District

- \$26,016 for the acquisition of property in the flood plain or in the right-of-way construction area for the Prado Dam Project.
- \$10,907 for the San Juan Creek Channel Improvement Project.
- \$8,830 for the construction of a new pump and pump house at the Los Alamitos Pump Station.
- \$3,941 for construction and other improvement costs associated with relocating the Katella Yard operations.

Other Governmental Funds

- \$18,956 for the construction of the Tustin Family Campus. The campus will be a multi-treatment facility that will provide specialized residential treatment and services for children and families, and young adults in Orange County.

Airport

- \$14,043 for the gate expansion at the terminal building.
- \$11,043 for the construction of the new South Remain Over Night (RON) airplane parking.
- \$7,992 for the deconstruction of Parking Structure B1.
- \$4,757 for the construction of passenger loading bridges for Terminal A and B.
- \$2,956 for reconstructing the landing surface of the main runway.

- \$2,809 for the design of a new parking structure, as part of Airport's Improvement Program.
- \$1,492 for the construction of an airside dock access to the Terminal B ramp and the replacement of an existing trash compactor.

Waste Management

- \$11,506 for the temporary landslide backcut excavation project at the Frank R. Bowerman (FRB) Landfill.
- \$2,250 for the expansion costs (including architect and engineering services) at the FRB 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 2008-09, significant commitments for capital expenditures included the following:

- \$314,500 for the Santa Ana River Mainstem Project.
- \$26,663 for the design and construction of the Central Plant at John Wayne Airport.
- \$15,179 for the Terminal Building Gate Expansion at John Wayne Airport.
- \$13,425 for the Ortega Highway Widening Project.
- \$11,384 for a new pump and pump house at the Los Alamitos Pump Station.
- \$11,249 for the San Juan Creek Channel improvement project.
- \$7,557 for the Katella Avenue – Smart Street Improvement 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, 2009, the County had a total debt obligation outstanding of \$653,221, excluding capital lease obligations, compensated absences and other liabilities. During the year, \$262,397 of the bonds, including \$60,906 of bankruptcy related debt, was retired, which resulted in a net decrease of 28% on the County's outstanding bond obligation. 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, 2009:

LONG-TERM DEBT BOND OBLIGATIONS							
June 30, 2009							
	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2009	2008	2009	2008	2009	2008	% Change
Revenue Bonds	\$ 415,725	\$ 598,210	\$ 67,604	\$ 130,550	\$ 483,329	\$ 728,760	(34)%
Certificates of Participation	5,502	6,306	--	--	5,502	6,306	(13)%
Pension Obligation Bonds	69,711	72,728	--	--	69,711	72,728	(4)%
Recovery Bonds	93,606	106,751	--	--	93,606	106,751	(12)%
Add: Premium on Bonds Payable	32,661	34,524	1,798	2,174	34,459	36,698	(6)%
Less: Deferred Amount on Refunding	(28,630)	(32,167)	(4,756)	(6,650)	(33,386)	(38,817)	(14)%
Total	\$ 588,575	\$ 786,352	\$ 64,646	\$ 126,074	\$ 653,221	\$ 912,426	(28)%

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

Bond Ratings

The County continued to maintain the issuer ratings of Aa2 from Moody’s Investors Service and 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 is 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 2008-09, the following changes occurred in the County’s underlying debt ratings as compared to the previous year:

- Declined S&P Rating from A+ to A and changed Fitch Rating from NR to WD (WD indicates withdrawal) for the OCDA Neighborhood Development and Preservation Project Tax Allocation Refunding Bonds.
- Changed Moody’s Rating from NR to WD for the OCDA 2003 SAH Bonds.
- Improved S&P Ratings from A+ to AA- for the Airport 1997 Revenue Refunding Bonds as well as Airport 2003 Revenue Refunding Bonds.

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

LONG-TERM DEBT RATINGS			
June 30, 2009			
	Standard and Poor’s	Moody’s	Fitch
2005 Refunding Recovery Bonds	A+	Aa3	AA-
2005 Lease Revenue Bonds	A+	A1	AA-
1991 Parking COPs	NR	A1	WD
OCDA Neighborhood Development and Preservation			
Project Tax Allocation Refunding Bonds	A	A2	WD
2002 Lease Revenue Bonds	A+	A1	AA-
2006 Lease Revenue Bonds	A+	A1	AA-
OCDA 2003 SAH Tax Allocation Revenue Bonds	NR	WD	WD
1996 Pension Obligation Bonds	NR	Aa2	AA-
1997 Pension Obligation Bonds	NR	Aa2	AA-
Airport 1997 Revenue Refunding Bonds	AA-	Aa3	AA-
Airport 2003 Revenue Refunding 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 Governor released the FY 2009-10 State Budget Proposal on December 31, 2008, which proposed \$41,700,000 in budgetary solutions to close the gap and establish a \$2,200,000 reserve. The summary of the proposed budget identified two sources for the extraordinary budget gap. The first was the “massive and unsustainable new spending commitments” the state made in the midst of a revenue surge whose source was capital gains revenues from the dot-com boom. This structural deficit was never fixed, as the state relied instead upon one-time measures such as borrowing each year. The second source of the state’s current shortfall was the decline in revenues that has resulted from the recession.

On January 8, 2009, the State Legislative Analyst's Office (LAO) released an overview of the Governor's budget proposal and concluded that the Governor's budget generally was built upon reasonable assumptions. However, the LAO noted that there was significant risk from further deterioration of the economy and from costs that the state is likely to incur but are not included in the Governor's budget proposal. On February 19, 2009, the Governor and the State Legislature crafted a budget for FY 2009-10 with additional mid-year reductions to address the rapidly growing budget deficit. Due to the continuing deterioration in revenues from February to June, the Legislature completed a second revision to the FY 2009-10 budget which was signed by the Governor on July 29, 2009.

The following are significant State budget reductions that have an impact to Orange County:

Borrowing from Local Government – The budget plan includes \$2,000,000 in Proposition 1A borrowing from local government to be repaid with interest by June 30, 2013. In 2004, California voters passed Proposition 1A to ensure that local property and sales tax revenues remained with local governments to fund local services. The budget package includes several elements that make it securitization friendly:

- Authorizes securitization of the State's repayment through the Joint Powers Authority (JPA)
- State pays cost of issuance, including credit enhancement, COI, and interest capped at 8 percent
- Repayment is priority behind education and State general obligation debt payments

The County's share of the borrowing is estimated at \$65,000 broken down as follows:

- General Fund - \$38,000
- OC Parks - \$4,000
- OC Libraries - \$3,000
- Flood Control District - \$5,000
- Structural Fire Fund - \$15,000

On October 27, 2009 the Board approved the County's participation in the JPA to securitize the State's \$65,000 in Proposition 1A borrowing. The timeline established for the sale and distribution of the proceeds from the securitization is expected to provide participating counties with an equivalent property tax amount and thereby eliminate the impact of the property tax revenue reduction due to the suspension of Proposition 1A.

Transfer from Local Government – The revised budget plan includes \$2,000,000 in shifts from redevelopment agencies (\$1,700,000 in FY 2009-10 and \$350,000 in FY 2010-11). The impact to the Orange County Development Agency (OCDA) is estimated at \$10,600 (\$8,800 in FY 2009-10 and \$1,800 in FY 2010-11).

State budget highlights are summarized below by County budget program. Amounts quoted are statewide unless otherwise noted.

Health and Human Services – Overall the state budget includes cuts and policy changes that result in reduction in eligibility and/or reduced service levels for health and social programs.

- CalWORKs – Statewide savings of \$375,000 by reducing county administration funding as well as direct welfare to work services and child care. Also reduces number of consecutive months an adult may receive a cash grant and gradually increases sanctions for cases that do not meet program requirements. The estimated funding reduction to Orange County is \$13,667 to SSA, \$967 to HCA for public health nurses serving CalWORKs clients, and \$3,967 for mental health and substance abuse services.
- CalWORKs, Supplemental Security Income (SSI), and State Supplementary Payment (SSP) – Eliminates automatic cost of living adjustments.
- CalWIN Consortium – Reduced Orange County funding for maintenance and operation of the CalWIN system by an estimated \$237.
- In-Home Supportive Services (IHSS) – State budget eliminates all IHSS services for recipients with functional index (FI) below 2 and eliminates all domestic services. The budget also reduces the IHSS Public Authority Administration funding to \$10,000 statewide. The impacts related to change in eligibility to Orange County are difficult to estimate. The reduction in authorized hours for domestic services will potentially reduce provider wages. However, it is anticipated that clients will appeal these cuts by appealing their functional ranking. While the appeal is pending, the client will continue to receive benefits. Orange County's Public Authority funding reduction is estimated at \$578. Orange County will receive an estimated \$210 in revenue with \$90 County match requirement for fraud investigation.

- Child Welfare Services – Funding is reduced to counties by 10 percent or \$80,000 statewide. Funding reduction will impact staffing levels and contract services. The estimated funding reduction to Orange County is \$5,000.
- Foster Care Assistance – State budget includes reduction in the basic rate by 10 percent or \$27,000 statewide. Reduced rates could promote the closure of some placements and limit services. The estimated funding reduction to Orange County is \$1,476.
- Transitional Housing Program Plus – State budget includes funding reduction of \$5,000 statewide. The reduction will affect our ability to help establish permanency and independence among former foster youth who become emancipated. The estimated funding reduction to Orange County is \$314.
- Medi-Cal Administration – State budget includes \$60,000 in reduction from county administration which will result in an additional \$60,000 reduction in federal funds.
- Healthy Families Program – The budget includes reduction in funding statewide by \$173,000 resulting in a cap on enrollment effective July 17, 2009. All new applicants will be placed on a waiting list for enrollment. Also eliminates up to \$60 (absolute dollars) to contractors for helping individuals enroll and remain in Medi-Cal and Health Families programs. The estimated funding reduction to Orange County is \$1,806.
- Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) – State budget reduces funding statewide by \$14,600. The estimated funding reduction to Orange County is \$470.
- Children’s Dental Disease Prevention – The State budget suspends the program and eliminates all funding. Orange County’s estimated funding reduction is \$240.
- Adolescent Family Life Program – The State budget reduces funding for case management services to pregnant and parenting teens. The estimated funding reduction to Orange County is \$551.
- AIDS/HIV Program – The budget reduces \$77,000 in funding for AIDS education, prevention, testing, therapeutic monitoring, and counseling programs. The estimated funding reduction to Orange County is \$2,246.
- Mental Health Managed Care – The budget reduces funding by \$113,000 statewide. The funding supports access to specialty mental health services when medical necessity criteria are met. The estimated funding reduction to Orange County is \$4,314. Prop. 63 funding is available to support the State cut.
- Privatizing Eligibility – The State will consider development of a comprehensive plan to privatize eligibility for CalWORKs, Medi-Cal, and Food Stamp programs.
- Proposition 36 – Eliminates all funding for Prop. 36 and reduces Offender Treatment Program to \$63,000. Orange County’s estimated funding reduction is \$4,300 to HCA, \$328 to District Attorney, \$328 to Public Defender, and \$1,100 to Probation.

Administration of Justice

- The largest reduction within the Administration of Justice program is the unspecified \$631,000 cut that the State will address when the Legislature return in August 2009. The Governor has indicated that these reductions will target cost savings from reduced prison and parole populations.
- Judicial Branch – The budget includes \$169,000 reductions to trial courts resulting in one day per month court closure and increases to certain fees.

Other Programs

- Proposition 42/Highway User Tax Account – State budget defers the first two quarterly payments of Proposition 42 until May 2010 and defers six monthly payments of HUTA to be repaid sometime after January 2010. The estimated Orange County impact is a deferral of \$8,500 for Prop. 42 and \$9,000 for HUTA.
- Proposition 1B Local Streets and Roads Account – The State budget appropriates \$700,000 in Prop. 1B funds with \$442,000 for counties. The budget allows counties to temporarily borrow from Prop. 1B funds to backfill the Prop. 42 deferrals. The estimated Orange County allocation is \$27,300 with disbursement expected in FY 09-10.
- Election Reimbursements – The budget does not specifically include provisions to reimburse counties for the May Special Election. Orange County’s cost estimate is \$4,500.

Deterioration of the FY 2009-10 State Budget

On November 18, 2009 the Legislative Analyst’s Office (LAO) announced that the State’s General Fund budget shortfall through FY 2010-11 is estimated at \$20,700,000. The budget shortfall is based on a projected \$6,300,000 deficit for FY 2009-10 and a \$14,400,000 gap between projected revenues and expenditures in FY 2010-11.

The FY 2009-10 budget gap is due to revenue shortfalls as well as budget reductions the state has failed to implement. These include anticipated cost reductions in the prison system, Medi-Cal savings, the failed sale of the State Compensation Insurance Fund, and court decisions that have blocked or have the potential to block certain internal borrowings. The majority of these problems carry forward into FY 2010-11 continuing the structural imbalance in the State budget. The LAO has indicated that the ongoing budget problem is \$20,000,000 annually. The County will continue to monitor the State's actions on the budget and provide the Board with an analysis of impacts to County services.

Cash Flow Management

On July 1, 2009, the County of Orange issued \$150,000 in Tax and Revenue Anticipation Notes (TRANs) to finance seasonal cash flow requirements during FY 2009-10. 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 use of IOUs resulted in delays to the reimbursement of many health and human service programs administered by the County. The County will repay the TRANs borrowing by June 30, 2010 from available cash balances within the General Fund.

Long-Term Financial Planning

County Accounting and Personnel System (CAPS) Upgrade

CAPS is a vital part of the County's infrastructure that is needed for business processes such as financial planning and budget development, maintaining the County's financial records, collecting costs for federal and state claiming, procuring goods and services, paying vendors, processing the County's payroll, and administering enterprise-wide human resource functions. CAPS maintains financial records for the County's budget of approximately \$5,500,000 and maintains human resource records and processes payroll for a work force of over 18,000 employees.

CAPS is based on 1980's technology of which is becoming costly to maintain and operate. The vendor who developed the current software announced that within the next three years it will discontinue support of the software deployed at the County. The County enacted an action plan and upgraded the financial application which was implemented on July 1, 2009. This upgrade resulted in new software and moved the county into open systems technology. This implementation covered the primary operational needs in the following areas:

- Chart of Accounts
- General Accounting
- Capital Assets
- Accounts Payable
- Cost Accounting
- Procurement

The County is now focusing on meeting the needs to support this application over the next year which must include:

- Year-end Processing
- County Wide Cost Allocation Plan
- CAFR Reporting
- Financial Data Warehouse
- Enhanced Reporting
- Performance Budgeting

The County is now in process of similar actions for the HR/Payroll application and contracted with CGI to assist in the implementation of the CGI Human Resources and Payroll, Advantage 3.x. application. To date, the County has quantified the level-of-effort and related costs to implement a solution, identified a technically capable and cost effective platform to run the system and developed a project plan with required funding for the implementation. This project is in progress with an implementation date of January 2011. The total estimated project cost is \$16,900.

In FY 2009-10 the County will assess options to automate the purchasing of office supplies and other commodities. The County will complete an assessment of the expected benefits and cost savings. If the return on investment is measurable a project plan will be established and submitted for approval to management.

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. The contract is for the period, July 16, 2008 through July 15, 2011, at a total cost not to exceed \$8,786. During the fiscal year, the TCS contract was revised to reflect a new Global Delivery Model; reducing the contract costs by approximately \$1,600.

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 \$13,000, with cumulative expenditures of \$5,043 spent as of June 30, 2009.

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 2008 annual roll was over \$418,000,000, 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 \$21,400 to \$22,000.

Refer to Note 20, Subsequent Events for details on the internal borrowing to finance the above information technology projects.

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.

Teeter Plan Restructuring

On June 29, 1993, the Board adopted the Teeter Plan pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code. The taxing agencies in Orange County that participate in the Teeter Plan program annually receive the full amount of their share of taxes from the secured property tax roll, whether or not these taxes have been collected. The Teeter Plan provides these participating agencies with stable and timely cash flow without the collection risk, and the County receives the delinquency penalties and interest amounts when the taxes are paid.

On June 27, 1995, the Orange County Special Financing Authority (Authority) issued the Taxable and Tax-exempt Teeter Plan Revenue Bonds, Series A through E totaling \$155,000. Revenues from the Teeter Plan paid the bond debt service as well as the Authority's annual purchase of unpaid secured property tax receivables from the County at a purchase price that did not exceed 100% of the property tax due excluding penalties. In the event that the Authority did not have sufficient monies available to purchase the annual unpaid secured property taxes receivables, the County's General Fund was obligated to make up the cash shortfall. As of June 30, 2008, the outstanding balance of Teeter Bonds was \$123,725.

As a result of a substantially increased annual amount of unpaid delinquencies subject to the Teeter Plan over the past three years, the 1995 Teeter Plan did not have the capacity to fund the ongoing program. As an interim solution, the County issued Teeter Plan Notes on July 10, 2008 to make up the Teeter Plan funding shortfall of \$75,600. Subsequently, the Board authorized a Commercial Paper Program for the purpose of refunding the Authority Teeter Bonds and the Teeter Plan Notes issued July 10, 2008, as well as providing a continuing source of funding for the County's annual obligation to make distributions to the participating taxing agencies.

The County issued its Teeter Plan Obligation Commercial Paper Notes Series A (the "CP") not to exceed \$178,300. The CP was and will be issued from time to time to mature on business days not to exceed 270 days from issuance. The CP constitutes an obligation required by law and is secured by a direct pay letter of credit provided by Dexia Credit Local, New York Branch, certain delinquent taxes (excluding penalties and interest) and the County General Fund. The proceeds of the CP, less cost of issuance, were used along with other available monies in the amount of \$123,725 to retire the outstanding Orange County Special Financing Authority Teeter Plan Revenue Bonds, Series 1995 A through E on September 2, 2008, to redeem the 2008-09 Teeter Notes on November 10, 2008, to fund a Tax Losses Reserve Fund to be held and expended by the County in accordance with Teeter Plan law and to establish a Series A Taxes fund to which the delinquent taxes serving as security for the CP are deposited.

Airport Improvement Program

The Airport is currently implementing the Airport Improvement Program (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 275,000 square foot terminal building (Terminal C), two new commuter/regional holdrooms 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 Terminal A and B. The new terminal and parking structure are scheduled for completion in 2011.

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 \$457,000. The capital costs are to be funded from various sources, including: (1) Airport revenues; (2) FAA Airport Improvement Program grants; (3) Transportation Security Administration (TSA) grants; (4) Passenger Facility Charge (PFC) revenues; (5) general airport revenue bonds; and (6) future subordinated debt. 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. Refer to Note 20, Subsequent Events, for additional information on the AIP.

Funding Progress of the County's Retirement 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 71.34% as of December 31, 2008. (refer to the Required Supplemental Information, Orange County Employees Retirement System Schedule of Funding Progress for Years Ended December 31). The decline in funding status is caused by multiple factors, including OCERS market losses of 21.71% in 2008, changes in actuarial assumptions, changes in methodology, and enhancement of retirement benefits. Market losses and other actuarial changes during 2008 will result in increased employer contributions during the County FY 2010-11 of roughly 3.82% of payroll for safety employees and 2.21% for non-safety employees.

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, 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://www.ac.ocgov.com>.



*Nix Nature Center Rocks and Caves—Laguna Coast Wilderness Park
Photo Courtesy of OC Parks*



County of Orange
 Comprehensive Annual Financial Report
 June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents (Notes 1 and 4)	\$ 1,811,463	\$ 423,809	\$ 2,235,272	\$ 103,706
Restricted Cash and Cash Equivalents (Notes 1 and 4)	286,804	202,363	489,167	--
Investments (Notes 1 and 4)	8,043	37,178	45,221	30,290
Deposits In-Lieu of Cash	95	56,582	56,677	--
Internal Balances	12,596	(12,596)	--	--
Due from Component Unit (Note 7)	68	--	68	--
Prepaid Costs (Notes 1 and 18)	106,535	4,618	111,153	--
Inventory of Materials and Supplies (Note 1)	1,347	--	1,347	--
Land and Improvements Held for Resale (Note 1)	743	--	743	--
Receivables, Net of Allowances (Note 6)				
Accounts	18,441	17,733	36,174	5
Taxes	71,735	--	71,735	5,843
Interest/Dividends	5,198	1,873	7,071	490
Deposits	868	--	868	--
Advances	120	--	120	--
Loans	2,958	--	2,958	--
Due from Other Governmental Agencies (Note 6)	359,033	1,440	360,473	685
Notes Receivable (Note 6)	29,820	--	29,820	--
Net Other Postemployment Benefits (Note 19)	57,322	--	57,322	--
Capital Assets (Notes 1 and 5)				
Not Depreciable	1,025,517	181,102	1,206,619	--
Depreciable (Net)	1,497,538	376,930	1,874,468	2
Total Capital Assets	<u>2,523,055</u>	<u>558,032</u>	<u>3,081,087</u>	<u>2</u>
Total Assets	<u>5,296,244</u>	<u>1,291,032</u>	<u>6,587,276</u>	<u>141,021</u>

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

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts Payable	\$ 87,957	\$ 17,266	\$ 105,223	\$ 6,113
Salaries and Employee Benefits Payable	52,381	1,300	53,681	70
Retainage Payable	5,424	1,380	6,804	4,127
Interest Payable	8,313	1,037	9,350	--
Deposits from Others	35,709	57,974	93,683	--
Due to Primary Government (Note 7)	--	--	--	68
Due to Other Governmental Agencies	32,661	1,507	34,168	7,738
Unearned Revenue (Note 1)	57,421	2,682	60,103	--
Long-Term Liabilities				
Due Within One Year				
Insurance Claims Payable (Notes 1 and 16)	43,078	--	43,078	--
Compensated Employee Absences Payable (Notes 1 and 11)	92,143	2,372	94,515	103
Capital Lease Obligations Payable (Notes 11 and 13)	4,838	--	4,838	--
Notes Payable (Note 10)	178,300	--	178,300	--
Bonds Payable (Note 11)	83,621	7,737	91,358	--
Pollution Remediation Obligation (Notes 11 and 17)	--	1,843	1,843	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	1,906	1,906	--
Due in More than One Year				
Interest Accretion on Capital Appreciation Bonds Payable (Note 11)	138,168	--	138,168	--
Insurance Claims Payable (Notes 1 and 16)	115,089	--	115,089	--
Compensated Employee Absences Payable (Notes 1 and 11)	73,589	2,391	75,980	81
Arbitrage Rebate Payable (Note 11)	1,239	130	1,369	--
Capital Lease Obligations Payable (Notes 11 and 13)	80,114	--	80,114	--
Bonds Payable (Note 11)	504,954	56,909	561,863	--
Net Pension Obligation (Notes 11 and 18)	652	--	652	--
Pollution Remediation Obligation (Notes 11 and 17)	--	8,630	8,630	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	171,142	171,142	--
Total Liabilities	1,595,651	336,206	1,931,857	18,300
NET ASSETS				
Invested in Capital Assets, Net of Related Debt (Note 1)	2,445,397	493,658	2,939,055	--
Restricted for (Note 1):				
Expendable				
Other Postemployment Benefits	57,322	--	57,322	--
Capital Projects	85,197	--	85,197	--
Debt Service	66,515	--	66,515	--
Legally Segregated Special Revenue Funds Restricted for				
Grants and Other Purposes	1,047,284	--	1,047,284	--
Children and Families Commission of Orange County	--	--	--	122,721
Airport	--	176,225	176,225	--
Waste Management	--	284,943	284,943	--
Nonexpendable				
Regional Park Endowment	149	--	149	--
Unrestricted (Note 1)	(1,271)	--	(1,271)	--
Total Net Assets	\$ 3,700,593	\$ 954,826	\$ 4,655,419	\$ 122,721

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Functions/Programs	Net Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government					
Governmental Activities					
General Government	\$ 320,570	\$ (52,478)	\$ 44,782	\$ (3,377)	\$ 1,628
Public Protection	1,196,382	34,512	289,014	404,859	12,597
Public Ways and Facilities	111,484	(2,736)	47,283	31,944	68,191
Health and Sanitation	585,087	8,244	82,059	425,458	2,813
Public Assistance	890,804	7,864	26,636	770,944	--
Education	40,300	965	1,338	2,042	--
Recreation and Cultural Services	80,304	1,592	40,138	9,631	8,802
Interest on Long-Term Debt	59,751	--	--	--	--
Total Governmental Activities	<u>3,284,682</u>	<u>(2,037)</u>	<u>531,250</u>	<u>1,641,501</u>	<u>94,031</u>
Business-Type Activities					
Airport	90,929	1,030	125,095	151	7,466
Waste Management	78,367	1,007	93,456	20	--
Total Business-Type Activities	<u>169,296</u>	<u>2,037</u>	<u>218,551</u>	<u>171</u>	<u>7,466</u>
Total Primary Government	<u>\$ 3,453,978</u>	<u>\$ --</u>	<u>\$ 749,801</u>	<u>\$ 1,641,672</u>	<u>\$ 101,497</u>
Component Unit					
Children and Families					
Commission of Orange County	<u>\$ 62,477</u>	<u>\$ --</u>	<u>\$ 18</u>	<u>\$ 38,879</u>	<u>\$ --</u>

General Revenues

Taxes
Property Taxes, Levied for General Fund
Property Taxes, Levied for Flood Control District
Property Taxes, Levied for OC Parks
Property Taxes, Levied for OC Public Libraries
Property 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.

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government				Component Unit	Functions/Programs
Governmental Activities	Business-Type Activities	Total	Total		
\$ (225,059)	\$ --	\$ (225,059)			Primary Government
(524,424)	--	(524,424)			Governmental Activities
38,670	--	38,670			General Government
(83,001)	--	(83,001)			Public Protection
(101,088)	--	(101,088)			Public Ways and Facilities
(37,885)	--	(37,885)			Health and Sanitation
(23,325)	--	(23,325)			Public Assistance
(59,751)	--	(59,751)			Education
<u>(1,015,863)</u>	<u>--</u>	<u>(1,015,863)</u>			Recreation and Cultural Services
					Interest on Long-Term Debt
					Total Governmental Activities
					Business-Type Activities
--	40,753	40,753			Airport
--	14,102	14,102			Waste Management
--	54,855	54,855			Total Business-Type Activities
<u>(1,015,863)</u>	<u>54,855</u>	<u>(961,008)</u>			Total Primary Government
					Component Unit
				\$ (23,580)	Children and Families
					Commission of Orange County
					General Revenues
					Taxes
263,893	--	263,893	--		Property Taxes, Levied for General Fund
68,747	--	68,747	--		Property Taxes, Levied for Flood Control District
51,076	--	51,076	--		Property Taxes, Levied for OC Parks
37,932	--	37,932	--		Property Taxes, Levied for OC Public Libraries
35,276	--	35,276	--		Property Tax Increments
232,760	--	232,760	--		Property Taxes in-Lieu of Motor Vehicle License Fees
94,184	--	94,184	--		Other Taxes
27,637	--	27,637	--		Grants and Contributions Not Restricted to Specific Programs
50,390	--	50,390	--		State Allocation of Motor Vehicle License Fees
13,583	17,332	30,915	3,943		Unrestricted Investment Earnings
49,438	786	50,224	211		Miscellaneous
14,129	(14,129)	--	--		Transfers (Note 9)
<u>939,045</u>	<u>3,989</u>	<u>943,034</u>	<u>4,154</u>		Total General Revenues and Transfers
(76,818)	58,844	(17,974)	(19,426)		Change in Net Assets
3,777,411	895,982	4,673,393	142,147		Net Assets - Beginning of Year, as Restated (Note 2)
<u>\$ 3,700,593</u>	<u>\$ 954,826</u>	<u>\$ 4,655,419</u>	<u>\$ 122,721</u>		Net Assets - End of Year

County of Orange
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	General Fund	Roads	Flood Control District	OC Parks
ASSETS				
Pooled Cash/Investments (Notes 1 and 4)	\$ 202,294	\$ 140,919	\$ 332,172	\$ 136,440
Imprest Cash Funds (Note 4)	1,868	--	--	--
Restricted Cash and Investments with Trustee (Notes 1 and 4)	1,536	--	--	--
Investments (Notes 1 and 4)	--	--	--	--
Deposits In-Lieu of Cash	--	--	--	95
Receivables				
Accounts	17,683	1,900	2,234	3,464
Taxes (Note 1)	13,317	--	2,730	2,023
Interest/Dividends	781	398	930	387
Deposits	681	172	15	--
Advances	59	--	--	--
Loans	--	--	875	2,083
Allowance for Uncollectible Receivables	(190)	(17)	(1,886)	(14)
Due from Other Funds (Note 7)	55,785	1,055	2,437	192
Due from Component Unit (Note 7)	67	--	--	--
Due from Other Governmental Agencies	279,256	24,146	36,958	6,233
Inventory of Materials and Supplies (Note 1)	334	105	279	64
Prepaid Costs (Note 1)	2	--	--	--
Land and Improvements Held for Resale (Note 1)	--	--	--	--
Advances To Other Funds (Note 7)	1,778	--	--	--
Notes Receivables	--	--	--	--
Total Assets	<u>\$ 575,251</u>	<u>\$ 168,678</u>	<u>\$ 376,744</u>	<u>\$ 150,967</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 45,336	\$ 3,691	\$ 17,551	\$ 2,818
Retainage payable	2,395	842	1,562	328
Salaries and Employee Benefits Payable	48,020	635	687	721
Deposits from Others	2,415	11,744	5,454	3,919
Due to Other Funds (Note 7)	16,312	2,532	5,296	2,610
Due to Other Governmental Agencies	16,982	1,135	3,162	165
Deferred Revenue (Note 1)	134,334	19,408	28,844	1,628
Unearned Revenue (Note 1)	21,413	28,583	865	3,363
Notes Payable	--	--	--	--
Advances from Other Funds (Note 7)	--	--	--	--
Total Liabilities	<u>287,207</u>	<u>68,570</u>	<u>63,421</u>	<u>15,552</u>
Fund Balances				
Reserved for:				
Encumbrances	43,505	47,046	53,429	16,667
Long Term Receivables	2,178	--	--	--
Imprest Cash Funds	1,868	--	--	--
Inventory of Materials and Supplies	334	105	279	64
Loans	--	--	875	2,083
Prepaid Costs	2	--	--	--
Land and Improvements Held for Resale	--	--	--	--
Debt Service	1,536	--	--	--
Reserved for Low and Moderate - Income Housing	--	--	--	--
Unreserved, Designated for:				
Operations	2,020	--	--	12,057
Operations (Strategic Plan)	126,202	--	--	--
Capital Projects	14,087	--	145,028	22,345
Contingencies	61,300	--	--	--
Administration Fees	--	--	--	--
Equipment Purchase	--	--	--	--
Equipment Replacement	--	--	484	--
Land Purchase	--	--	51,222	--
Maintenance and Construction	--	--	--	2,500
Revitalization Projects	--	--	--	19,620
Future Road Projects	--	12,494	--	--
Cash Difference Funds	9	--	--	--
General Reserve	8,184	--	12,609	8,000
Unreserved, Undesignated for:				
General Fund	26,819	--	--	--
Special Revenue Funds	--	40,463	49,397	52,079
Debt Service Funds	--	--	--	--
Capital Projects Funds	--	--	--	--
Permanent Fund	--	--	--	--
Total Fund Balances	<u>288,044</u>	<u>100,108</u>	<u>313,323</u>	<u>135,415</u>
Total Liabilities and Fund Balances	<u>\$ 575,251</u>	<u>\$ 168,678</u>	<u>\$ 376,744</u>	<u>\$ 150,967</u>

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

Basic Financial Statements
Balance Sheet
(Dollar Amounts in Thousands)

Other Public Protection	Teeter Plan Obligation Commercial Paper Program Note	Other Governmental Funds	Total Governmental Funds
\$ 133,101	\$ 112,352	\$ 527,774	\$ 1,585,052
5	--	61	1,934
--	196	283,594	285,326
--	--	8,043	8,043
--	--	--	95
494	--	3,354	29,129
--	50,433	3,232	71,735
494	272	1,373	4,635
--	--	--	868
61	--	--	120
--	--	--	2,958
(1)	--	(2)	(2,110)
105	--	17,062	76,636
--	--	--	67
4,132	--	7,699	358,424
320	--	--	1,102
--	--	--	2
--	--	743	743
--	--	--	1,778
--	--	29,820	29,820
<u>\$ 138,711</u>	<u>\$ 163,253</u>	<u>\$ 882,753</u>	<u>\$ 2,456,357</u>

ASSETS

Pooled Cash/Investments (Notes 1 and 4)	
Imprest Cash Funds (Note 4)	
Restricted Cash and Investments with Trustee (Notes 1 and 4)	
Investments (Notes 1 and 4)	
Deposits In-Lieu of Cash	
Receivables	
Accounts	
Taxes (Note 1)	
Interest/Dividends	
Deposits	
Advances	
Loans	
Allowance for Uncollectible Receivables	
Due from Other Funds (Note 7)	
Due from Component Unit (Note 7)	
Due from Other Governmental Agencies	
Inventory of Materials and Supplies (Note 1)	
Prepaid Costs (Note 1)	
Land and Improvements Held for Resale (Note 1)	
Advances To Other Funds (Note 7)	
Notes Receivables	
Total Assets	\$ 2,456,357

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	
Retainage payable	
Salaries and Employee Benefits Payable	
Deposits from Others	
Due to Other Funds (Note 7)	
Due to Other Governmental Agencies	
Deferred Revenue (Note 1)	
Unearned Revenue (Note 1)	
Notes Payable	
Advances from Other Funds (Note 7)	
Total Liabilities	

Fund Balances

Reserved for:	
Encumbrances	
Long Term Receivables	
Imprest Cash Funds	
Inventory of Materials and Supplies	
Loans	
Prepaid Costs	
Land and Improvements Held for Resale	
Debt Service	
Reserved for Low and Moderate - Income Housing	
Unreserved, Designated for:	
Operations	
Operations (Strategic Plan)	
Capital Projects	
Contingencies	
Administration Fees	
Equipment Purchase	
Equipment Replacement	
Land Purchase	
Maintenance and Construction	
Revitalization Projects	
Future Road Projects	
Cash Difference Funds	
General Reserve	
Unreserved, Undesignated for:	
General Fund	
Special Revenue Funds	
Debt Service Funds	
Capital Projects Funds	
Permanent Fund	
Total Fund Balances	

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 \$1,953,770 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	\$	1,746,823
--	----	-----------

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	644,822	
Structures and Improvements	974,706	
Equipment	261,923	
Infrastructure	1,227,836	
Construction in Progress	377,927	
Accumulated Depreciation	<u>(988,765)</u>	2,498,449

Other assets used in governmental activities do not consume current financial resources and therefore, are not reported in the governmental funds:

Prepaid Costs	101,471	
Unamortized Bond Issuance Cost	<u>5,007</u>	106,478

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.

96,367

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	181,569	
Allowance for Uncollectible Receivables	<u>(8,701)</u>	172,868

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.

8,168

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 \$985,882 which consisted of the following:

Bonds and COPs Payable, Net	(588,575)	
Compensated Employee Absences Payable	(163,983)	
Capital Lease Obligations Payable	(84,952)	
Arbitrage Rebate Payable	(1,239)	
Interest Payable on Bonds	(8,313)	
Interest Accreted on Capital Appreciation Bonds	(138,168)	
County's Net Pension Obligation for the Extra-Help Employees' Defined Benefit Retirement Plan	(652)	(985,882)

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 2008-09, the County contributed more than the ARC to the Retiree Medical Trust and reports the net OPEB asset on the Statement of Net Assets.

57,322

Net Assets of Governmental Activities

\$ 3,700,593

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	General Fund	Roads	Flood Control District	OC Parks
Revenues				
Taxes	\$ 534,455	\$ --	\$ 68,495	\$ 50,889
Licenses, Permits, and Franchises	10,242	485	281	155
Fines, Forfeitures and Penalties	39,728	10	63	295
Use of Money and Property	9,809	2,997	9,695	36,610
Intergovernmental	1,344,385	37,995	14,865	9,464
Charges for Services	393,235	14,825	13,910	6,485
Other	18,021	1,061	20,869	1,508
Total Revenues	<u>2,349,875</u>	<u>57,373</u>	<u>128,178</u>	<u>105,406</u>
Expenditures				
Current				
General Government	148,298	--	--	--
Public Protection	1,016,275	--	69,419	--
Public Ways and Facilities	41,557	61,791	--	--
Health and Sanitation	575,988	--	--	--
Public Assistance	735,614	--	--	--
Education	--	--	--	--
Recreation and Cultural Services	--	--	--	79,560
Capital Outlay	40,615	10,364	54,448	9,451
Debt Service				
Principal Retirement	18,206	--	--	--
Interest	16,751	--	--	--
Total Expenditures	<u>2,593,304</u>	<u>72,155</u>	<u>123,867</u>	<u>89,011</u>
Excess (Deficit) of Revenues Over Expenditures	(243,429)	(14,782)	4,311	16,395
Other Financing Sources (Uses)				
Transfers In (Note 9)	327,171	--	--	2,707
Transfers Out (Note 9)	(110,671)	--	(3,415)	(5,143)
Total Other Financing Sources (Uses)	<u>216,500</u>	<u>--</u>	<u>(3,415)</u>	<u>(2,436)</u>
Net Change in Fund Balances	(26,929)	(14,782)	896	13,959
Fund Balances - Beginning of Year	314,973	114,890	312,427	121,456
Fund Balances - End of Year	<u>\$ 288,044</u>	<u>\$ 100,108</u>	<u>\$ 313,323</u>	<u>\$ 135,415</u>

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

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

Other Public Protection	Teeter Plan Obligation Commercial Paper Program Note	Other Governmental Funds	Total Governmental Funds	
\$ --	\$ --	\$ 73,320	\$ 727,159	Revenues
6,003	--	799	17,965	Taxes
5,041	31,984	35,761	112,882	Licenses, Permits, and Franchises
7,894	3,133	(471)	69,667	Fines, Forfeitures and Penalties
33,634	--	256,674	1,697,017	Use of Money and Property
8,555	--	6,446	443,456	Intergovernmental
8,662	--	38,943	89,064	Charges for Services
<u>69,789</u>	<u>35,117</u>	<u>411,472</u>	<u>3,157,210</u>	Other
				Total Revenues
				Expenditures
				Current
--	45,284	83,787	277,369	General Government
32,073	--	115	1,117,882	Public Protection
--	--	7,200	110,548	Public Ways and Facilities
--	--	976	576,964	Health and Sanitation
--	--	142,822	878,436	Public Assistance
--	--	39,666	39,666	Education
--	--	329	79,889	Recreation and Cultural Services
10,823	--	29,585	155,286	Capital Outlay
				Debt Service
--	--	187,062	205,268	Principal Retirement
--	1,170	28,776	46,697	Interest
<u>42,896</u>	<u>46,454</u>	<u>520,318</u>	<u>3,488,005</u>	Total Expenditures
				Excess (Deficit) of Revenues
26,893	(11,337)	(108,846)	(330,795)	Over Expenditures
				Other Financing Sources (Uses)
1,144	118,258	344,248	793,528	Transfers In (Note 9)
(110,006)	(122,024)	(430,138)	(781,397)	Transfers Out (Note 9)
<u>(108,862)</u>	<u>(3,766)</u>	<u>(85,890)</u>	<u>12,131</u>	Total Other Financing Sources (Uses)
				Net Change in Fund Balances
(81,969)	(15,103)	(194,736)	(318,664)	
197,540	--	1,004,201	2,065,487	Fund Balances - Beginning of Year
<u>\$ 115,571</u>	<u>\$ (15,103)</u>	<u>\$ 809,465</u>	<u>\$ 1,746,823</u>	Fund Balances - End of Year

The Net Change in Fund Balances for governmental funds of (\$318,664) in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Assets for governmental activities of (\$76,818) 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 \$ (318,664)

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 expense. In addition, donations, transfers, gain or losses from sales and other disposals/acquisitions of capital assets are not reported in governmental funds. These assets, and their associated depreciation expense, must be reported or removed in the government-wide financial statements. The details of the \$135,084 expenditures of capital outlay, capital contributions, depreciation and other disposals/acquisitions of capital assets are as follows:

Expenditures for capital outlay:		
Land	26,980	
Structures and Improvements	103,737	
Equipment	17,242	
Other Disposals/Acquisitions of Capital Assets, net of Gains/Losses on Sale	(700)	
Depreciation Expense	(60,742)	
Capital Contributions	48,567	135,084

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 \$204,681 principal and other long-term liability payments and other financing sources are as follows:

Principal and Other Long-Term Liability Payments:		
Bonds Payable	199,451	
Capital Lease Obligations	5,817	
Arbitrage Rebate Payable	(587)	204,681

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

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

Government Mandated and Voluntary Nonexchange, net of Allowance for Uncollectible Accounts	(18,901)	
Property Tax Revenues	<u>(1,307)</u>	(20,208)

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	2,477	
Amortization of Deferred Charges	(2,279)	
Compensated Employee Absences Expense	(5,123)	
Pension Costs and Amortization of the County's Investment Account with OCERS	(61,633)	
Interest Accretion on Capital Appreciation Bonds	<u>(14,039)</u>	(80,597)

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	(22,598)	
Consolidation of Nonoperating Revenues/Expenses to Governmental Activities	<u>14,604</u>	(7,994)

For FY 2008-09, the annual required contribution for OPEB was \$25,900 and the annual OPEB cost was \$25,167. County contributions, totaling \$36,047 were deposited into the Retiree Medical Trust. The excess OPEB contribution of \$10,880 was treated as a reduction to the various functional expenses in order to correctly reflect each function's OPEB cost.

	<u>10,880</u>	
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>(76,818)</u>

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	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		\$ 541,433	\$ 425	\$ 541,858
Licenses, Permits, and Franchises		9,671	--	9,671
Fines, Forfeitures and Penalties		52,979	18	52,997
Use of Money and Property		15,208	(112)	15,096
Intergovernmental		1,432,600	5,634	1,438,234
Charges for Services		399,425	29,018	428,443
Other		332,071	21,692	353,763
Transfers In		277,001	60,383	337,384
Premiums on Bonds Issued		--	1,133	1,133
Total Revenues and Other Financing Sources		<u>3,060,388</u>	<u>118,191</u>	<u>3,178,579</u>
Expenditures/Encumbrances and Other Financing Uses				
General Government:				
Assessor	\$ 613	35,078	(551)	35,140
Auditor-Controller	861	17,455	(193)	18,123
Board of Supervisors - 1st District	3	951	--	954
Board of Supervisors - 2nd District	--	912	--	912
Board of Supervisors - 3rd District	--	950	--	950
Board of Supervisors - 4th District	--	893	--	893
Board of Supervisors - 5th District	--	934	--	934
Capital Acquisition Financing	--	7,121	--	7,121
Capital Projects	37,300	39,315	(5,470)	71,145
CAPS Program	3,906	26,929	(411)	30,424
Clerk of the Board	57	3,384	81	3,522
County Counsel	65	13,518	(171)	13,412
County Executive Office	1,837	18,679	(698)	19,818
Data Systems Development Project	3,330	9,869	1,107	14,306
Employee Benefits	--	2,367	(24)	2,343
Human Resources	264	4,001	(80)	4,185
Internal Audit	80	2,959	(55)	2,984
IBM Mainframe	--	5,413	(572)	4,841
Miscellaneous	22	313,956	5,993	319,971
Office of Independent Review	--	750	--	750
Registrar of Voters	174	13,412	10,587	24,173
Tax and Revenue Anticipation Notes	--	--	2,650	2,650
The Office of the Performance Audit	6	750	(15)	741
Treasurer-Tax Collector	343	14,448	(30)	14,761
Utilities	1,745	29,414	(430)	30,729
2005 Lease Revenue Refunding Bonds	--	71,733	1,656	73,389
2005 Refunding Recovery Bonds	--	18,433	--	18,433
Public Protection:				
Alternate Defense	--	5,404	1,903	7,307
Child Support Services	37	57,744	--	57,781
Clerk-Recorder	1,637	12,426	1	14,064
Detention Release	--	1,704	(34)	1,670
District Attorney	2,226	119,982	1,256	123,464
Emergency Management Division	25	2,145	(14)	2,156
Grand Jury	--	583	(12)	571
Juvenile Justice Commission	--	211	(4)	207
Probation	3,902	172,802	4,159	180,863
Public Administrator/Public Guardian	3	6,455	(49)	6,409
Public Defender	1,037	66,056	(1,201)	65,892
Sheriff-Coroner	8,973	471,501	19,288	499,762
Sheriff-Coroner Communications	238	10,800	248	11,286
Sheriff Court Operations	90	58,642	(202)	58,530
Trial Courts	3	66,697	--	66,700
Public Ways and Facilities:				
OC Public Works	3,363	63,725	(5,205)	61,883
Health and Sanitation:				
Health Care Agency	2,796	603,002	(14,147)	591,651
Watershed and Coastal Resources Division	2,198	29,895	2,004	34,097
Public Assistance:				
Aid to Families with Dependent Children - Foster Care	715	117,741	12,728	131,184
Aid to Refugees	--	373	113	486
California Works Opportunities and Responsibility to Kids	--	102,620	16,484	119,104
Community Services Programs	113	15,564	27,115	42,792
General Relief	--	626	608	1,034
In-Home Supportive Services - IHSS	--	29,928	4,647	34,575
Social Services Agency	13,986	472,442	(17,267)	469,161
Total Expenditures/Encumbrances and Other Financing Uses	<u>91,948</u>	<u>3,142,692</u>	<u>65,593</u>	<u>3,300,233</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(91,948)	(82,304)	52,598	(121,654)
Fund Balances - Beginning of Year	--	70,000	--	70,000
Cancellation of Reserves/Designations	--	30,950	--	30,950
Fund Balance Reserved for Encumbrances	91,948	--	--	91,948
Provisions for Reserves and/or Designations	--	(18,646)	(52,598)	(71,244)
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

Budgetary Comparison Statement
General Fund
(Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance		
		Open Encumbrances June 30, 2009	Unspent Appropriations	
\$ 534,455	\$ (7,403)			Revenues and Other Financing Sources
10,242	571			Taxes
39,728	(13,269)			Licenses, Permits, and Franchises
9,809	(5,287)			Fines, Forfeitures and Penalties
1,344,385	(93,849)			Use of Money and Property
393,235	(35,208)			Intergovernmental
54,521	(299,242)			Charges for Services
327,171	(10,213)			Other
--	(1,133)			Transfers In
2,713,546	(465,033)			Premiums on Bonds Issued
				Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				General Government:
33,096	2,044	\$ 470	\$ 1,574	Assessor
15,478	2,645	785	1,860	Auditor-Controller
941	13	5	8	Board of Supervisors - 1st District
860	52	--	52	Board of Supervisors - 2nd District
812	138	2	136	Board of Supervisors - 3rd District
883	10	--	10	Board of Supervisors - 4th District
881	53	2	51	Board of Supervisors - 5th District
6,826	295	--	295	Capital Acquisition Financing
37,596	33,549	8,106	25,443	Capital Projects
28,323	2,101	882	1,219	CAPS Program
3,388	134	6	128	Clerk of the Board
12,120	1,292	98	1,194	County Counsel
16,504	3,314	1,738	1,576	County Executive Office
11,006	3,300	2,614	686	Data Systems Development Project
283	2,060	--	2,060	Employee Benefits
3,680	505	192	313	Human Resources
2,699	285	40	245	Internal Audit
4,326	515	--	515	IBM Mainframe
2,069	317,902	--	317,902	Miscellaneous
311	439	45	394	Office of Independent Review
19,240	4,933	601	4,332	Registrar of Voters
2,650	--	--	--	Tax and Revenue Anticipation Notes
565	176	--	176	The Office of the Performance Audit
14,167	594	293	301	Treasurer-Tax Collector
25,198	5,531	1,115	4,416	Utilities
73,389	--	--	--	2005 Lease Revenue Refunding Bonds
18,433	--	--	--	2005 Refunding Recovery Bonds
				Public Protection:
7,307	--	--	--	Alternate Defense
55,911	1,870	59	1,811	Child Support Services
12,503	1,561	1,378	183	Clerk-Recorder
1,572	98	53	45	Detention Release
111,639	11,825	2,463	9,362	District Attorney
1,762	394	151	243	Emergency Management Division
508	63	47	16	Grand Jury
195	12	10	2	Juvenile Justice Commission
168,986	11,877	3,509	8,368	Probation
5,852	557	14	543	Public Administrator/Public Guardian
64,481	1,411	507	904	Public Defender
467,715	32,047	5,145	26,902	Sheriff-Coroner
10,602	684	101	583	Sheriff-Coroner Communications
53,627	4,903	599	4,304	Sheriff Court Operations
64,044	2,656	55	2,601	Trial Courts
				Public Ways and Facilities:
41,709	20,174	2,975	17,199	OC Public Works
				Health and Sanitation:
562,208	29,443	1,673	27,770	Health Care Agency
18,452	15,645	773	14,872	Watershed and Coastal Resources Division
				Public Assistance:
125,623	5,561	330	5,231	Aid to Families with Dependent Children - Foster Care
463	23	--	23	Aid to Refugees
118,302	802	--	802	California Works Opportunities and Responsibility to Kids
36,390	6,402	472	5,930	Community Services Programs
988	46	--	46	General Relief
33,510	1,065	--	1,065	In-Home Supportive Services - IHSS
440,402	28,759	6,197	22,562	Social Services Agency
				Total Expenditures/Encumbrances and Other Financing Uses
2,740,475	559,758	\$ 43,505	\$ 516,253	Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
(26,929)	\$ 94,725			Fund Balances - Beginning of Year
314,973				Cancellation of Reserves/Designations
(261,225)				Fund Balance Reserved for Encumbrances
43,505				Provisions for Reserves and/or Designations
217,720				Fund Balances - End of Year
\$ 288,044				

County of Orange
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	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises		\$ 395	\$ --	\$ 395
Fines, Forfeitures and Penalties		16	--	16
Use of Money and Property		6,100	--	6,100
Intergovernmental		53,545	--	53,545
Charges for Services		54,265	(1,114)	53,151
Other		20,637	--	20,637
Transfers In		12,690	--	12,690
Total Revenues and Other Financing Sources		<u>147,648</u>	<u>(1,114)</u>	<u>146,534</u>
Expenditures/Encumbrances				
Public Ways and Facilities:				
Roads	\$ 31,579	167,745	(1,113)	198,211
Foothill Circulation Phasing Plan	3,427	30,128	(231)	33,324
Total Expenditures/Encumbrances	<u>35,006</u>	<u>197,873</u>	<u>(1,344)</u>	<u>231,535</u>
Excess (Deficit) of Revenues and Other Financing Sources				
Over Expenditures/Encumbrances	(35,006)	(50,225)	230	(85,001)
Fund Balances - Beginning of Year	--	26,701	--	26,701
Cancellation of Reserves/Designations	--	23,524	--	23,524
Fund Balance Reserved for Encumbrances	35,006	--	--	35,006
Provisions for Reserves and/or Designations	--	--	(230)	(230)
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

Budgetary Comparison Statement
Roads
(Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance		
		Open Encumbrances June 30, 2009	Unspent Appropriations	
\$ 485	\$ 90			Revenues and Other Financing Sources
10	(6)			Licenses, Permits, and Franchises
2,997	(3,103)			Fines, Forfeitures and Penalties
37,995	(15,550)			Use of Money and Property
14,825	(38,326)			Intergovernmental
1,061	(19,576)			Charges for Services
--	(12,690)			Other
<u>57,373</u>	<u>(89,161)</u>			Transfers In
				Total Revenues and Other Financing Sources
				Expenditures/Encumbrances
				Public Ways and Facilities:
				Roads
68,962	129,249	\$ 45,511	\$ 83,738	Foothill Circulation Phasing Plan
3,193	30,131	1,535	28,596	Total Expenditures/Encumbrances
<u>72,155</u>	<u>159,380</u>	<u>\$ 47,046</u>	<u>\$ 112,334</u>	Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances
(14,782)	<u>\$ 70,219</u>			Fund Balances - Beginning of Year
114,890				Cancellation of Reserves/Designations
(59,645)				Fund Balance Reserved for Encumbrances
47,046				Provisions for Reserves and/or Designations
12,599				Fund Balances - End of Year
<u>\$ 100,108</u>				

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	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues				
Taxes		\$ 65,878	\$ --	\$ 65,878
Licenses, Permits, and Franchises		401	--	401
Fines, Forfeitures and Penalties		14	--	14
Use of Money and Property		13,030	--	13,030
Intergovernmental		14,687	--	14,687
Charges for Services		13,038	(1,253)	11,785
Other		18,934	--	18,934
Total Revenues		<u>125,982</u>	<u>(1,253)</u>	<u>124,729</u>
Expenditures/Encumbrances and Other Financing Uses				
Public Protection:				
Flood Control District	\$ 35,771	103,284	9,345	148,400
Santa Ana River Environmental Enhancement	--	56	(1)	55
Flood Control District - Capital	<u>5,118</u>	<u>57,934</u>	<u>16,197</u>	<u>79,249</u>
Total Expenditures/Encumbrances and Other Financing Uses	<u>40,889</u>	<u>161,274</u>	<u>25,541</u>	<u>227,704</u>
Excess (Deficit) of Revenues Over Expenditures/Encumbrances and Other Financing Uses	(40,889)	(35,292)	(26,794)	(102,975)
Fund Balances - Beginning of Year	--	104,927	--	104,927
Cancellation of Reserves/Designations	--	--	26,794	26,794
Fund Balance Reserved for Encumbrances	40,889	--	--	40,889
Provisions for Reserves and/or Designations	--	(69,635)	--	(69,635)
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

Budgetary Comparison Statement
Flood Control District
(Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance		
		Open Encumbrances June 30, 2009	Unspent Appropriations	
\$ 68,495	\$ 2,617			Revenues
281	(120)			Taxes
63	49			Licenses, Permits, and Franchises
9,695	(3,335)			Fines, Forfeitures and Penalties
14,865	178			Use of Money and Property
13,910	2,125			Intergovernmental
20,869	1,935			Charges for Services
<u>128,178</u>	<u>3,449</u>			Other
				Total Revenues
				Expenditures/Encumbrances and Other Financing Uses
				Public Protection:
93,236	55,164	\$ 35,545	\$ 19,619	Flood Control District
--	55	--	55	Santa Ana River Environmental Enhancement
<u>34,046</u>	<u>45,203</u>	<u>17,884</u>	<u>27,319</u>	Flood Control District - Capital
				Total Expenditures/Encumbrances and Other Financing Uses
<u>127,282</u>	<u>100,422</u>	<u>\$ 53,429</u>	<u>\$ 46,993</u>	Excess (Deficit) of Revenues Over Expenditures/Encumbrances and Other Financing Uses
896	<u>\$ 103,871</u>			Fund Balances - Beginning of Year
312,427				Cancellation of Reserves/Designations
(263,927)				Fund Balance Reserved for Encumbrances
53,429				Provisions for Reserves and/or Designations
210,498				Fund Balances - End of Year
<u>\$ 313,323</u>				

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2009

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		\$ 50,824	\$ --	\$ 50,824
Licenses, Permits, and Franchises		324	--	324
Fines, Forfeitures and Penalties		114	--	114
Use of Money and Property		39,307	--	39,307
Intergovernmental		10,204	(230)	9,974
Charges for Services		6,654	--	6,654
Other		6,112	1	6,113
Transfers In		36,183	975	37,158
Total Revenues and Other Financing Sources		<u>149,722</u>	<u>746</u>	<u>150,468</u>
Expenditures/Encumbrances and Other Financing Uses				
Recreation and Cultural Services:				
County Tidelands - Newport Bay	\$ 18	12,431	11	12,460
Dana Point Tidelands	2,313	24,787	4,444	31,544
Harbors, Beaches, and Parks	5,163	97,946	8,429	111,538
Harbors, Beaches, and Parks Capital	2,649	48,317	(1,505)	49,461
Dana Point State Department of Boating and Waterways Loan Reserve	--	1,209	(3)	1,206
Total Expenditures/Encumbrances and Other Financing Uses	<u>10,143</u>	<u>184,690</u>	<u>11,376</u>	<u>206,209</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(10,143)	(34,968)	(10,630)	(55,741)
Fund Balances - Beginning of Year	--	82,150	--	82,150
Cancellation of Reserves/Designations	--	--	10,630	10,630
Fund Balance Reserved for Encumbrances	10,143	--	--	10,143
Provisions for Reserves and/or Designations	--	(47,182)	--	(47,182)
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

Budgetary Comparison Statement
 OC Parks
 (Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance		
		Open Encumbrances June 30, 2009	Unspent Appropriations	
\$ 50,889	\$ 65			Revenues and Other Financing Sources
155	(169)			Taxes
295	181			Licenses, Permits, and Franchises
36,610	(2,697)			Fines, Forfeitures and Penalties
9,464	(510)			Use of Money and Property
6,485	(169)			Intergovernmental
1,508	(4,605)			Charges for Services
2,707	(34,451)			Other
<u>108,113</u>	<u>(42,355)</u>			Transfers In
				Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Recreation and Cultural Services:
6,726	5,734	\$ 590	\$ 5,144	County Tidelands - Newport Bay
21,729	9,815	2,911	6,904	Dana Point Tidelands
55,575	55,963	8,892	47,071	Harbors, Beaches, and Parks
10,123	39,338	4,274	35,064	Harbors, Beaches, and Parks Capital
				Dana Point State Department of Boating and Waterways Loan Reserve
1	1,205	--	1,205	Total Expenditures/Encumbrances and Other Financing Uses
<u>94,154</u>	<u>112,055</u>	<u>\$ 16,667</u>	<u>\$ 95,388</u>	Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
				Fund Balances - Beginning of Year
13,959	<u>\$ 69,700</u>			Cancellation of Reserves/Designations
				Fund Balance Reserved for Encumbrances
121,456				Provisions for Reserves and/or Designations
(83,338)				Fund Balances - End of Year
16,667				
66,671				
<u>\$ 135,415</u>				

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2009

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises		\$ 8,934	\$ (816)	\$ 8,118
Fines, Forfeitures and Penalties		3,698	--	3,698
Use of Money and Property		9,368	5	9,373
Intergovernmental		26,924	2,525	29,449
Charges for Services		5,925	(21)	5,904
Other		19,113	--	19,113
Special Items		--	618	618
Transfers In		11,106	(2,900)	8,206
Total Revenues and Other Financing Sources		<u>85,068</u>	<u>(589)</u>	<u>84,479</u>
Expenditures/Encumbrances and Other Financing Uses				
Public Protection:				
Orange County Methamphetamine Lab Investigation Team	\$ --	1,280	1	1,281
County Automated Fingerprint Identification	--	1,326	85	1,411
Building and Safety	274	11,080	547	11,901
Narcotic Forfeiture and Seizure	211	1,606	1	1,818
Sheriff-Regional Narcotics Suppression Program	34	10,551	551	11,136
Motor Vehicle Theft Task Force	57	3,182	1	3,240
Clerk Recorder Special Revenue	--	7,411	105	7,516
Real Estate Prosecution Fund	--	--	130	130
Proposition 64 - Consumer Protection	--	399	1,196	1,595
Proposition 69 - DNA Identification	--	1,569	326	1,895
Juvenile Justice Reform	--	4,500	2,062	6,562
Traffic Violator	--	1,972	(75)	1,897
Childrens' Waiting Room	--	1,115	289	1,404
Sheriff Narcotics Program	91	4,921	(41)	4,971
Orange County Jail	--	3,643	217	3,860
Sheriff's State Criminal Alien Assistance Program	--	27,763	5,650	33,413
Substance Abuse/Crime Prevention	--	6,054	779	6,833
County Public Safety Sales Tax Excess Revenues	--	48,172	(7,248)	40,924
California Automated Fingerprint Identification Operational Costs	--	1,352	(8)	1,344
California Automated Fingerprint Identification Systems Costs	232	20,324	(52)	20,504
Sheriff's Supplemental Law Enforcement Services	--	2,514	(135)	2,379
District Attorney's Supplemental Law Enforcement Services	--	985	(11)	974
Sheriff-Coroner Replacement and Maintenance	255	28,493	(4,355)	24,393
Ward Welfare	5	124	604	733
Court Facilities	435	2,503	220	3,158
Sheriff's Substations Fee Program	4	8,259	(28)	8,235
Jail Commissary	74	7,968	769	8,811
Inmate Welfare	53	13,866	(91)	13,828
Child Support Program Development	--	11,640	(359)	11,281
800 MHz County-Wide Coordinated Communications System	3,000	16,287	(2,223)	17,064
Delta Special Revenue	--	193	(2)	191
Total Expenditures/Encumbrances and Other Financing Uses	<u>4,725</u>	<u>251,052</u>	<u>(1,095)</u>	<u>254,682</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(4,725)	(165,984)	506	(170,203)
Fund Balances - Budgeted Fund -				
Beginning of Year	--	163,611	--	163,611
Fund Balances - Non-Budgeted Fund -				
Beginning of Year	--	--	--	--
Net Decrease in Fund Balances -				
Non-Budgeted Fund	--	--	--	--
Cancellation of Reserves/Designations	--	5,213	--	5,213
Fund Balance Reserved for Encumbrances	4,725	--	--	4,725
Provisions for Reserves and/or Designations	--	(2,840)	(506)	(3,346)
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

Budgetary Comparison Statement
Other Public Protection
(Dollar Amounts in Thousands)

Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance		
		Open Encumbrances June 30, 2009	Unspent Appropriations	
\$ 6,003	\$ (2,115)			Revenues and Other Financing Sources
3,869	171			Licenses, Permits, and Franchises
7,783	(1,590)			Fines, Forfeitures and Penalties
33,634	4,185			Use of Money and Property
8,555	2,651			Intergovernmental
8,654	(10,459)			Charges for Services
--	(618)			Other
1,144	(7,062)			Special Items
<u>69,642</u>	<u>(14,837)</u>			Transfers In
				Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Public Protection:
712	569	\$ --	\$ 569	Orange County Methamphetamine Lab
				Investigation Team
827	584	1	583	County Automated Fingerprint
9,002	2,899	3	2,896	Identification
1,057	761	12	749	Building and Safety
				Narcotic Forfeiture and Seizure
5,905	5,231	70	5,161	Sheriff-Regional Narcotics
2,811	429	44	385	Suppression Program
6,647	869	--	869	Motor Vehicle Theft Task Force
--	130	--	130	Clerk Recorder Special Revenue
375	1,220	--	1,220	Real Estate Prosecution Fund
1,020	875	--	875	Proposition 64 - Consumer Protection
6,318	244	183	61	Proposition 69 - DNA Identification
502	1,395	--	1,395	Juvenile Justice Reform
989	415	--	415	Traffic Violator
532	4,439	69	4,370	Childrens' Waiting Room
1,204	2,656	--	2,656	Sheriff Narcotics Program
				Orange County Jail
32,475	938	18	920	Sheriff's State Criminal Alien
6,828	5	--	5	Assistance Program
				Substance Abuse/Crime Prevention
39,884	1,040	--	1,040	County Public Safety Sales Tax
				Excess Revenues
2	1,342	--	1,342	California Automated Fingerprint
				Identification Operational Costs
712	19,792	161	19,631	California Automated Fingerprint
				Identification Systems Costs
1,773	606	--	606	Sheriff's Supplemental Law
				Enforcement Services
570	404	--	404	District Attorney's Supplemental
				Law Enforcement Services
10,521	13,872	152	13,720	Sheriff-Coroner Replacement
208	525	1	524	and Maintenance
1,020	2,138	204	1,934	Ward Welfare
9	8,226	--	8,226	Court Facilities
6,354	2,457	131	2,326	Sheriff's Substations Fee Program
5,024	8,804	144	8,660	Jail Commissary
2,786	8,495	--	8,495	Inmate Welfare
				Child Support Program Development
4,171	12,893	92	12,801	800 MHz County-Wide Coordinated
5	186	5	181	Communications System
				Delta Special Revenue
<u>150,243</u>	<u>104,439</u>	<u>\$ 1,290</u>	<u>\$ 103,149</u>	Total Expenditures/Encumbrances
				and Other Financing Uses
				Excess (Deficit) of Revenues
				and Other Financing Sources
				Over Expenditures/Encumbrances
				and Other Financing Uses
(80,601)	<u>\$ 89,602</u>			
192,788				Fund Balances - Budgeted Fund -
				Beginning of Year
4,752				Fund Balances - Non-Budgeted Fund -
				Beginning of Year
(1,368)				Net Decrease in Fund Balances -
(24,047)				Non-Budgeted Fund
1,290				Cancellation of Reserves/Designations
22,757				Fund Balance Reserved for Encumbrances
<u>\$ 115,571</u>				Provisions for Reserves and/or Designations
				Fund Balances - End of Year

**BUDGETARY COMPARISON STATEMENT
 RECONCILIATION OF THE GENERAL FUND
 (Dollar Amounts in Thousands)**

**Note A - Explanation of Differences between Budgetary Revenues and Other Financing Sources and Expenditures/
 Encumbrances and Other Financing Uses and GAAP Revenues, Expenditures, and Other Financing Sources (Uses).**

	<u>General Fund</u>
Revenues and Other Financing Sources	
Total Revenues and Other Financing Sources from the Budgetary Comparison Statements	\$ 2,713,546
Differences-budget to GAAP:	
The County bills departments for their portion of the annual required contribution to Orange County Employees Retirement System (OCERS) and reports the portion of the annual required contribution that is not forwarded to OCERS as other revenue on a budgetary basis because the County Investment Account at OCERS funded this portion of the contribution.	<u>(36,500)</u>
Total Revenues and Other Financing Sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances.	<u><u>\$ 2,677,046</u></u>
 Expenditures/Encumbrances and Other Financing Uses	
Actual expenditures reported in the Budgetary Comparison Statements	\$ 2,740,475
Differences-budget to GAAP:	
The County reclassified the budgeted other revenues for the portion of the annual required contribution funded by the County Investment Account to expenditures for GAAP presentation.	<u>(36,500)</u>
Total Expenditures and Other Financing Uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances.	<u><u>\$ 2,703,975</u></u>



County of Orange
 Comprehensive Annual Financial Report
 June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Airport	Waste Management	Total	
ASSETS				
Current Assets				
Pooled Cash/Investments (Notes 1 and 4)	\$ 105,781	\$ 300,036	\$ 405,817	\$ 224,344
Cash Equivalents/Specific Investments (Notes 1 and 4)	12,032	--	12,032	--
Cash/Cash Equivalents (Notes 1 and 4)	5,911	--	5,911	--
Imprest Cash Funds (Note 4)	14	35	49	133
Restricted Cash and Investments with Trustee (Note 4)	3,964	--	3,964	1,478
Restricted Pooled Cash/Investments (Note 4)	27,137	--	27,137	--
Deposits In-Lieu of Cash	39,399	--	39,399	--
Receivables				
Accounts	4,431	10,786	15,217	301
Passenger Facility Charges	2,517	--	2,517	--
Interest/Dividends	620	1,253	1,873	563
Allowance for Uncollectible Receivables	--	(1)	(1)	(178)
Due from Other Funds (Note 7)	24	25	49	3,178
Due from Component Unit (Note 7)	--	--	--	1
Due from Other Governmental Agencies	838	602	1,440	609
Inventory of Materials and Supplies (Note 1)	--	--	--	245
Prepaid Costs (Note 1)	126	786	912	55
Total Current Assets	202,794	313,522	516,316	230,729
Noncurrent Assets				
Restricted Cash and Investments with Trustee (Note 4)	4,630	11,052	15,682	--
Restricted Pooled Cash/Investments (Note 4)	--	37,156	37,156	--
Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs (Notes 1, 4, and 14)	--	118,424	118,424	--
Deposits In-Lieu of Cash	--	17,183	17,183	--
Investments (Notes 1 and 4)	37,178	--	37,178	--
Prepaid Costs (Note 1)	--	3,144	3,144	--
Capital Assets: (Notes 1 and 5)				
Land	15,678	22,405	38,083	--
Construction in Progress	121,963	21,056	143,019	2,768
Structures and Improvements	334,983	18,514	353,497	8,282
Accumulated Depreciation	(190,403)	(5,203)	(195,606)	(4,174)
Equipment	10,841	63,828	74,669	81,898
Accumulated Depreciation	(8,168)	(31,558)	(39,726)	(64,168)
Infrastructure	128,340	259,768	388,108	--
Accumulated Depreciation	(97,574)	(106,438)	(204,012)	--
Total Capital Assets	315,660	242,372	558,032	24,606
Bond Issuance Costs	454	108	562	--
Total Noncurrent Assets	357,922	429,439	787,361	24,606
Total Assets	560,716	742,961	1,303,677	255,335

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

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Airport	Waste Management	Total	
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 10,381	\$ 6,885	\$ 17,266	\$ 5,355
Retainage Payable	436	944	1,380	53
Salaries and Employee Benefits Payable	542	758	1,300	531
Unearned Revenue	2,619	63	2,682	--
Due to Other Funds (Note 7)	2,076	2,245	4,321	1,429
Due to Other Governmental Agencies	--	1,507	1,507	8
Insurance Claims Payable (Notes 1 and 16)	--	--	--	43,078
Compensated Employee Absences Payable (Notes 1 and 11)	1,000	1,372	2,372	958
Pollution Remediation Obligation (Notes 11 and 17)	170	1,673	1,843	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	1,906	1,906	--
Bonds Payable (Note 11)	2,331	5,406	7,737	--
Interest Payable	892	145	1,037	--
Deposits from Others	39,992	17,982	57,974	--
Total Current Liabilities	<u>60,439</u>	<u>40,886</u>	<u>101,325</u>	<u>51,412</u>
Noncurrent Liabilities				
Insurance Claims Payable (Notes 1 and 16)	--	--	--	115,089
Compensated Employee Absences Payable (Notes 1 and 11)	1,071	1,320	2,391	791
Pollution Remediation Obligation (Notes 11 and 17)	919	7,711	8,630	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	171,142	171,142	--
Bonds Payable (Note 11)	31,171	25,738	56,909	--
Arbitrage Rebate Payable (Note 11)	31	99	130	--
Total Noncurrent Liabilities	<u>33,192</u>	<u>206,010</u>	<u>239,202</u>	<u>115,880</u>
Total Liabilities	<u>93,631</u>	<u>246,896</u>	<u>340,527</u>	<u>167,292</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt (Note 1)	282,468	211,190	493,658	24,607
Restricted for (Note 1)				
Debt Service	7,702	33,209	40,911	--
Passenger Facility Charges Approved Capital Projects (Note 1)	27,935	--	27,935	--
Replacements and Renewals	1,000	--	1,000	--
Landfill Closure/Postclosure	--	69,774	69,774	--
Landfill Corrective Action	--	5,761	5,761	--
San Joaquin Restoration Project	--	3,120	3,120	--
Unrestricted (Note 1)	<u>147,980</u>	<u>173,011</u>	<u>320,991</u>	<u>63,436</u>
Total Net Assets	<u>\$ 467,085</u>	<u>\$ 496,065</u>	<u>\$ 963,150</u>	<u>\$ 88,043</u>
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds			(610)	
Cumulative Effect of Prior Years' Internal Service Funds Allocation			<u>(7,714)</u>	
Net Assets of Business-type Activities			<u>\$ 954,826</u>	

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Airport	Waste Management	Total	
Operating Revenues				
Use of Property	\$ 93,053	\$ 1,013	\$ 94,066	\$ 2,871
Licenses, Permits, and Franchises	--	90	90	--
Charges for Services	15,049	89,570	104,619	71,350
Insurance Premiums	--	--	--	206,847
Other	--	2,764	2,764	--
Total Operating Revenues	<u>108,102</u>	<u>93,437</u>	<u>201,539</u>	<u>281,068</u>
Operating Expenses				
Salaries and Employee Benefits	17,255	24,563	41,818	17,828
Services and Supplies	17,602	28,929	46,531	28,614
Professional Services	32,387	13,608	45,995	38,700
Operating Leases	505	971	1,476	5,143
Insurance Claims and Premiums (Note 16)	--	--	--	207,272
Other Charges	--	--	--	745
Taxes and Other Fees	--	7,346	7,346	--
Landfill Site Closure/Postclosure Costs (Note 14)	--	(16,250)	(16,250)	--
Depreciation (Note 5)	19,939	17,370	37,309	5,974
Total Operating Expenses	<u>87,688</u>	<u>76,537</u>	<u>164,225</u>	<u>304,276</u>
Operating Income (Loss)	<u>20,414</u>	<u>16,900</u>	<u>37,314</u>	<u>(23,208)</u>
Nonoperating Revenues (Expenses)				
Fines, Forfeitures and Penalties	--	19	19	--
Intergovernmental Revenues	151	20	171	1,536
Interest Revenue	4,976	12,356	17,332	5,333
Interest Expense	(5,602)	(2,144)	(7,746)	788
Gain (Loss) on Disposition of Capital Assets	1,572	(112)	1,460	50
Passenger Facility Charges Revenue	16,993	--	16,993	--
Other Revenue (Expense) - Net	647	(73)	574	6,106
Total Nonoperating Revenues	<u>18,737</u>	<u>10,066</u>	<u>28,803</u>	<u>13,813</u>
Income (Loss) Before Contributions and Transfers	39,151	26,966	66,117	(9,395)
Capital Contributions				
Capital Grant Contributions	7,466	--	7,466	--
Capital Contributions	--	--	--	3,097
Transfers In (Note 9)	--	--	--	2,034
Transfers Out (Note 9)	--	(14,129)	(14,129)	(105)
Increase/Decrease in Net Assets	<u>46,617</u>	<u>12,837</u>	<u>59,454</u>	<u>(4,369)</u>
Net Assets - Beginning of Year	421,557	493,745		92,412
Adjustment Due to Change in Accounting Principle (Note 2)	(1,089)	(10,517)		--
Net Assets - Beginning of Year, as Restated	420,468	483,228		92,412
Net Assets - End of Year	<u>\$ 467,085</u>	<u>\$ 496,065</u>		<u>\$ 88,043</u>
			<u>(610)</u>	
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				
Increase in Net Assets of Business-Type Activities			<u>\$ 58,844</u>	



County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental
	Waste			Activities - Internal
	Airport	Management	Total	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 108,449	\$ 92,524	\$ 200,973	\$ 73,987
Cash Received for Premiums within the County's Entity	--	--	--	206,847
Payments to Suppliers for Goods and Services	(50,080)	(43,517)	(93,597)	(262,680)
Payments to Employees for Services	(16,704)	(23,923)	(40,627)	(17,388)
Payments for Interfund Services Provided	--	--	--	(584)
Cash Receipts for Interfund Services Provided	1,788	427	2,215	3,660
Litigation Settlement Costs	--	(5,176)	(5,176)	--
Landfill Site Closure/Postclosure Care Costs	--	(1,906)	(1,906)	--
Taxes and Other Fees	--	(6,560)	(6,560)	--
Other Operating Receipts (Payments) - Net	678	(948)	(270)	220
Net Cash Provided by Operating Activities	<u>44,131</u>	<u>10,921</u>	<u>55,052</u>	<u>4,062</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	--	--	--	2,034
Transfers Out	--	(14,129)	(14,129)	(105)
Intergovernmental Revenues	76	20	96	1,536
Net Cash Provided (Used) by Noncapital Financing Activities	<u>76</u>	<u>(14,109)</u>	<u>(14,033)</u>	<u>3,465</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(53,440)	(23,745)	(77,185)	(4,913)
Cash Contributed to an Irrevocable Trust to Defeas Debt	(45,367)	--	(45,367)	--
Principal Paid on Bonds	(13,480)	(5,310)	(18,790)	--
Interest Paid on Long-Term Debt	(4,567)	(1,818)	(6,385)	788
Bond Issuance Costs Paid on Long-Term Debt	(143)	--	(143)	--
Capital Grant Contributions	8,191	--	8,191	--
Passenger Facility Charges Revenue	16,754	--	16,754	--
Principal Paid on Capital Lease Obligations	--	--	--	(1,390)
Proceeds from Sale of Capital Assets	1,581	137	1,718	160
Net Cash Used by Capital and Related Financing Activities	<u>(90,471)</u>	<u>(30,736)</u>	<u>(121,207)</u>	<u>(5,355)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	4,984	12,854	17,838	5,495
Proceed from Sales and Maturities/(Purchases) of Investments	(25,135)	--	(25,135)	--
Decrease in Restricted Investments with Trustee	13,332	(197)	13,135	--
Net Cash Provided (Used) by Investing Activities	<u>(6,819)</u>	<u>12,657</u>	<u>5,838</u>	<u>5,495</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(53,083)	(21,267)	(74,350)	7,667
Cash and Cash Equivalents - Beginning of Year	207,922	476,918	684,840	218,288
Cash and Cash Equivalents - End of Year	<u>\$ 154,839</u>	<u>\$ 455,651</u>	<u>\$ 610,490</u>	<u>\$ 225,955</u>

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

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Airport	Waste Management		
		Total		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 20,414	\$ 16,900	\$ 37,314	\$ (23,208)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/Used by Operating Activities:				
Depreciation	19,939	17,370	37,309	5,974
Provision for Landfill Site Closure/Postclosure Costs	--	(16,250)	(16,250)	--
Fines, Forfeitures and Penalties	--	19	19	--
Other Revenue (Expense)	647	(73)	574	6,106
Landfill Site Closure Disbursements	--	(1,906)	(1,906)	--
(Increases) Decreases In:				
Deposits In-Lieu of Cash	(112)	(52)	(164)	--
Accounts Receivable (Net of Allowances)	62	(887)	(825)	279
Due from Other Funds	1,468	29	1,497	2,436
Due from Component Unit	--	--	--	1
Due from Other Governmental Agencies	1	(50)	(49)	(515)
Inventory of Materials and Supplies	--	--	--	6
Prepaid Costs	1,380	786	2,166	(7)
Increases (Decreases) In:				
Accounts Payable	(1,401)	(672)	(2,073)	501
Retainage Payable	436	944	1,380	53
Salaries and Employee Benefits Payable	100	136	236	85
Unearned Revenue	487	13	500	--
Due to Other Funds	320	398	718	640
Due to Other Governmental Agencies	(1)	(118)	(119)	5
Insurance Claims Payable	--	--	--	11,351
Compensated Employee Absences Payable	451	503	954	355
Pollution Remediation Obligation	--	(1,133)	(1,133)	--
Deposits from Others	(91)	77	(14)	--
Arbitrage Rebate Payable	31	63	94	--
Estimated Liability - Litigation & Claims	--	(5,176)	(5,176)	--
Total Adjustments	<u>23,717</u>	<u>(5,979)</u>	<u>17,738</u>	<u>27,270</u>
Net Cash Provided by Operating Activities	<u>\$ 44,131</u>	<u>\$ 10,921</u>	<u>\$ 55,052</u>	<u>\$ 4,062</u>
Reconciliation of Cash and Cash Equivalents to Statement of Fund Net Assets Accounts				
Pooled Cash/Investments	\$ 105,781	\$ 300,036	\$ 405,817	\$ 224,344
Cash Equivalents/Specific Investments	12,032	--	12,032	--
Cash/Cash Equivalents	5,911	--	5,911	--
Imprest Cash Funds	14	35	49	133
Restricted Pooled Cash/Investments	27,137	37,156	64,293	--
Restricted Cash and Investments with Trustee	3,964 (1)	-- (2)	3,964	1,478
Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs	--	118,424	118,424	--
Total Cash and Cash Equivalents	<u>\$ 154,839</u>	<u>\$ 455,651</u>	<u>\$ 610,490</u>	<u>\$ 225,955</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

- The Transportation Internal Service Fund received \$3,097 of capital contribution from the General Fund.
- The Transportation Internal Service Fund lost \$75 on disposition of capital assets.
- The Publishing Services Internal Service Fund lost \$25 on disposition of capital assets.
- John Wayne Airport lost \$9 on disposition of capital assets.
- Waste Management lost \$112 on disposition of capital assets.

(1) Does not include \$4,630 from Airport's nonliquid Restricted Cash and Investment with Trustee.

(2) Does not include \$11,052 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)	\$ 56,360	\$ 2,797,560	\$ 22,619	\$ 391,908
Imprest Cash Funds (Notes 1 and 4)	--	--	--	40
Restricted Cash and Investments (Notes 1 and 4)				
Restricted Cash	135	--	--	--
Restricted investments with Trustee				
Guaranteed Investment Contracts	--	--	--	1,938
Money Market Mutual Funds	--	--	--	51,647
Stable Value Fund	--	--	11,342	--
Restricted Cash with Orange County Employees Retirement System (OCERS)	--	--	73,426	--
Restricted Cash with Local Agency Investment Fund (LAIF)	--	--	--	3,905
Total Restricted Cash and Investments	135	--	84,768	57,490
Investments (Notes 1 and 4)	--	--	--	9,945
Deposits In-Lieu of Cash	--	--	--	12,690
Receivables				
Accounts	--	--	--	93
Taxes (Note 1)	--	--	--	367,571
Interest/Dividends	158	9,975	68	10,965
Allowance for Uncollectible Receivables	--	--	--	(2)
Due from Other Governmental Agencies	--	--	1,638	2,700
Prepaid Costs (Notes 1 and 19)	--	--	--	1,075
Notes Receivable	--	--	--	15,341
Total Assets	\$ 56,653	\$ 2,807,535	\$ 109,093	\$ 869,816
 LIABILITIES				
Interest Payable	--	--	--	8,846
Deposits from Others	--	--	--	26,481
Monies Held for Others	--	--	--	277,323
Due to Other Governmental Agencies	4	264	2	24,329
Unapportioned Taxes	--	--	--	532,837
Total Liabilities	\$ 4	\$ 264	\$ 2	\$ 869,816
 NET ASSETS				
Held in Trust	56,649	2,807,271	109,091	
Total Net Assets	\$ 56,649	\$ 2,807,271	\$ 109,091	

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	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)	\$ --	\$ --	\$ 45,139
Employee (Note 18)	--	--	1,052
Contributions to Pooled Investments (Note 4)	--	6,709,415	--
Contributions to Private-Purpose Trust	61,870	--	--
Interest and Investment Income (Loss) (Note 4)	1,144	79,955	(10,896)
Less: Investment Expense (Note 4)	(52)	(3,258)	(539)
Total Additions	<u>62,962</u>	<u>6,786,112</u>	<u>34,756</u>
Deductions:			
Benefits Paid to Participants (Notes 18 and 19)	--	--	25,430
Refunds of Prior Contributions (Note 18)	--	--	627
Distributions from Pooled Investments (Note 4)	--	6,799,020	--
Distributions from Private-Purpose Trust	56,111	--	--
Total Deductions	<u>56,111</u>	<u>6,799,020</u>	<u>26,057</u>
Change in Net Assets Held in Trust For:			
Private-Purpose Trust	6,851	--	--
External Investment Pool (Note 4)	--	(12,908)	--
Employees' Pension and Other Employee Benefits (Notes 18 and 19)	--	--	8,699
Net Assets Held in Trust, Beginning of Year	49,798	2,820,179	100,392
Net Assets Held in Trust, End of Year	<u>\$ 56,649</u>	<u>\$ 2,807,271</u>	<u>\$ 109,091</u>





*Johnny Jump up—Laguna Coast Wilderness Park
Photo Courtesy of Don Millar, Laguna Canyon Foundation*



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 <http://www.ac.ocgov.com/finrpt.asp>.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The fund financial statements for the governmental funds are prepared under the modified accrual basis of accounting and the current financial resources measurement focus. Fund financial statements are shown separately for specific major governmental funds, and in total for all other governmental funds. Fund financial statements for proprietary funds are reported under the accrual basis of accounting and the economic resources measurement focus. Major enterprise funds are shown separately, with internal service funds shown in total. Financial data for the internal service funds is included with the governmental funds for presentation in the government-wide financial statements. Fiduciary funds are displayed by category in the fund financial statements, but are not reported in the government-wide financial statements, because the assets of these funds are not available to the County.

Government-Wide Financial Statements

GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" 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, 2009, the County's governmental activities reported restricted net assets of \$1,256,467 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 \$461,168 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, 2009, the County reported \$27,935 of net assets restricted by enabling legislation related to the Airport's PFC.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-Wide Financial Statements (Continued)

- 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.

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, charges for engineering services provided, and property taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

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.

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 major proprietary enterprise funds:

Airport This 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 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.

Additionally, the County reports the following fund types:

Internal Service Funds The County of Orange 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 of has a total of 239 trust and agency funds for FY 2008-09. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

The County reports the following trust 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.

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

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 this plan are not covered by the Orange County Employees Retirement System (OCERS).

Extra-Help Defined Contribution Plan

This fund is used to account for the defined contribution retirement plan for extra-help and part-time employees working less than 20 hours a week. This plan replaced the Defined Benefit Retirement Plan and was effective for new employees on March 1, 2002. The eligible employees of this plan are not covered by OCERS.

401(a) Defined Contribution Plan

This fund accounts for the 401(a) retirement plan, which was established on January 1999 for eligible employees, including members of the Board, Elected Officials, certain executive managers, certain grandfathered administrative managers and attorneys represented by the Orange County Attorney's Association and certain other employee classifications as defined in the plan document.

Retiree Medical Defined Benefit Plan

This fund is used to account for the retiree medical benefits plan for eligible employees. The Board has adopted the County of Orange Retiree Medical Trust (The Trust) on July 2, 2007 to receive irrevocable contributions, to deposit, hold and invest such contributions separate and apart from the County and to exclusively pay out the Plan benefits for those eligible under the Plan.

Retiree Medical Defined Contribution Plan

This fund is used to account for the retiree medical defined contribution plan for new employees with the Association of Orange County Deputy Sheriffs (AOCDS). This plan replaced the Retiree Medical Grant for new employees on October 23, 2007, and to supplement frozen grants for current employees hired prior to March 1, 2002 whose accruals were frozen as of November 21, 2008.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

Additionally, the County reports the following 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 including the collection of taxes for special assessment debt. Disbursements are made from these funds by the County Auditor-Controller upon requisition of the responsible officer.

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:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

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, 2009, the County reported \$189,737 of deferred revenue, and \$57,421 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund Financial Statements (Continued)

There are two types of proprietary funds:

- *Enterprise Funds*
- *Internal Service Funds*

The County has two enterprise funds: Airport and Waste Management. The principal operating revenues Airport and Waste Management enterprise funds are charges to customers for (1) landing fees, terminal space rental, auto parking, concessions, and aircraft tie-down fees and (2) disposal fees charged to users of the waste disposal sites, 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-agency unit (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-agency unit. However, appropriation transfers between fund-agency units require approval of the Board. Accordingly, the lowest level of budgetary control exercised by the County's governing body is the fund-agency unit level.

Annual budgets are adopted on a basis consistent with GAAP except for the General Fund as detailed in the Budgetary Comparison Statement, Note A. 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*

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 structured investment vehicle holdings in Serpentine Notes through alternative sources and analysis.

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009, the County has prepaid costs of \$111,153 in the Statement of Net Assets, which primarily consist of the County's Investment Account with OCERS for future pension costs of \$101,471 (see Note 18 for additional information regarding this pension investment asset for the OCERS Pension Plan) and a deferred charge of \$3,930 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, 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
Infrastructure	\$ 0

Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives of structures and improvements, equipment, and infrastructure are as follows:

Structures and Improvements	10 to 50 years
Equipment	2 to 20 years
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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, salary continuance plan, dental plan, and unemployment benefits program. Liabilities are accrued based upon case reserves, development of known and incurred but not reported claims, including allocated and unallocable 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.

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, 2009 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, 2009, tax refunds and assessed value tax roll corrections resulting from property tax appeals and other disputes represented approximately .80% of the combined beginning secured and unsecured property tax roll charge.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Taxes (Continued)

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.

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 2008-09 County-Wide Cost Allocation Plan (CWCAP), which was prepared in accordance with the Federal Office of Management and Budget Circular A-87. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Effects of New Pronouncements

The following lists recent GASB pronouncements implemented or are effective in FY 2008-09:

- GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*,” – see Notes 2 and 17 for additional information.
- GASB Statement No. 52, “*Land and Other Real Estate Held as Investments by Endowments*.” The County’s Permanent Fund does not own any land and other real estate investments.
- In March 2009, GASB issued Statement No. 55, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.” This statement incorporates the hierarchy of GAAP for state and local governments into the GASB authoritative literature. The goal of this statement is to enhance financial reporting by contributing to the GASB’s efforts to codify all GAAP for state and local governments so that they derive from a single source. The requirements of this statement are effective upon issuance.
- In March 2009, GASB issued Statement No. 56, “*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.” This statement incorporates certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ (AICPA) Statements on Auditing Standards into the GASB. The objective of this statement is to enhance financial reporting by contributing to the GASB’s efforts to codify all sources of GAAP so that they derive from a single source. The requirements of this statement are effective upon issuance.

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

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. The requirements of this statement are effective for the financial statements for periods beginning after June 15, 2009, which requires the County to implement this statement in FY 2009-10.

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. The requirements of this statement are effective for the financial statements for periods beginning after June 15, 2009, which requires the County to implement this statement in FY 2009-10. 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 March 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)

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.

<i>Government-Wide Statement of Net Assets Line Item</i>	<i>Corresponding Governmental and Proprietary Fund Balance Sheet or Statement of Net Assets Line Item</i>
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 Depreciated	Land and Construction in Progress
Capital Assets – Depreciable, Net of Accumulated Depreciation	Structures and Improvements and Accumulated Depreciation; Equipment and Accumulated Depreciation; and Infrastructure and Accumulated Depreciation

2. CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," addresses when a government would be required to report a liability in its financial statements related to cleanup pollution or contamination. Pollution remediation obligation should be measured as of July 1, 2008, so that beginning net assets can be restated. As of the effective date of this statement, the pollution remediation liability was measured as of the beginning of FY 2008-09 and the net assets were restated as follows:

2. CHANGES IN ACCOUNTING PRINCIPLES (Continued)

	<u>Airport</u>	<u>Waste Management</u>	<u>Total - Business- -Type Activities</u>
Net Pollution Remediation Obligation at June 30, 2007	\$ --	\$ --	\$ --
Pollution Remediation Obligation	1,483	10,988	12,471
Less: Expected Recoveries	(394)	--	(394)
Less: Payments in FY 2007-08	<u>--</u>	<u>(471)</u>	<u>(471)</u>
Net Pollution Remediation Obligation at June 30, 2008	<u>\$ 1,089</u>	<u>\$ 10,517</u>	<u>\$ 11,606</u>

The GASB Statement No. 49 adjustment for pollution remediation obligation is reflected in the Net Assets Beginning of the Year for the Proprietary Funds' Statement of Revenues, Expenses, and Changes in Fund Net Assets:

	<u>Airport</u>	<u>Waste Management</u>	<u>Total - Business- -Type Activities</u>
Net Assets at June 30, 2008	\$ 421,557	\$ 493,745	\$ 915,302
GASB Statement No. 49 Adjustment	<u>(1,089)</u>	<u>(10,517)</u>	<u>(11,606)</u>
Net Assets at June 30, 2008 as Restated	<u>\$ 420,468</u>	<u>\$ 483,228</u>	<u>\$ 903,696</u>

The Enterprise Funds' Beginning Net Assets flow to the government-wide Statement of Activities, and accordingly, the GASB Statement No. 49 adjustment for pollution remediation obligation is also reflected in the Net Assets Beginning of the Year for business-type activities in the Statement of Activities:

	<u>Total – Business-Type Activities</u>
Net Assets at June 30, 2008	\$ 907,588
GASB Statement No. 49 Adjustment	<u>(11,606)</u>
Net Assets at June 30, 2008 as Restated	<u>\$ 895,982</u>

Refer to Note 17, Estimated Liability for Other Litigation, Claims and Pollution Remediation, for additional information.

3. DEFICIT FUND EQUITY

The Workers' Compensation Internal Service Fund (ISF) reported a deficit net asset balance of \$25,260. The deficit results from the amount calculated in the annual actuarial study which includes case reserves, development of known claims, incurred but not reported claims, allocated and unallocated loss adjustment expenses, and a discount for anticipated investment income. The deficit for the Workers' Compensation ISF increased by \$10,898 from the previous fiscal year due to an increase in the actuarial determined liability amount and decreased charges to participants in the program. Charges to County departments have not provided sufficient cash flow to entirely fund the deficit in this ISF. The County will continue to review charges to departments and manage the funding status of the Workers' Compensation Program to the most efficient level.

3. DEFICIT FUND EQUITY (Continued)

The Teeter Plan Obligation Commercial Paper Program Note Fund reported a deficit fund balance of \$15,103. 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. \$178,300 of CP Notes were issued to retire the outstanding Orange County Special Finance Authority Teeter Plan Revenue Bonds, Series 1995 A through E on September 2, 2008, to redeem the 2008-2009 Teeter Notes on November 10, 2008, and to fund a Tax Losses Reserve Fund. 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 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.

4. DEPOSITS AND INVESTMENTS

Deposits and investments (including repurchase agreements) totaled \$6,324,481 as of June 30, 2009. 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 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 County Treasurer has also established the OC Extended Fund B which is comprised of Serpentine Funding Limited U.S. Restricted Pass Through Notes ("P-T Notes"). 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 five years. The Extended Fund shall have a duration not to exceed a leading 1-3 Year index +25%.

The primary investment objectives of the Treasurer's 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 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. 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 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), the Children and Families Commission of Orange County Investment Pool (US Treasuries), and other separately managed investments.

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 has established separate bank and investment custody accounts for the County's school participants.

4. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

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 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, 2009, are reported as follows:

Deposits:	
Imprest Cash	\$ 2,171
Deposit Overdraft	(90,561)
Total Cash Overdrafts	<u>(88,390)</u>
Investments:	
With Treasurer	5,973,972
With Trustee	438,899
Total Investments	<u>6,412,871</u>
Total Deposits and Investments	<u><u>\$ 6,324,481</u></u>

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

Governmental Funds	\$ 1,880,355
Component Unit	133,996
Fiduciary Funds	3,420,825
Proprietary Funds	889,305
Total Deposits and Investments	<u><u>\$ 6,324,481</u></u>

B. Investments

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

External Investment Pools

The County Treasurer 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 following are significant differences where the IPS is more restrictive than the Code: investments in reverse repurchase agreements are allowed by the Code but are not allowed under the IPS; the Code allows a higher percentage for investments in a 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	100%
3. Commercial paper of a high rating (A-1/P-1/F1) as provided by at least two of the following National Recognized Statistical Rating Organizations (NRSROs): Standard & Poor's Corporation (S&P), Moody's Investors Services, Inc. (Moody's), or Fitch Ratings (Fitch), with further restrictions regarding issuer size 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, or 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	No More than 40%
6. Money Market Funds	No More than 20%
7. Local Agency or state municipal debt	No More than 30%
8. "AAA" receivable-backed securities from two or more of the NRSROs with further restriction as to the type	No More than 10%
9. Medium-term notes of a high rating ("A-" for Money Market Funds & "AA" for the Extended Fund with a further limitation of a maximum of 50% "AA" rated for the Extended Fund) as provided by at least two of the NRSROs	No More than 30%
10. Repurchase agreements with counterparties having a minimum A-1 or equivalent rating from a NRSROs and collateralized by US Treasury and US government agency securities at 102% of market, valued no less frequently than weekly	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 an "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 the 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.

The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by the Code, structured notes, structure investment vehicles, and derivatives. The Board approved an updated IPS 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

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

External Investment Pools (Continued)

market value of the pooled funds may be invested in securities of any one issuer, 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 denominated in United States dollar. 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 established in December 1995, which consists of the elected County 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, conducts Treasury oversight. On December 1, 2008, S&P Rating Services assigned an AAAM Principal Stability Fund Rating to the Orange County Money Market Fund and the Orange County Educational Money Market Fund. The Pools are not registered with the SEC. On July 16, 2009, at the request of the County as approved by the Treasury Oversight Committee, Moody's Investors Service withdrew their ratings assigned to the Orange County Investment Pool and Orange County Educational Investment Pool. Moody's previous rating occurred as of June 26, 2008, at which time they affirmed their Aaa/MR1 ratings assigned to the Pools.

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. The Educational Pool consists entirely of public school districts and therefore includes 100% involuntary participants. At June 30, 2009, the County Pool includes approximately 8.48% involuntary participant deposits for the Superior Court, certain assessment districts, and certain bond related funds for public school districts.

As of June 30, 2009, the major classes of the County's investments consisted of the following:

<u>With Treasurer:</u>	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average
<u>County Pool</u>					
U.S. Government Agencies	\$ 1,765,662	\$ 1,753,437	Discount, 0.16 - 3.60%	07/06/09 - 06/22/12	0.90
U.S. Treasury Bills	21,699	28,767	0.00%	05/06/10	0.85
Commercial Paper	266,261	266,313	Discount	07/06/09 - 11/12/09	0.06
Negotiable Certificates of Deposit	95,036	95,000	0.41 - 1.02%	09/23/09 - 05/04/10	0.09
Medium-Term Corporate Notes	542,342	538,621	0.46 - 3.68%	07/30/09 - 06/15/12	0.48
Repurchase Agreements	127,046	127,046	1.30 - 3.85%	07/07/09 - 12/10/09	0.20
Money Market Mutual Funds	301,204	301,204	Variable	07/01/09	0.00
	\$ 3,119,250	\$ 3,110,388			0.62 *
<u>Educational Pool</u>					
U.S. Government Agencies	\$ 1,511,846	\$ 1,501,625	Discount, 0.10 - 3.60%	07/06/09 - 06/22/12	1.00
U.S. Treasury Bills	18,249	24,193	0.00%	05/06/10	0.85
Commercial Paper	302,895	303,000	Discount	07/07/09 - 10/13/09	0.10
Negotiable Certificates of Deposit	63,021	63,000	0.41 - 1.02%	09/23/09 - 05/04/10	0.08
Medium-Term Corporate Notes	532,752	529,336	0.35 - 3.68%	07/06/09 - 06/15/12	0.47
Repurchase Agreements	67,666	67,599	3.77 - 3.85%	12/01/09 - 12/10/09	0.44
Money Market Mutual Funds	260,831	260,831	Variable	07/01/09	0.00
	\$ 2,757,260	\$ 2,749,584			0.67 *

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

External Investment Pools (Continued)

<u>With Treasurer (Continued):</u>	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)
<u>Specific Investments</u>					
U.S. Government Agencies	\$ 30,580	\$ 30,491	0.25 - 6.25%	07/15/09 - 09/20/29	0.19
U.S. Treasury Bills	30,290	30,000	0.25 - 4.80%	07/09/09 - 04/30/10	0.43
Commercial Paper	2,000	2,000	Discount	07/14/09	0.04
Negotiable Certificates of Deposit	2,000	2,000	0.41%	09/23/09	0.06
Medium-Term Corporate Note	9,203	9,145	0.34 - 2.21%	08/10/09 - 03/23/10	0.16
Repurchase Agreements	1,082	1,082	6.18%	08/15/19	10.13
Money Market Mutual Funds	22,307	22,307	Variable	07/01/09	0.00
	\$ 97,462	\$ 97,025			0.35 *
<u>With Trustees:</u>					
<u>Restricted Investments with Trustees</u>					
U.S. Government Agencies	\$ 179,510	\$ 136,358	Discount	09/29/09-09/01/21	4.24
U.S. Treasury Bonds	3,478	2,613	Discount, 9.00%	11/15/18	0.09
Guaranteed Investment Contracts	33,847	33,847	Variable, 4.27-5.01%	07/08/09-11/02/18	0.59
Money Market Mutual Funds	133,391	133,391	Variable	07/01/09	0.00
Stable Value Fund	11,342	11,342	Variable	07/01/09	0.00
	\$ 361,568	\$ 317,551			4.92 *
<u>With External Orange County</u>					
<u>Retirement System (OCERS):</u>					
Restricted Investments **	\$ 73,426				
<u>With State's Local Agency Investment</u>					
<u>Fund (LAIF):</u>					
Restricted Investment ***	\$ 3,905				

* Portfolio weighted average maturity

** The Retiree Medical Trust reports \$73,426 of restricted investments with OCERS. Refer to Note 18 to obtain OCERS financial statements.

*** The Law Library fund reports \$3,905 of restricted investments with LAIF.

Interest Rate Risk

Of the County Pool's \$3,119,250 and the Educational Pool's \$2,757,260 portfolio at June 30, 2009, over 71.40% and 69.18%, respectively of the investments have a maturity of six months or less. Of the remainder, 23.14% and 25.29% respectively have a maturity of more than one year.

As of June 30, 2009, variable-rate notes comprised 34% of both the County Pool and Educational Pool. 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.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

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, 2009, the weighted average maturity of the County Pool (which includes the Extended Funds) was 0.62 years and the Educational Pool (which includes the Extended Funds) was 0.67 years. At the same date, the Net Asset Value (NAV) of the Money Market Funds for both pools was \$1.00 (in absolute dollar amounts). The annual average daily investment balance of the County Pool and the Educational Pool amounted to \$3,249,574 and \$2,910,700 with an average effective yield of 2.10% and 2.11%, respectively, for the year ended June 30, 2009.

Interest Rate Risk-Duration (Extended Funds)

At June 30, 2009 the Extended Funds (which comprises both the County and Educational Pools) amounted to \$2,757,916. Of this amount, the County Pool owned 50.91% and the Educational Pool owned 49.09%. In accordance with the IPS, the County Treasurer manages investment related risk for deposits and investments by limiting duration to +25% of a leading 1-3 Year index. The portfolio duration computed using the Macaulay duration method, for the Extended Fund as of June 30, 2009 was 1.31 years.

As of June 30, 2009, the Extended Fund consisted of the following investments (Amounts in thousands. Duration is in years.)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Macaulay Duration</u>
U.S. Government Agencies	\$ 1,931,881	1.87
Asset-Backed Securities	39,948	0.94
Medium-Term Corporate Notes	686,087	0.65
Municipal Debt	100,000	0.44
Total Fair Value	<u>\$ 2,757,916</u>	
Portfolio Duration		1.31

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, 2009, the County's investments in commercial paper were rated A-1 by S & P, P-1 by Moody's and F1 by Fitch.

Concentration of Credit Risk

At June 30, 2009, the County did not exceed the IPS limitations 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.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Concentration of Credit Risk (Continued)

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, 2009 (NR means Not Rated):

	S & P	Moody's	Fitch	% of Portfolio
<u>County Pool</u>				
Asset-Backed Securities *	NR	NR	NR	0.70%
U.S. Government Agencies				
Federal National Mortgage Association Bonds	AAA	Aaa	AAA	7.59%
Federal Farm Credit Bank	AAA	Aaa	AAA	9.00%
Federal Home Loan Bank Discount Notes	AAA	Aaa	AAA	4.13%
Federal Home Loan Bank Bonds	AAA	Aaa	AAA	14.68%
Freddie Mac Discount Notes	AAA	Aaa	AAA	2.95%
Freddie Mac Bonds	AAA	Aaa	AAA	18.26%
Commercial Paper	A-1	P-1	F1	8.54%
Negotiable Certificates of Deposit	A-1	P-1	F1	3.05%
Medium-Term Corporate Notes				
Corporate Notes	A	A	A	2.57%
Corporate Notes	AA	Aa	AA	6.71%
Corporate Notes	AAA	Aaa	AAA	7.25%
Corporate Notes	AA	Aa	NR	0.85%
Municipal Debt	A-1	P-1	F1	4.07%
Money Market Mutual Funds	AAA	Aaa	AAA	9.65%
Total County Pool				<u>100.00%</u>
<u>Educational Pool</u>				
Asset-Backed Securities *	NR	NR	NR	0.66%
U.S. Government Agencies				
Federal National Mortgage Association Discount Notes	AAA	Aaa	AAA	0.63%
Federal National Mortgage Association Bonds	AAA	Aaa	AAA	7.40%
Federal Farm Credit Bank	AAA	Aaa	AAA	9.55%
Federal Home Loan Bank Discount Notes	AAA	Aaa	AAA	4.63%
Federal Home Loan Bank Bonds	AAA	Aaa	AAA	15.58%
Freddie Mac Discount Notes	AAA	Aaa	AAA	1.46%
Freddie Mac Bonds	AAA	Aaa	AAA	15.59%
Commercial Paper	A-1	P-1	F1	10.98%
Negotiable Certificates of Deposit	A-1	P-1	F1	2.29%
Medium-Term Corporate Notes				
Corporate Notes	A	A	A	2.11%
Corporate Notes	AA	Aa	AA	9.28%
Corporate Notes	AAA	Aaa	AAA	7.93%
Municipal Debt	AAA	Aa	AAA	2.45%
Money Market Mutual Funds	AAA	Aaa	AAA	9.46%
Total Educational Pool				<u>100.00%</u>

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Concentration of Credit Risk (Continued)

	S & P	Moody's	Fitch	% of Portfolio
<u>Specific Investments</u>				
U.S. Treasuries	AAA	AAA	AAA	31.08%
U.S. Government Agencies				
Federal National Mortgage Association Bonds	AAA	Aaa	AAA	2.59%
Federal Home Loan Bank Bonds	AAA	Aaa	AAA	12.48%
Federal Farm Credit Bank	AAA	Aaa	AAA	5.66%
Freddie Mac Bonds	AAA	Aaa	AAA	10.51%
Ginnie Mae Bonds	AAA	Aaa	AAA	0.14%
Commercial Paper	A-1	P-1	F1	2.05%
Negotiable Certificates of Deposit	A-1	P-1	F1	2.05%
Medium-Term Notes	AA	Aa	AA	9.44%
Repurchase Agreements	NR	NR	NR	1.11%
Money Market Mutual Funds	AAA	Aaa	AAA	22.89%
Total Specific Investments				<u>100.00%</u>
<u>Restricted Investments with Trustees</u>				
<u>(Excluding Restricted Investments with OCERS and LAIF) **</u>				
U.S. Government Agencies				
Federal Home Loan Bank	NR	P-1	F1	2.05%
Federal National Mortgage Association Medium- Term Notes	AAA	Aaa	AAA	45.58%
Freddie Mac Discount Notes	NR	P-1	F1	0.96%
U.S. Treasuries	AAA	NR	AAA	2.03%
Guaranteed Investment Contracts	NR	NR	NR	9.36%
Money Market Mutual Funds	AAA	Aaa	NR	36.88%
Stable Value Fund	NR	NR	NR	3.14%
Total Restricted Investments with Trustees				<u>100.00%</u>

* Refer to the Restructuring of Whistlejacket Capital LLC section for 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, 2008. 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, 2009, the County Pools did not hold any structured investment vehicles. All structured investment vehicle holdings were either restructured, called, sold, or matured during the fiscal year.

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.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Restructuring of Whistlejacket Capital LLC (Whistlejacket) (Continued)

On March 19, 2009, the Receivers 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 \$63.5 million of Serpentine Funding Limited P-T Notes. In connection with the Treasurer's acquisition of the P-T Notes through the restructuring, a legal opinion was issued, 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 the IPS.

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 Serpentine PT Notes are held in the Extended Fund B for the benefit of Pool participants with account balances at February 12, 2008.

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

As of June 30, 2009, the Extended Fund B (jointly owned by the County and Educational Pools) held \$39,948 (at fair value) of Serpentine Funding Limited Restricted PT Notes. These holdings are classified as asset backed securities in the accompanying disclosures for the County and Educational Pools. The Treasurer has determined the \$39,948 fair value of the Serpentine PT Notes by direct reference to the amount the County Pools would have received from the April 30, 2009, competitive portfolio auction described above, which equates to a price of 75.

The following table summarizes the principal and interest payments received from the Whistlejacket Receiver and Serpentine Funding Limited through June 30, 2009:

**Whistlejacket Capital/Serpentine Funding Limited
 Summary of Cash Distributions
 As of June 30, 2009**

Original Face Value at Date of Receivership				\$ 80,000
Cash Distributions:				
Payment Dates	Total Payment	Applied to Interest	Applied to Principal	Unrecovered Principal
October 27, 2008	\$ 18,449	\$ 593	\$ 17,856	\$ 62,144
May 07, 2009	27	--	27	62,117
June 25, 2009	9,157	--	9,157	52,960
	\$ 27,633	\$ 593	\$ 27,040	\$ 52,960

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Condensed Financial Statements

In lieu of separately issued financial statements for the entire pools and the external portion of the pools, condensed financial statements for both pools are presented below as of and for the year ended June 30, 2009:

Entire Pool

Statements of Net Assets

	County Investment Pool	Educational Investment Pool	Total
Net Assets Held for Pool Participants	\$ 3,208,630	\$ 2,683,761	\$ 5,892,391
Equity of Internal Pool Participants	\$ 3,082,806	\$ -	\$ 3,082,806
Equity of External Pool Participants	123,510	2,678,899	2,802,409
Undistributed and Unrealized Gain	2,314	4,862	7,176
Total Net Assets	<u>\$ 3,208,630</u>	<u>\$ 2,683,761</u>	<u>\$ 5,892,391</u>

Statements of Changes in Net Assets

Net Assets at July 1, 2008	\$ 3,240,062	\$ 2,704,428	\$ 5,944,490
Net Changes in Investments by Pool Participants	(31,432)	(20,667)	(52,099)
Net Assets at June 30, 2009	<u>\$ 3,208,630</u>	<u>\$ 2,683,761</u>	<u>\$ 5,892,391</u>

External Pool Portion

**Combining Statement of
Fiduciary Net Assets**

	County Investment Pool	Educational Investment Pool	Total
<u>Assets</u>			
Pooled Cash/Investments	\$ 123,159	\$ 2,674,401	\$ 2,797,560
Receivables			
Interest/Dividends	361	9,614	9,975
Total Assets	<u>123,520</u>	<u>2,684,015</u>	<u>2,807,535</u>
<u>Liabilities</u>			
Due To Other Governmental Agencies	10	254	264
Total Liabilities	<u>10</u>	<u>254</u>	<u>264</u>
<u>Net Assets</u>			
Held in Trust	123,510	2,683,761	2,807,271
Total Net Assets	<u>\$ 123,510</u>	<u>\$ 2,683,761</u>	<u>\$ 2,807,271</u>

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Condensed Financial Statements (Continued)

**Combining Statement of Changes
 in Fiduciary Net Assets**

	County Investment Pool	Educational Investment Pool	Total
Additions:			
Contributions to Pooled Investments	\$ 255,033	\$ 6,454,382	\$ 6,709,415
Interest and Investment Income	2,041	77,914	79,955
Less: Investment Expense	(94)	(3,164)	(3,258)
Total Additions	256,980	6,529,132	6,786,112
Deductions:			
Distributions from Pooled Investments	249,221	6,549,799	6,799,020
Total Deductions	249,221	6,549,799	6,799,020
 Change in Net Assets Held in Trust For External Investment Pool	 7,759	 (20,667)	 (12,908)
 Net Assets Held in Trust, Beginning of Year	 115,751	 2,704,428	 2,820,179
Net Assets Held in Trust, End of Year	\$ 123,510	\$ 2,683,761	\$ 2,807,271

5. CHANGES IN CAPITAL ASSETS

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

	Primary Government				Balance June 30, 2009
	Balance July 1, 2008	Increases	Decreases	Adjustments	
Governmental Activities:					
Capital assets not depreciated:					
Land	\$ 610,889	\$ 34,440	\$ (507)	\$ --	\$ 644,822
Construction in Progress	317,234	105,374	(41,913)	--	380,695
Total Capital Assets Not Being Depreciated	928,123	139,814	(42,420)	--	1,025,517
Capital Assets, Depreciable:					
Structures and Improvements	955,350	27,638	--	--	982,988
Equipment	334,432	20,812	(11,423)	--	343,821
Infrastructure:					
Flood Channels	940,474	--	--	--	940,474
Roads	93,879	43,521	(4,121)	--	133,279
Bridges	62,665	2,384	--	--	65,049
Trails	32,979	7,762	--	--	40,741
Traffic signals	10,668	--	--	--	10,668
Harbors and Beaches	34,520	3,105	--	--	37,625
Capital Assets, Depreciable	2,464,967	105,222	(15,544)	--	2,554,645

5. CHANGES IN CAPITAL ASSETS (Continued)

	Primary Government				
	Balance	Increases	Decreases	Adjustments	Balance
	July 1, 2008				June 30, 2009
Less Accumulated Depreciation For:					
Structures and Improvements	(429,746)	(27,190)	--	--	(456,936)
Equipment	(236,850)	(22,632)	10,903	--	(248,579)
Infrastructure:					
Flood Channels	(210,248)	(9,589)	--	--	(219,837)
Roads	(52,008)	(3,962)	2,976	--	(52,994)
Bridges	(21,773)	(1,235)	--	--	(23,008)
Trails	(22,761)	(858)	--	--	(23,619)
Traffic signals	(8,657)	(505)	--	--	(9,162)
Harbors and Beaches	(22,227)	(745)	--	--	(22,972)
Total Accumulated Depreciation	<u>(1,004,270)</u>	<u>(66,716)</u>	<u>13,879</u>	<u>--</u>	<u>(1,057,107)</u>
Capital Assets, Depreciable (Net)	<u>1,460,697</u>	<u>38,506</u>	<u>(1,665)</u>	<u>--</u>	<u>1,497,538</u>
Governmental Activities Total Capital Assets, Net	<u>\$ 2,388,820</u>	<u>\$ 178,320</u>	<u>\$ (44,085)</u>	<u>\$ --</u>	<u>\$ 2,523,055</u>
	Balance				Balance
	July 1, 2008	Increases	Decreases	Adjustments	June 30, 2009
Business-Type Activities:					
Capital assets not depreciated:					
Land	\$ 38,058	\$ 25	\$ --	\$ --	\$ 38,083
Construction in Progress	76,048	68,223	(1,252)	--	143,019
Total Capital Assets Not Being Depreciated	<u>114,106</u>	<u>68,248</u>	<u>(1,252)</u>	<u>--</u>	<u>181,102</u>
Capital Assets, Depreciable:					
Structures and Improvements	355,370	1,096	(2,822)	(147)	353,497
Equipment	70,318	8,007	(3,656)	--	74,669
Infrastructure	388,108	--	--	--	388,108
Capital Assets, Depreciable	<u>813,796</u>	<u>9,103</u>	<u>(6,478)</u>	<u>(147)</u>	<u>816,274</u>
Less Accumulated Depreciation For:					
Structures and Improvements	(183,324)	(15,105)	2,823	--	(195,606)
Equipment	(35,882)	(6,231)	3,062	(675)	(39,726)
Infrastructure	(188,039)	(15,973)	--	--	(204,012)
Total Accumulated Depreciation	<u>(407,245)</u>	<u>(37,309)</u>	<u>5,885</u>	<u>(675)</u>	<u>(439,344)</u>
Capital Assets, Depreciable (Net)	<u>406,551</u>	<u>(28,206)</u>	<u>(593)</u>	<u>(822)</u>	<u>376,930</u>
Business-Type Activities Total Capital Assets, Net	<u>\$ 520,657</u>	<u>\$ 40,042</u>	<u>\$ (1,845)</u>	<u>\$ (822)</u>	<u>\$ 558,032</u>

5. CHANGES IN CAPITAL ASSETS (Continued)

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

Government Activities:	
General Government	\$ 3,380
Public Protection	34,849
Public Ways and Facilities	9,229
Health and Sanitation	2,139
Public Assistance	4,791
Education	908
Recreation and Cultural Services	5,446
Internal Service Funds' Depreciation	
Expense Allocated to Various Functions	5,974
Total Governmental Activities Depreciation Expense	<u>66,716</u>
Business-Type Activities:	
Airport	19,939
Waste Management	17,370
Total Business-Type Activities Depreciation Expense	<u>37,309</u>
Total Depreciation Expense	<u>\$ 104,025</u>

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:

Taxes Receivable

\$19,779 of taxes receivable for governmental activities is not expected to be collected within the next fiscal year, which represents the outstanding delinquent taxes receivables purchased with Teeter Plan Obligation Commercial Paper Program Notes in July 2008.

Accounts Receivable

\$560 of accounts receivable for governmental activities is not expected to be collected within the next fiscal year. Of this amount, \$503 consists of invoices billed by OC Animal Care for dog license fees and penalties. The remaining \$57 represents invoices billed by the Social Services Agency for welfare aid overpayments to its clients.

Deposits Receivable

\$400 in deposits receivable for governmental activities is not expected to be collected within the next fiscal year, which 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.

Notes Receivable

\$29,331 of notes receivable for governmental activities is not expected to be received within the next fiscal year. Of this amount, \$27,477 consists of loans to build affordable, low to moderate income, and senior housing. \$1,290 is from the sale of surplus of County property. The remaining \$564 is for rehabilitation and loans provided to first time home buyers.

6. RECEIVABLES (Continued)

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 receivable for Green River's Golf Course operation expenses. The remaining \$75 represents a loan receivable for an operating expense account for the SARP Prado Dam property management.

Due from Other Governmental Agencies

\$82,764 due from other governmental agencies for governmental activities is not expected to be received within the next fiscal year. Of this amount, \$70,001 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. \$12,349 is owed by the State to the Health Care Agency (HCA) for reimbursement of the Cost Report Settlement Process for Medi-Cal services provided by HCA and its contractors. The remaining \$414 includes revenue for the cost-share from Riverside County for the Seven Oaks Dam-Santa Ana River Project.

7. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2009 is as follows:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>			
General Fund	Teeter Plan Obligation Commercial			
	Paper Program Note	\$	8	
	Roads		1,878	
	Flood Control District		4,757	
	OC Parks		2,420	
	Other Public Protection		5,969	
	Other Governmental Funds		35,825	
	Internal Service Funds		1,213	
	Airport		1,496	
	Waste Management		2,219	
			<u>2,219</u>	\$ 55,785
Roads	General Fund		218	
	Flood Control District		478	
	OC Parks		24	
	Other Public Protection		5	
	Other Governmental Funds		330	
			<u>330</u>	1,055

7. INTERFUND RECEIVABLES AND PAYABLES (Continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>			
Flood Control District	General Fund	\$	1,321	
	Roads		618	
	OC Parks		54	
	Other Public Protection		27	
	Other Governmental Funds		415	
	Internal Service Funds		1	
	Waste Management		<u>1</u>	\$ 2,437
OC Parks	General Fund		106	
	Roads		9	
	Other Governmental Funds		20	
	Internal Service Funds		<u>57</u>	192
Other Public Protection	General Fund		14	
	Roads		16	
	Flood Control District		52	
	Other Governmental Funds		12	
	Internal Service Funds		10	
	Airport		<u>1</u>	105
Other Governmental Funds	General Fund		12,194	
	Roads		1	
	Flood Control District		1	
	OC Parks		2	
	Other Public Protection		4	
	Other Governmental Funds		4,701	
	Internal Service Funds		62	
	Airport		95	
	Waste Management		<u>2</u>	17,062
Airport	Internal Service Funds		<u>24</u>	24
Waste Management	Roads		6	
	Flood Control District		4	
	OC Parks		1	
	Internal Service Funds		<u>14</u>	25

7. INTERFUND RECEIVABLES AND PAYABLES (Continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>			
Internal Service Funds	General Fund	\$	2,459	
	Roads		4	
	Flood Control District		4	
	OC Parks		109	
	Other Public Protection		22	
	Other Governmental Funds		25	
	Internal Service Funds		48	
	Airport		484	
	Waste Management		23	
			<u>23</u>	<u>\$ 3,178</u>
	Total			<u><u>\$ 79,863</u></u>

Due From/To Primary Government and Component Unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government – General Fund	Component Unit – Children & Families Commission of Orange County	\$ 67
Primary Government – Internal Service Funds	Component Unit – Children & Families Commission of Orange County	\$ 1

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

Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>		
General Fund	Other Governmental Funds	\$	1,778

The interfund loan represents an advance made to OC Public Libraries from the General Fund for the OC Public Library Headquarter building.

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 noncancelable operating leases with synthetic fuel corporations. The Enterprise Funds' property under operating leases, consisting primarily of structures and improvements, at June 30, 2009, approximates \$18,169.

8. COUNTY PROPERTY ON LEASE TO OTHERS (Continued)

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, 2009 are as follows:

<u>Fiscal Year(s) Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2010	\$ 13,031	\$ 38,925
2011	13,379	33,705
2012	10,053	17,990
2013	7,544	5,113
2014	7,297	4,197
	<u>51,304</u>	<u>99,930</u>
2015-2019	37,218	8,474
2020-2024	41,237	8,574
2025-2029	43,171	730
2030-2034	60,678	--
2035-2039	62,258	--
2040-2044	3,167	--
	<u>247,729</u>	<u>17,778</u>
Total future minimum rentals	<u>\$ 299,033</u>	<u>\$ 117,708</u>

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately \$334 (Flood Control District), \$3,851 (OC Parks), \$26,311 (Airport), \$16 (Waste Management), and \$87 (Other Governmental Funds) for the year ended June 30, 2009.

9. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>			<u>Explanations</u>
<u>Governmental Funds</u>				
General Fund	Other Public Protection	\$ 1,144		
	Other Governmental Funds	107,493		
	Internal Service Funds	<u>2,034</u>	\$ 110,671	(a), (f)
Flood Control District	General Fund	<u>3,415</u>	3,415	(g)
OC Parks	General Fund	<u>5,143</u>	5,143	(h)
Other Public Protection	General Fund	109,308		
	Other Governmental Funds	<u>698</u>	110,006	(b)
Teeter Plan Obligation Commercial Paper Program Note	General Fund	19,858		
	Other Governmental Funds	<u>102,166</u>	122,024	(c), (i)

9. INTERFUND TRANSFERS (Continued)

<u>Transfer from</u>	<u>Transfer to</u>			<u>Explanations</u>
<u>Governmental Funds (Continued)</u>				
Other Governmental Funds	General Fund	\$ 177,707		
	Teeter Plan Obligation			
	Commercial Paper			
	Program Note	118,258		
	OC Parks	282		
	Other Governmental Funds	<u>133,891</u>	\$ 430,138	(d), (j)
Internal Service Funds	General Fund	<u>105</u>	<u>105</u>	
Total Governmental Funds			<u><u>\$ 781,502</u></u>	
<u>Enterprise Funds</u>				
Waste Management	General Fund	11,704		
	OC Parks	<u>2,425</u>		
Total Enterprise Funds			<u><u>\$ 14,129</u></u>	(e), (k)

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, Available Cash Distribution and Public Safety Sales Tax Excess Revenues 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 \$69,262 was transferred from the General Fund to Debt Service and Special Revenue Funds in connection with debt service payments for the various County debt issues.
 - \$10,895 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.
 - \$1,203 of reimbursed claimable costs was transferred from the General Fund to Other Governmental Funds to cover future lease payments for the Social Services Agency Santa Ana Regional Center.
 - \$12,527 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.
 - \$1,800 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 Other Public Protection
 - \$39,843 was transferred from the Other Public Protection Fund to the General Fund for the annual transfer of Public Safety Sales Tax Revenue.
 - \$35,572 was transferred from Other Public Protection to the General Fund for the reimbursement of various County programs as follows:
 - \$12,137 for Sheriff Department Programs
 - \$6,824 for Prop. 36, Substance Abuse and Crime Prevention Act expenses

9. INTERFUND TRANSFERS (Continued)

Routine Transfers (Continued)

- b. Transfer from Other Public Protection (Continued)
 - \$6,341 for the Clerk-Recorder's information technology, capital acquisitions and/or improvements.
 - \$5,928 for the Probation's Youth Offender Block Grant expenditures
 - \$2,770 for the Child Support Services Programs
 - \$1,572 for legal fee services
 - \$28,135 was transferred from the Other Public Protection Fund to the General Fund to support the Sheriff Department's operations.

- c. Transfer from Teeter Plan Obligation Commercial Paper Program Note
 - \$17,100 of excess penalties and interest from delinquent tax payments was transferred from Teeter Plan Obligation Commercial Paper Program Note Fund to the General Fund.
 - \$2,758 was transferred from the Teeter Plan Obligation Commercial Paper Program Note Fund to the General Fund for reimbursement of costs related to the Teeter Commercial Paper Plan.

- d. Transfer from Other Governmental Funds
 - \$33,716 of tobacco settlement monies was transferred from Other Governmental Funds to the General Fund to finance various health care programs.
 - \$22,062 of bond proceeds was transferred from Other Governmental Funds to the General Fund for the Cogeneration Plant at the County's Central Utility Facility.
 - \$11,742 was transferred from Other Governmental Funds to the General Fund to support Social Services Agency's facilities projects.
 - \$73,905 was transferred from Other Governmental Funds to the General Fund for the reimbursement of various County programs as follows:
 - \$45,228 for Prop. 63, Mental Health Services Act expenses
 - \$20,028 for Social Services Agency Wraparound Program
 - \$8,649 for emergency medical services

- e. Transfer from Enterprise Funds
 - \$11,633 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:

- f. Transfer from General Fund
 - \$2,038 was transferred from the General Fund to Other Governmental Funds for the Laguna Niguel Library Expansion Project.
 - \$4,700 was transferred from the General Fund to Other Governmental Funds to support the Tustin Family Campus Project.

- g. Transfer from Flood Control District
 - \$3,415 was transferred from the Flood Control District Fund to the General Fund for the Watershed Management Program.

- h. Transfer from OC Parks
 - \$5,000 was transferred from the OC Parks Fund to the General Fund for the purchase of the Chestnut Avenue Complex.

9. INTERFUND TRANSFERS (Continued)

- i. Transfer from Teeter Plan Obligation Commercial Paper Program Note
 - \$102,165 was transferred from the Teeter Plan Obligation Commercial Paper Program Note Fund to Other Governmental Funds to retire the Orange County Special Finance Authority Teeter Plan Revenue Bonds, Series 1995 A through E.

- j. Transfer from Other Governmental Funds
 - \$118,258 was transferred from Other Governmental Funds to consolidate the residual balances of the Orange County Special Financing Authority into the Teeter Plan Obligation Commercial Paper Program Note Fund, which now accounts for the Teeter Commercial Paper Plan.
 - \$121,308 represented the residual equity of the Special Assessment Districts, Community Facilities District and Service Areas Capital Projects Fund that was transferred to the Service Areas, Lighting, Maintenance and Assessment Districts Special Revenue Fund as part of the consolidation process to combine similar activities into one fund.
 - \$3,020 of surplus fund over the bond reserve amount was transferred from Other Governmental Funds to the General Fund.

- k. Transfer from Enterprise Funds
 - \$2,425 was transferred from the Waste Management Enterprise Fund to the General Fund for open space allocation at a habitat reserve.

10. SHORT-TERM OBLIGATIONS

Teeter Plan Notes

On July 10, 2008, the County issued its 2008-2009 Teeter Plan Notes (the "Teeter Notes") in the aggregate principal amount of \$75,600. The Teeter Notes were issued for the purpose of financing, together with certain monies (delinquent taxes, penalties, and interest) paid to the County by the Orange County Special Financing Authority, the County's obligations to purchase delinquent secured taxes receivable of certain local governmental taxing agencies pursuant to the Teeter Plan. The County optionally redeemed the Teeter Notes on November 10, 2008, which had a maturity date of June 30, 2009, with proceeds from the Teeter Plan Obligation Commercial Paper Notes.

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. As of June 30, 2009, the outstanding principal amount of the CP notes was \$178,300.

2008-2009 Tax and Revenue Anticipation Notes

On September 17, 2008, the County issued its 2008-2009 Tax and Revenue Anticipation Notes (the "Notes") in the aggregate principal amount of \$100,000 to finance the seasonal cash flow requirements of the County during the fiscal year ending June 30, 2009. The Notes are secured by a pledge of certain general fund monies. The County paid the notes on June 30, 2009.

10. SHORT-TERM OBLIGATIONS (Continued)

Description	Balance July 1, 2008	Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2009	Amounts Due within One Year
County of Orange					
2008-2009 Teeter Plan Notes					
Date Issued: July 10, 2008					
Interest Rate: 3.00%					
Original Amount: \$75,600					
Maturing in Installments Through June 30, 2009	\$ --	\$ 75,600	\$ (75,600)	\$ --	\$ --
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	--	178,300	178,300
County of Orange					
2008-2009 Tax and Revenue					
Anticipation Notes					
Date Issued: September 17, 2008					
Interest Rate: 3.00%					
Original Amount: \$100,000					
Maturing in Installments Through June 30, 2009	--	100,000	(100,000)	--	--
Total	<u>\$ --</u>	<u>\$ 353,900</u>	<u>\$ (175,600)</u>	<u>\$ 178,300</u>	<u>\$ 178,300</u>

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, 2009, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$5,360,115. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIII A, Section 1 requires the approval of 2/3 of the voters voting on the proposition.

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, 2009, the outstanding principal amount, including the premium of the 2005 Recovery Bonds, was \$101,456.

11. LONG-TERM OBLIGATIONS (Continued)

Bankruptcy Obligations (Continued)

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, 2009, the outstanding principal amount, including the premium of the Series 2005 Bonds, and interest were \$297,438 and \$47,005, respectively.

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

Revenue Bonds Payable and Certificates of Participation

Refunding Certificates of Participation (Civic Center Parking Facilities Project)

In December 1987, Certificates of Participation (COPs) representing the proportionate interests of the owners thereof in lease payments made by the County under lease agreements between the County and the Orange County Public Facilities Corporation were delivered. The proceeds were used to finance the acquisition, construction, and installation of two parking structures located in the City of Santa Ana. These certificates were refunded in August 1991 with the \$33,579 Refunding COPs (Civic Center Parking Facilities Project), which are payable through December 2018. At June 30, 2009, the outstanding principal amount and interest of the Refunding COPs were \$5,502 and \$20,529, 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, 2009, the outstanding principal amount, including premium of the Series 2001 Bonds, and interest on the NDAPP Refunding Bonds were \$21,679 and \$8,316, 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, 2009, the outstanding principal amount, including the premium of the Series 2002 bonds, and interest were \$56,573 and \$16,664, respectively.

11. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

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

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.

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, 2009, the outstanding principal amount, including the premium of the Series 2006 Bonds, and interest were \$32,125 and \$7,786, 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, 2009, the outstanding principal amount including premium of the Series 2003 Bonds and interest of the SAHP were \$32,721 and \$12,905, 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, 2009, the outstanding principal amount of the Series 1996A and 1997A Pension Bonds were \$36,981 and \$32,730, respectively.

11. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

Airport Revenue Refunding Bonds, Series 1997 and 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.

Refer to section FY 2008-09 Debt Obligation Activity of this note for information about the in-substance defeasance of the 1997 Bonds.

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 and interest for 2003 Bonds as of June 30, 2009, were \$37,677 and \$9,629, respectively.

The Airport Revenue 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.

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, 2009 were \$31,725 and \$4,462, 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, 2009, \$39,680 of legally defeased debt remains outstanding.

11. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year 2008-09 Debt Obligation Activity

During FY 2008-09, the following events concerning County debt obligations took place:

Teeter Plan Revenue Bonds, Series 1995A through E

In June 1995, the Orange County Special Financing Authority (the Authority) issued in the principal amount of \$155,000 in taxable (1995 Series A - \$32,400) and tax-exempt (1995 Series B through E - \$122,600) Teeter Plan Revenue Bonds (Teeter Bonds). The Teeter Bonds are limited obligations of the Authority payable solely from revenues consisting primarily of delinquent tax payments to be made by taxpayers under the County Teeter Plan program, to be received by the Authority, the County and a trustee.

On August 26, 2008, the County issued its CP not to exceed \$178,300. The proceeds of the CP, less cost of issuance, were used along with other available monies to retire the outstanding Orange County Special Financing Authority Teeter Plan Revenue Bonds, Series 1995 A through E on September 2, 2008, to redeem the 2008-2009 Teeter Notes on November 10, 2008, and to fund a Tax Losses Reserve Fund.

Lease Revenue Bonds, Series 2001 (Telecommunications Equipment Project)

In April 2001, the OCPFA issued in the principal amount of \$10,330 Lease Revenue Bonds, Series 2001 (Telecommunications Equipment Project), to (1) finance the acquisition and installation of certain telecommunications equipment for general governmental purposes, (2) fund a debt service reserve fund, (3) pay capitalized interest on bonds, and (4) pay costs related to the issuance of bonds. The bonds were paid off on December 15, 2008.

The bonds were limited obligations of the OCPFA payable solely from base rental payments to be made by the County pursuant to an Equipment Lease, and other amounts held by the Trustee in the funds established under the Indenture. The base rental payments were required to be sufficient to pay the principal of and interest on the bonds when due and payable.

Airport Revenue Refunding Bonds, Series 1997

On May 6, 2009, the Airport executed an in-substance defeasance of the 1997 Bonds, for the outstanding carrying principal balance of \$44,155. The Airport contributed \$45,367, the outstanding principal amount and interest, to an irrevocable escrow trust account. The amounts were invested in certain United States Treasury Securities that will be used for the redemption of the 1997 Bonds on July 1, 2009. As of June 30, 2009, the debt is considered to be extinguished.

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2008-09

Revenue bonds and certificates outstanding and related activity for the year ended June 30, 2009 were as follows:

Description	Balance July 1, 2008	Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2009	Amounts Due within One Year
<u>Governmental Funds:</u>					
<u>County of Orange</u>					
<u>Refunding Recovery Bonds - 2005 Series A:</u>					
Date Issued: August 18, 2005 to Refund and Defeas the Outstanding Refunding Recovery Bonds - Series 1995A Interest Rate: 3.00% to 5.00% Original Amount: \$146,005					
Maturing in Installments Through June 1, 2015.	\$ 115,467	\$ (866)	\$ (13,145)	\$ 101,456	\$ 14,629
Deferred Amount on Refunding	(7,292)	1,042	--	(6,250)	(1,042)
<u>Orange County Public Financing Authority</u>					
<u>Lease Revenue Refunding Bonds, Series 2005:</u>					
Date Issued: August 16, 2005 to Refund and Defeas the 1996 Recovery Certificates of Participation - Series 1996A. Interest Rate: 3.00% to 5.75% Original Amount: \$419,755 FY 2008-09 Principal and Interest: \$61,634 FY 2008-09 Total Pledged Revenues: \$77,027					
Maturing in Installments Through July 1, 2017.	345,932	(733)	(47,761)	297,438	51,366
Deferred Amount on Refunding	(20,229)	2,129	--	(18,100)	(2,129)
<u>Orange County Public Facilities Corporation,</u>					
<u>Refunding Certificates of Participation:</u>					
<u>(Civic Center Parking Facilities Project)</u>					
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 2008-09 Principal and Interest: \$2,605 FY 2008-09 Total Pledged Revenues: \$2,700					
Maturing in Installments Through December 1, 2018.	6,306	--	(804)	5,502	744

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2008-09 (Continued)

Description	Balance July 1, 2008	Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2009	Amounts Due within One Year
<u>Orange County Development Agency</u>					
<u>Tax Allocation Refunding Bonds - Series 2001:</u>					
<u>(Neighborhood Development and Preservation Project)</u>					
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 2008-09 Principal and Interest: \$2,174					
FY 2008-09 Total Pledged Revenues: \$21,053					
Maturing in Installments Through September 1, 2022.	22,774	(10)	(1,085)	21,679	1,125
Deferred Amount on Refunding	(822)	55	--	(767)	(55)
<u>Orange County Public Financing Authority</u>					
<u>Juvenile Justice Center Facility Lease Revenue Refunding Bonds - Series 2002</u>					
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 2008-09 Principal and Interest: \$7,086					
FY 2008-09 Total Pledged Revenues: \$77,027					
Maturing in Installments Through June 1, 2019.	\$ 60,876	\$ (173)	\$ (4,130)	\$ 56,573	\$ 4,485
Deferred Amount on Refunding	(2,405)	219	--	(2,186)	(219)
<u>Orange County Public Financing Authority</u>					
<u>Lease Revenue Bonds, Series 2006</u>					
Date Issued: October 19, 2006					
Interest Rate: 4.00% to 5.00%					
Original Amount: \$32,700					
FY 2008-09 Principal and Interest: \$4,201					
FY 2008-09 Total Pledged Revenues: \$77,027					
Maturing in Installments Through June 1, 2018	34,840	(35)	(2,680)	32,125	2,830
<u>Orange County Development Agency</u>					
<u>Santa Ana Heights Project Area 2003</u>					
<u>Tax Allocation Refunding Bonds:</u>					
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 2008-09 Principal and Interest: \$2,970					
FY 2008-09 Total Pledged Revenues: \$14,073					
Maturing in Installments Through September 1, 2023.	34,217	\$ (46)	(1,450)	\$ 32,721	1,599
Deferred Amount on Refunding	(1,419)	92	--	(1,327)	(92)

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2008-09 (Continued)

Description	Balance July 1, 2008	Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2009	Amounts Due within One Year
<u>County of Orange</u>					
<u>Taxable Refunding Pension</u>					
<u>Obligation Bonds - Series 1996 A:</u>					
Date Issued: June 1, 1996 - Current Interest					
Rate Bonds (CIB)					
Date Issued: June 12, 1996 - Capital Appreciation					
Bonds (CAB)					
To Refund the Taxable POBs Series 1994 A					
Interest Rate: CIB - 7.47% to 7.72%					
Interest Rate: CAB - 8.09% to 8.26%					
Original Amount: CIB - \$81,680					
Original Amount: CAB - \$40,000					
Maturing in Installments Through September 1, 2010 (CIB) and September 1, 2016 (CAB).					
	37,556	--	(575)	36,981	5,285
<u>County of Orange</u>					
<u>Taxable Refunding Pension</u>					
<u>Obligation Bonds - Series 1997 A:</u>					
Date Issued: January 1, 1997 - Current Interest					
Rate Bonds (CIB)					
Date Issued: June 14, 1997 - Capital Appreciation					
Bonds (CAB)					
To Refund the Taxable POBs Series 1994 A					
Interest Rate: CIB - 5.71% to 7.36%					
Interest Rate: CAB - 7.33% to 7.96%					
Original Amount: CIB - \$71,605					
Original Amount: CAB - \$65,318					
Maturing in Installments Through September 1, 2010 (CIB) and September 1, 2021 (CAB).					
	\$ 35,172	\$ --	\$ (2,442)	\$ 32,730	\$ 5,095
<u>Orange County Special Financing Authority</u>					
<u>Teeter Plan Revenue Bonds -</u>					
<u>Series A through E:</u>					
Date Issued: June 1, 1995					
Interest Rate: Variable					
(Series A,B,C,D and E)					
Original Amount: \$155,000					
Maturing in Installments Through November 1, 2014.					
	123,725	--	(123,725)	--	--
<u>Orange County Public Financing Authority,</u>					
<u>Telecommunications Equipment Project</u>					
<u>Lease Revenue Bonds - Series 2001</u>					
Date Issued: April 1, 2001					
Interest Rate: 4.00%					
Original Amount: \$10,330					
FY 2008-09 Principal and Interest: \$1,688					
FY 2008-09 Total Pledged Revenues: \$77,027					
Maturing in Installments Through December 15, 2008.					
	1,654	--	(1,654)	--	--
Subtotal - Governmental Funds	\$ 786,352	\$ 1,674	\$ (199,451)	\$ 588,575	\$ 83,621

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2008-09 (Continued)

Description	Balance July 1, 2008	Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2009	Amounts Due within One Year
<u>Enterprise Funds:</u>					
<u>Airport Revenue Refunding Bonds -</u>					
<u>Series 1997:</u>					
Date Issued: April 2, 1997 to Refund \$131,490 of the 1987 Airport Revenue Bond Issue					
Interest Rate: 5.00% to 6.00%					
Original Amount: \$135,050					
FY 2008-09 Principal and Interest: \$13,459					
FY 2008-09 Total Pledged Revenues: \$47,277					
Maturing in Installments Through July 1, 2012					
Deferred Amount on Refunding (1997 Airport Revenue Bonds)	\$ 54,766	\$ 134	\$ (54,900)	\$ --	\$ --
	(490)	490	--	--	--
<u>Airport Revenue Refunding Bonds -</u>					
<u>Series 2003:</u>					
Date Issued: May 29, 2003 to Refund 1993 Airport Revenue Bond Issue					
Interest Rate: 2.50% to 5.00%					
Original Amount: \$48,680					
FY 2008-09 Principal and Interest: \$4,588					
FY 2008-09 Total Pledged Revenues: \$47,277					
Maturing in Installments Through July 1, 2018.					
Deferred Amount on Refunding (2003 Airport Revenue Bonds)	40,804	(391)	(2,736)	37,677	3,204
	(5,183)	1,008	--	(4,175)	(873)
<u>Orange County Public Financing Authority</u>					
<u>Waste Management System Refunding</u>					
<u>Revenue Bonds - Series 1997:</u>					
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 2008-09 Principal and Interest: \$7,128					
FY 2008-09 Total Pledged Revenues: \$29,295					
Maturing in Installments Through December 1, 2013.					
Deferred Amount on Refunding (1997 Orange County Public Financing Authority Revenue Bonds)	37,154	(119)	(5,310)	31,725	5,712
	(977)	396	--	(581)	(306)
Subtotal - Enterprise Funds	126,074	1,518	(62,946)	64,646	7,737
Total	\$ 912,426	\$ 3,192	\$ (262,397)	\$ 653,221	\$ 91,358

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:

<u>Fiscal Year(s) Ending June 30</u>	<u>Governmental Funds</u>		<u>Enterprise Funds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 84,124	\$ 29,191	\$ 8,485	\$ 3,297	\$ 125,097
2011	81,510	29,750	8,965	2,818	123,043
2012	87,439	35,026	9,470	2,310	134,245
2013	56,223	39,724	9,980	1,792	107,719
2014	54,407	29,332	10,514	1,262	95,515
2015-2019	194,954	133,471	20,190	2,612	351,227
2020-2024	25,887	30,472	-	-	56,359
Total	<u>584,544</u>	<u>326,966</u>	<u>67,604</u>	<u>14,091</u>	<u>993,205</u>
Add: Premium	32,661	--	1,798	--	34,459
Less: Deferred Amount on Refunding	<u>(28,630)</u>	<u>--</u>	<u>(4,756)</u>	<u>--</u>	<u>(33,386)</u>
Principal Payable, Net	<u>\$ 588,575</u>	<u>\$ 326,966</u>	<u>\$ 64,646</u>	<u>\$ 14,091</u>	<u>\$ 994,278</u>

Changes in Long-Term Liabilities:

Long-term liability activities for the year ended June 30, 2009 were as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds and COPs Payable:					
Revenue Bonds	\$ 598,210	\$ --	\$ (182,485)	\$ 415,725	\$ 59,200
Certificates of Participation	6,306	--	(804)	5,502	744
Pension Obligation Bonds	72,728	--	(3,017)	69,711	10,380
Recovery Bonds	106,751	--	(13,145)	93,606	13,800
Add: Premium on Bonds Payable	34,524	--	(1,863)	32,661	3,034
Less: Deferred Amount on Refunding	<u>(32,167)</u>	<u>--</u>	<u>3,537</u>	<u>(28,630)</u>	<u>(3,537)</u>
Total Bonds & COPs Payable, Net	<u>786,352</u>	<u>--</u>	<u>(197,777)</u>	<u>588,575</u>	<u>83,621</u>
Interest Accretion on Capital					
Appreciation Bonds Payable	124,129	14,039	--	138,168	--
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	160,254	124,857	(119,379)	165,732	92,143
Arbitrage Rebate Payable	652	617	(30)	1,239	--
Capital Lease Obligations Payable	90,769	--	(5,817)	84,952	4,838
Insurance Claims Payable	146,816	93,577	(82,226)	158,167	43,078
Net Pension Obligation	660	234	(242)	652	--
Total Other Long-Term Liabilities	<u>399,151</u>	<u>219,285</u>	<u>(207,694)</u>	<u>410,742</u>	<u>140,059</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,309,632</u>	<u>\$ 233,324</u>	<u>\$ (405,471)</u>	<u>\$ 1,137,485</u>	<u>\$ 223,680</u>

11. LONG-TERM OBLIGATIONS (Continued)

Changes in Long-Term Liabilities (Continued)

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due within One Year
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 130,550	\$ --	\$ (62,946)	\$ 67,604	\$ 8,485
Add: Premium on Bonds Payable	2,174	--	(376)	1,798	431
Less: Deferred Amount on Refunding	(6,650)	--	1,894	(4,756)	(1,179)
Total Revenue Bonds Payable, Net	<u>126,074</u>	<u>--</u>	<u>(61,428)</u>	<u>64,646</u>	<u>7,737</u>
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	3,809	4,386	(3,432)	4,763	2,372
Arbitrage Rebate Payable	36	94	--	130	--
Landfill Site Closure/Postclosure Liabilities	191,204		(18,156) *	173,048	1,906
Pollution Remediation Obligation	11,606	--	(1,133)	10,473	1,843
Total Other Long-Term Liabilities	<u>206,655</u>	<u>4,480</u>	<u>(22,721)</u>	<u>188,414</u>	<u>6,121</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 332,729</u>	<u>\$ 4,480</u>	<u>\$ (84,149)</u>	<u>\$ 253,060</u>	<u>\$ 13,858</u>

* 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, 2009, is \$165,732 compared with \$160,254 at June 30, 2008. 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, 2009, amounted to \$675,949.

12. CONDUIT DEBT OBLIGATIONS

From 1980 through 2009, 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, 2009, there were 60 series of bonds outstanding, with an aggregate principal amount payable of \$631,169.

13. LEASES

Commitments Under Operating Leases

The County is committed under various operating leases primarily for office buildings, office equipment and other equipment. During FY 2008-09, the County revised its methodology for calculating future commitments for operating leases. The following table reflects the County's estimates using this revised methodology:

<u>Fiscal Year Ending June 30</u>	<u>Equipment</u>	<u>Real Property</u>	<u>Total</u>
2010	\$ 8,265	\$ 29,880	\$ 38,145
2011	2,020	27,503	29,523
2012	1,462	19,789	21,251
2013	875	16,580	17,455
2014	479	13,110	13,589
2015 - 2019	4	31,228	31,232
Total	<u>\$ 13,105</u>	<u>\$ 138,090</u>	<u>\$ 151,195</u>

Total expenditures for equipment rentals and operating leases incurred for FY 2008-09 was \$60,117.

Capital Leases

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

Land	\$ 22,418
Structures & Improvements	98,433
Less: Accumulated Depreciation	(25,476)
Total	<u>\$ 95,375</u>

13. LEASES (Continued)

Capital Lease (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, 2009:

<u>Fiscal Year Ending June 30</u>		
2010	\$	11,302
2011		10,238
2012		10,089
2013		9,676
2014		9,898
2015-2019		45,216
2020-2024		39,946
2025-2027		5,594
Total Minimum Lease Payments		141,959
Less: Amount Representing Interest		(57,007)
Present Value of Net Minimum Lease Payments	\$	84,952

14. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require Orange County Waste & Recycling (OCW&R) 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, OCW&R 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.

OCW&R 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 OCW&R. 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 on November 21, 2006.

The total landfill closure and postclosure care liability at June 30, 2009 was \$173,048. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (24.51% for FRB, 77.82% for Olinda Alpha and 21.75% 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 FRB Landfill in FY 2008-09, 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, 2009. OCW&R will recognize the remaining estimated cost of closure and postclosure care of \$169,813 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008 dollars (using the 2008 inflation factor of 1.022). OCW&R has enough landfill capacity to operate the system for a minimum of twenty-five years. However, OCW&R 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 the California Integrated Waste Management Board's regulations, OCW&R 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, OCW&R has executed pledge of revenue agreements to provide financial assurance for estimated future landfill postclosure costs. The agreements state that OCW&R pledges revenue from future gate fees deposited to pay for estimated postclosure maintenance or shall obtain alternative coverage within sixty (60) days if OCW&R ceases at any time to retain control of its ability to allocate pledged revenue to pay postclosure maintenance costs. OCW&R 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 for inflation, 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, 2009, a total of \$118,424 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.

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. With the implementation of GASB 49, the County is required to report a liability for pollution remediation with respect to every landfill in which an obligating event is not considered or contemplated within the calculation of closure and postclosure costs in accordance with GASB 18. 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, 2009, 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:	
General Fund	
Central Justice Center - Phase II - HVAC/ADA	\$ 3,640
Cogeneration Plant at Central Utility Facility	2,757
	6,397
Roads	
Ortega Highway Widening Project	13,425
Katella Avenue – Smart Street Improvement Project	7,557
Foothill Circulation Project: Alton – Irvine	1,480
Irvine Avenue Widening Project – University to Southeast Bristol	1,401
	23,863
Flood Control District	
Los Alamitos Pump Station: New Pump and Pump House	11,384
San Juan Creek Channel Improvement Project	11,249

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Project Title	Remaining Commitments
Governmental Activities (Continued):	
Flood Control District (Continued)	
Katella Yard Relocation Project – Collins Avenue	\$ 3,231
San Diego Creek Mitigation	1,828
Compressed Natural Gas Fueling Station Project at Collins Avenue	1,278
	28,970
Other Governmental Funds	
Transportation Fleet Maintenance and Support Services	1,659
Central Jail Complex Consolidation Maintenance Project	4,594
	6,253
Business-Type Activities:	
Airport	
Design and Construction of the Central Plant	26,663
Terminal Building Gate Expansion	15,179
Design of the New Parking Structure C	4,492
Passenger Loading Bridges for Terminal A and B	3,548
New South Remain Over Night Airplane Parking	1,988
Building Commissioning Services	1,628
	53,498
Waste Management	
Administration and Crew Quarters Building Construction – Prima Deshecha Landfill	3,549
Construction Management/ Construction Quality Assurance Services – Frank R. Bowerman Landfill	3,385
Zone 1 Construction Management/Construction Quality Assurance/ Archeo-Paleo Services – Prima Deshecha Landfill	2,975
Olinda Truck Scales Installation	1,017
	10,926
Total Commitments	\$ 129,907

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 only 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 the new 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 \$1,800,000. OCFCD's cost share is estimated to be \$314,500 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, 2009, the OCFCD has expended about \$380,525 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) is complete. Construction to raise the Prado Dam embankments and install new outlet gates was completed in December 2008. Landscaping along the SAR in Orange County is underway and is expected to be completed in FY 2009-10, subject to funding. 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 has completed construction of National Housing Tract Dike and Sewage Treatment Plant Dike in 2008 and landscaping for the dikes will commence in September 2009. 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 set to start construction in October 2009. The OCFCD has started the preliminary design of the 4 miles of the Santa Ana River Interceptor Line Relocation Project. The OCFCD has also been acquiring 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, 2009 the OCFCD has submitted \$231,978 in claims, and received \$174,615 in reimbursements. An additional \$34,389 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, 2009 of about \$91,753. Of this amount, \$27,349 was appropriated by the State for FY 2009-10, 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 expense 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 \$40,000 in liability coverage. There have never been verdicts or settlements that exceed the self-insurance threshold. Accordingly, no claims or settlements have been paid under the excess insurance policy.

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 3.65% 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 ISFs, which provides dental and short-term disability benefits for a portion of the County's employees.

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 73 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.

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 2007-08	\$ 104,830	\$ 34,299	\$ 1,000	\$ 7,481	\$ 147,610
Claims and Changes in Estimates	30,080	--	593	57,519	88,192
Claim Payments	(24,052)	(8,393)	(877)	(55,664)	(88,986)
Unpaid Claims, End of FY 2007-08	\$ 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

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.

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

Estimated Liability for Litigation and Claims (Continued)

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.

Potential Fire Station Claims Certain fire stations previously owned by the County were transferred to the Orange County Fire Authority (OCFA) in connection with the OCFA's formation in March 1995. As part of the joint powers agreement forming the OCFA, of which the County is a party, the County agreed to indemnify OCFA for certain claims and liabilities arising prior to its formation.

The OCFA has requested reimbursement from the County for expenses incurred for remediating contamination from motor vehicle fuels that leaked from underground storage tank systems at nine fire stations. Of the amount requested, the County has reimbursed the OCFA \$1,476 and \$177 is outstanding. The OCFA is currently seeking reimbursement from the State for the remaining balance of \$177. It is estimated that it may take years before the State will finish processing the OCFA's reimbursement claim. The County intends to reimburse the OCFA the remaining balance if the State denies the OCFA's reimbursement claim.

Retired Employees Association of Orange County, Inc. v. County of Orange On September 12 and 25 and October 24, 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 include, but are not limited to, separately pooling current employees and retirees for the purposes of health premium setting beginning in 2008, reducing the maximum annual adjustment in the Plan Grant from 5% to 3% beginning in 2008 and reducing the Plan Grant by 50% for retirees eligible for Medicare Parts A and B. Refer to Note 19 for details on the Retiree Medical Plan.

On November 5, 2007, the Retired Employee's Association of Orange County (REAOC) filed a Complaint for Declaratory and Injunctive Relief filed in Federal District Court contesting the splitting of the pool for purposes of determining health insurance premiums. The County was served with the Complaint on November 21, 2007.

On December 7, 2007, the County filed a Motion to Dismiss alleging various deficiencies in the Complaint. After oral argument on January 14, 2008, the Court took the matter under submission and on February 12, 2008, issued its ruling denying the County's motion as to the Plaintiff's first six claims and granting the motion as to the seventh. The types of claims that survived were: Breach of Contract, Promissory Estoppel, Violation of Due Process and Impairment of Contract. The Plaintiff's seventh Claim for Violation of the California's Pension Protection Act was dismissed without leave to amend.

After lengthy discovery which included the production of tens of thousands of pages of documents and many depositions; the County and REAOC filed, on November 20, 2008, cross motions for summary judgment. Oral argument on both motions was heard on December 22, 2008, and on June 19, 2009, the Court issued an order granting Defendant's Motion for Summary Judgment and denying as moot Plaintiff's Motion for Summary Adjudication. Costs were awarded for the County in the amount of \$36.

On June 30, 2009, REAOC's attorneys filed their notice of appeal with the Ninth Circuit and their opening brief is due Friday, August 28, 2009. The County filed its brief on September 28, 2009. The case is now fully briefed in the Ninth Circuit. The date for oral argument has not yet been set.

It is difficult to predict the County's potential liability at this time; however, should Plaintiff succeed in their overall efforts, 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, Gaylan Harris, filed a Class Action Complaint for Damages and Injunctive Relief in Federal District Court. His complaint alleges that the "County's unilateral removal" of the retiree "grant," a stipend paid to retirees to defray the cost of medical insurance, and the "subsidy," which he defines as the pooling of retirees with active employees for the purpose of insurance rate setting, constituted an impairment of contract, a denial of due process and a breach of contract. On February 3, 2009, Mr. Harris amended his complaint to include a charge of unlawful age discrimination in violation of California Government Code section 12940 (a). The Clerk of Board received service of both the original and amended complaints late Thursday, April 9, 2009. It appears that many of the claims are similar to those set forth in the REAOC case discussed above; however, here, Mr. Harris seeks monetary damages on behalf of himself and the other class plaintiffs.

The County answered the lawsuit on May 29, 2009, and shortly thereafter, filed a motion to stay the proceedings pending the outcome of the REAOC litigation. Because the REAOC decision was issued prior to the hearing date, this motion was taken off calendar. On August 24, 2009, a Case Management Conference was held and the Court set the case for trial on October 19, 2010. The parties have stipulated to certify the plaintiffs as a class; conducting some discovery; and then filing summary judgment motions. It is difficult to predict the outcome at this time, but there is a significant monetary exposure in light of the damages claims.

Pirkle Trucking and Equipment v. County of Orange Pirkle Trucking has sued the County alleging causes of action for breach of contract, bad faith denial of a contract, and failure to discharge a mandatory duty. The complaint arises out of the County's invitation for bids seeking trucking contractors for hauling. Plaintiff alleges that it was awarded the contract and that later the County repudiated said award. The County denies each of these allegations and claims that the complaint has no basis in its allegations or its claim for damages. Plaintiff alleges it has suffered damages in the amount of \$850 for the improper breach by the County as well as general damages in the amount of \$5,000 and punitive damages. The County contends the contract was never formally awarded to Plaintiff and the entire complaint is without merit. The County denies each of the allegations and has challenged the first complaint with a Demurrer which was granted by the Court with leave to Plaintiff to amend its complaint. Plaintiff filed an Amended Complaint and the County has once again filed a Demurrer. The County's Demurrer was heard on October 8, 2009. The Court took the matter under submission and no ruling has been issued.

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.

If the injunction as described by Plaintiffs' counsel is obtained, however, and if federal or state funding levels for the affected entitlement programs being administered by the County are reduced or otherwise inadequate, compliance with such an injunction may require substantial additional expenditures of County General Fund monies in amounts that cannot yet be reliably estimated. Plaintiffs also allege that they will seek recovery of attorneys' fees and costs. In the context of a class action such as this, if class certification is granted (which the County intends to oppose), such attorneys' fees could be substantial (again not subject to any reliable estimate at this time).

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

Estimated Liability for Litigation and Claims (Continued)

Alliance of Orange County Workers v. County of Orange The Alliance of Orange County Workers (AOCW) represents approximately four hundred and seventy (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 backpay 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.

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. When a government knows or reasonably believes a site is polluted, the government should determine whether a pollution remediation obligation is recognizable as a liability when any of the following obligating events occur:

- The pollution poses an imminent danger to the public or environment and a government has little or no discretion to avoid remediation action
- A government has violated a pollution prevention-related permit or license
- A government is named (or evidence indicates it will be named, by a regulator as a responsible party for cleaning up pollution, or paying all or some of the cost of the cleanup
- A government is named (or evidence indicates it will be named), in a lawsuit to compel it to address the pollution
- A government begins or legally obligates itself to begin cleanup or post-cleanup activities (limited to amounts the government is legally required to complete)

In FY 2008-09, the County identified several environmental sites at John Wayne Airport (JWA) and OC Waste and Recycling (OCW&R) 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 OCW&R.

John Wayne Airport (JWA)

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 monitoring and the remediation of the Old Fuel Farm and the Former Fire Station #33 sites, respectively.

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

Estimated Pollution Remediation Obligations (Continued)

John Wayne Airport (JWA) (Continued)

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 FY 2009-10 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.

In 1995, the Airport entered into Memorandum of Understanding (MOU) with one of its fixed-based operators (FBO) lessees to address the remediation of the Old Fuel Farm. The FBO was identified as the operator of the site and the other responsible party. The lessee agreed to be obligated to pay 50% of the remediation costs associated with the Old Fuel Farm site. The expected recoveries for the Old Fuel Farm site are not yet realized or realizable.

The estimated pollution remediation obligation as of June 30, 2009 is:

Old Fuel Farm Site	\$ 788
Former Fire Station # 33 Site	695
Less: Expected Recoveries (50% Recovery from FBO lessee)	<u>(394)</u>
Net Pollution Remediation Obligation	<u>\$ 1,089</u>

Orange County Waste & Recycling (OCW&R)

Four closed disposal sites were identified and the remediation costs were calculated for each of these sites based upon the type of remediation needed and the historical trend data for closed landfill sites. The combined pollution remediation obligation for these four closed landfill sites as of June 30, 2009, is \$9,384.

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. Construction is anticipated to be completed in October 2009. The remaining cost to the County for the design and construction of the system, and the cost to prepare a cooperative Site Maintenance Plan is \$316.

Upon completion of the landfill gas system construction, the County will retain responsibility for the operation, maintenance, and monitoring of that system. 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 \$653.

Total obligation for landfill gas remediation at the Cannery site over the anticipated 15-year operational period is \$969.

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

Estimated Pollution Remediation Obligations (Continued)

Orange County Waste & Recycling (OCW&R) (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 presently 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 is constructing 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 this construction will be completed in October 2009, and the remaining design and construction cost for the upgrade is \$875.

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. The anticipated costs to operate, maintain and monitor the landfill gas collection system over the anticipated operational period is \$4,987.

Total obligation for landfill gas remediation at the Lane Road site over the anticipated 25-year operational period is \$5,862.

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 is currently constructing a landfill gas collection and control system, including a carbon treatment element. The construction of the system is anticipated to be completed in October 2009 and the remaining design and construction cost is \$293.

Upon completion of the landfill gas system, the County will retain 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 anticipated operational period is \$2,070.

The total obligation for landfill gas remediation at the San Joaquin site over the anticipated 15-year operational period is \$2,363.

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.

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

Estimated Pollution Remediation Obligations (Continued)

Orange County Waste & Recycling (OCW&R) (Continued)

La Veta Former Refuse Disposal Station (Continued)

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 \$190.

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.

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 and one alternate member. Four OCERS Board members are appointed by the Board, three members plus one alternate are elected from active County employees, one member is elected from retirees, and the County Treasurer-Tax Collector is 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" (the UAAL) contribution, to the extent an UAAL exists.

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

OCERS issues an audited stand-alone annual financial report for each year ending December 31, 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, 2008, 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 (OCFA), 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 (OCTA), Transportation Corridor Agencies, University of California, Irvine Medical Center and Campus (closed to new members). The County payments represent approximately 81% of the total plan sponsor payments into OCERS. As of December 31, 2008, OCERS was 71.3% funded. A schedule of funding progress for OCERS is included in Required Supplemental Information (RSI) section.

18. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Plan Description (Continued)

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

Non-vested Supplemental Targeted Additional Retiree Cost of Living Adjustment (STAR COLA) benefits are also paid by OCERS to eligible retirees and survivors. Pursuant to Government Code Section 31874.3 of the County Employees Retirement Law of 1937, the OCERS Board has the sole authority to grant STAR COLA each year. The OCERS Board considers that, while they have the statutory ability to grant STAR COLA, it is the Plan Sponsors within OCERS who should grant the STAR COLA benefits. Retirees who have lost more than 20% of their purchasing power since retirement are eligible for this benefit, and currently, approximately 803 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. In the 1997 Ventura decision of the California Supreme Court, the Court stated that for the purpose of calculating pension benefits, "final compensation" can mean 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 2008-09, employer's contributions, as a percentage of covered payrolls, were 22.20% for General members, 36.05% for Safety-Law Enforcement members and 32.25% for Safety-Probation members.

Effective June 28, 2002, Safety member's rate of contribution is calculated to provide an annuity equal to 3% of the member's "final compensation" for each year of service rendered at age 50. Probation Services employees were granted safety retirement status by the Board as of June 28, 2002, and now earn benefits under a 3% at 50 benefits 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. However, members of the American Federation of State, County and Municipal Employees (AFSCME), which represents approximately 1,179 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.

18. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

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, 2006. 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 2006 Valuation, the aggregate employer contribution rate is 24.01%. The aggregate Member employee rate, some of which are contributed by the sponsor under existing bargaining agreements, is 10.36%. The aggregate rates are for all of OCERS, and the County makes up approximately 85% of 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, 2009, \$101,471 of such proceeds remains available for future credits to the County's pension obligations. For the fiscal year ended June 30, 2009, the County utilized \$36,500 of the County Investment Account to meet its Annual Required Contribution.

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 County Contributions				
Year Ended	County Contribution	OCERS Investment Account Contribution	Total Annual Required Contribution	Percentage Contributed
6/30/2007	\$ 223,505	\$ 11,000	\$ 234,505	100%
6/30/2008	253,620	11,000	264,620	100%
6/30/2009	256,531	36,500	293,031	100%

County Administered Pension Plans

County of Orange 401(a) Defined Contribution Plan

Plan Description: Effective January 1999, as amended and restated on March 1, 2002, 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 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, 2009, the plan has 738 active participants and 19 inactive participants.

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

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

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, 2009, were \$1,068 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, 2009, the value of plan assets was \$7,454.

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 Employees Defined Benefits Retirement 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. The normal retirement benefits for a participant who retires on or after the normal retirement date is 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 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 June 30, 2009, the plan consists of 94 active plan participants, 249 terminated plan participants entitled to but not yet receiving benefits, and 28 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.

Funding Policy: Plan participants are required to contribute between 2.5% and 7.5% of their annual covered compensation based upon their attained age as of January 1 of each calendar year. 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 \$1,437. 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)

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.

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Employees Defined Benefits Retirement Plan (Continued)

Annual Pension Cost: GASB Statement No. 27 requires the County to have an actuarial valuation performed at least biennially to determine the plan's annual pension cost. The plan's annual pension cost was calculated using the data and assets as of June 30, 2009. 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 calculated using the projected unit credit actuarial cost method is (a) normal cost, (b) minus employee contribution, (c) plus 30-year amortization of the UAAL. Based on the actuarial report dated July 1, 2009, interest on the net pension obligation is \$43.

For the fiscal year ended June 30, 2009, the County's annual required contribution was \$242. 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. Multiyear trend information about the funding progress is presented in the RSI section following the notes to the basic financial statements.

Orange County Defined Benefit Retirement 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) (b=a-c)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
6/30/2009	4,923	7,091	2,168	69.4%	N/A ³	N/A

³The plan froze benefits effective November 21, 2008; therefore, there is no covered payroll for future plan years.

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

	<u>06/30/07</u>	<u>06/30/08</u>	<u>06/30/09</u>
Annual Required Contribution	\$ 285	\$ 225	\$ 242
Interest on Net Pension Obligation	49	43	43
Adjustment to Annual Required Contribution	<u>(58)</u>	<u>(51)</u>	<u>(51)</u>
Annual Pension Cost	276	217	234
Contributions Made	<u>(358)</u>	<u>(225)</u>	<u>(242)</u>
Increase/Decrease in Net Pension Obligation	(82)	(8)	(8)
Net Pension Obligation, Beginning of Year	<u>750</u>	<u>668</u>	<u>660</u>
Net Pension Obligation, End of Year	<u>\$ 668</u>	<u>\$ 660</u>	<u>\$ 652</u>

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Employees Defined Benefits Retirement Plan (Continued)

Annual Pension Cost (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 Defined Benefit Retirement Plan
County Contributions**

Year Ended	County Contribution	Total Annual Required Contribution	Percentage Contributed
6/30/2007	\$ 358	\$ 285	126%
6/30/2008	225	225	100%
6/30/2009	242	242	100%

Extra-Help Defined Contribution Plan

Plan Description: On March 1, 2002, the Board adopted 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, 2009, there were 2,799 active participants and 343 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.

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, 2009, were \$969 by the employees and zero by the County. As of June 30, 2009, the value of plan assets was \$3,887.

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

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Condensed Financial Statements

In lieu of separately issued financial statements for the County administered retirement funds, condensed financial statements are presented below as of and for the year ended June 30, 2009:

	<u>Total</u>	<u>Extra-Help Defined Benefit Retirement Plan</u>	<u>Extra-Help Defined Contribution Plan</u>	<u>401(a) Defined Contribution Plan</u>
<u>Statements of Net Assets</u>				
Pooled Cash/Investments	\$ 4,915	\$ 4,915	\$ --	\$ --
Restricted Cash and Investments with Trustee	11,341	--	3,887	7,454
Receivables:				
Interest/Dividends	14	14	--	--
Due from Other Governmental Agencies	652	652	--	--
Total Net Assets Held in Trust	<u>\$ 16,922</u>	<u>\$ 5,581</u>	<u>\$ 3,887</u>	<u>\$ 7,454</u>

	<u>Total</u>	<u>Extra-Help Defined Benefit Retirement Plan</u>	<u>Extra-Help Defined Contribution Plan</u>	<u>401(a) Defined Contribution Plan</u>
<u>Statements of Changes in Net Assets</u>				
Additions:				
Contributions to Pension Trust:				
Employer	\$ 1,310	\$ 242	\$ --	\$ 1,068
Employee	1,052	83	969	--
Interest and Investment Income	(157)	116	153	(426)
Less: Investment Expense	(4)	(4)	--	--
Total Additions	<u>2,201</u>	<u>437</u>	<u>1,122</u>	<u>642</u>
Deductions:				
Benefits Paid to Participants	776	117	436	223
Refunds of Prior Contributions	627	627	--	--
Total Deductions	<u>1,403</u>	<u>744</u>	<u>436</u>	<u>223</u>
Change in Net Assets Held in Trust for Employee's Retirement	798	(307)	686	419
Net Assets Held in Trust at July 1, 2008	<u>16,124</u>	<u>5,888</u>	<u>3,201</u>	<u>7,035</u>
Net Assets Held in Trust at June 30, 2009	<u>\$ 16,922</u>	<u>\$ 5,581</u>	<u>\$ 3,887</u>	<u>\$ 7,454</u>

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 Plan. The Retiree Medical Plan is not required by the County Employees Retirement Law of 1937 ("CERL") – the statute governing County employee retirement benefits. Eligible retired County employees receive a monthly grant (the Grant), which helps offset the cost of monthly County-offered health plans and/or Medicare A and/or B premiums. The Retiree Medical Plan specifically states that it does not create any vested right to the benefits.

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

The monthly Grant amount is determined by a formula that multiplies a base number by the number of years of qualifying County employment up to a maximum of 25 years. The base number for calendar year 2008 was \$17.17 (absolute dollars) per year of County service, and the maximum monthly Grant was \$429.25 (absolute dollars). The base number for calendar year 2009 is \$17.69 (absolute dollars) per year of County service, and the maximum monthly Grant is \$442.25 (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 current 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.

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Plan Description (Continued)

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).

The County is currently setting aside contributions of 0.6% for AFSCME, 4.5% for AOCDS, 2.4% for 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: In preparation for the GASB Statement No. 43 and Statement No. 45 requirements, the County contracted with an outside actuarial consultant, Bartel Associates, LLC (Bartel) to prepare an actuarial valuation in conformance with the new GASB statements. In December 2008, the County received a June 30, 2007 Valuation for fiscal years 2007-08 and 2008-09 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 (30 years for fiscal year 2007/08 and 29 years for 2008/09)
- 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 25,258 participants in the plan of which 18,362 are employees, 18 are deferred retirees, and 6,878 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 net OPEB obligation for the current and prior fiscal year:

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

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

	2007-08	2008-09
Annual Required Contribution	\$ 30,654	\$ 25,900
Interest on Net OPEB Obligation	2,420	(3,599)
Amortization on Net OPEB Obligation	(1,893)	2,866
Annual OPEB Cost	31,181	25,167
Contribution made	(108,853)	(36,047)
Increase/Decrease in Net OPEB Obligation	(77,672)	(10,880)
Net OPEB Obligation, Beginning of year	31,230	(46,442)
Net OPEB Obligation/(Asset), End of year	\$ (46,442)	\$ (57,322)

The County's annual OPEB Cost, the percentage of annual OPEB cost Contribution to the plan, and the net OPEB obligation for FY 2008-09 and the preceding year 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)

Funded Status and Funding Progress: The funded status of the OPEB Plan as of June 30, 2007 is as follows:

Actuarial Accrued Liability (AAL)	\$ 408,322
Actuarial Value of Plan Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 408,322
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	1,157,642
UAAL as Percentage of Covered Payroll	35.3%

The above noted actuarial accrued liability was based on the June 30, 2007 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.

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Plan Description (Continued)

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

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, 2009, there were 2,022 participants in the plan.

Funding Policy: Employer and mandatory employee contributions were effective October 12, 2007. All contributions to the plan are deemed to be employer contributions whether made directly by the employer or as a mandatory contribution pursuant to the MOU. 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. The contributions are maintained in a County trust fund. Total contributions for the year ending June 30, 2009 were \$7,782.

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, 2009:

Statements of Net Assets

	Total	Retiree Medical Plan	Health Reimbursement Arrangement Plan
Pooled Cash/Investments	\$ 17,703	\$ 5,482	\$ 12,221
Restricted Cash and Investments with Trustee	73,426	73,426	-
Interest Receivable	55	21	34
Due from Other Governmental Agencies	986	735	251
Total Net Assets Held in Trust	<u>\$ 92,170</u>	<u>\$ 79,664</u>	<u>\$ 12,506</u>

Statements of Changes in Net Assets

	Total	Retiree Medical Plan	Health Reimbursement Arrangement Plan
Additions:			
Contributions to Retiree Medical Trust:			
Employer	\$ 43,829	\$ 36,047	\$ 7,782
Interest and Investment Income (Loss)	(10,740)	(10,921)	181
Less: Investment Expense	(533)	(525)	(8)
Total Additions	<u>32,556</u>	<u>24,601</u>	<u>7,955</u>
Deductions:			
Benefits Paid to Participants	24,654	24,654	-
Total Deductions	<u>24,654</u>	<u>24,654</u>	<u>-</u>
Change in Net Assets Held in Trust (Loss)	7,902	(53)	7,955
Net Assets Held in Trust at July 1, 2008	84,268	79,717	4,551
Net Assets Held in Trust at June 30, 2009	<u>\$ 92,170</u>	<u>\$ 79,664</u>	<u>\$ 12,506</u>

20. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2009:

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 and will mature on June 30, 2010.

Teeter Plan Obligation Commercial Paper Program Notes Series A: On July 14, 2009, the County redeemed \$100,000 of its \$178,300 Teeter Plan Obligation Commercial Paper Notes Series A (the "CP") outstanding at June 30, 2009. The remaining CP outstanding after redemption was \$78,300. The CP notes replaced a prior Teeter Program debt that had a June 30, 2008 balance of \$123,725. Also, on July 14, 2009 the County issued an additional \$132,675 in CP for a new outstanding balance of \$210,975. 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.

Airport Revenue Bonds, Series 2009A and 2009B: On July 9, 2009, the Airport issued the Airport Revenue Bonds, Series 2009A and 2009B (2009 Bonds) in the aggregate principal amount of \$233,115, with an original issue net premium of \$287. The 2009 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.

The 2009 Bonds are limited obligations of the Airport payable from, and secured by, Airport net revenues and available Passenger Facility Charge revenues.

Award the Contract for the Airport Terminal C Project: On July 21, 2009, the Board awarded and executed the construction contract in the amount of \$102,309 for the Terminal C project to the lowest responsible and responsive bidder. The Terminal C project is a major element of the AIP and consists of the construction of a new Terminal C building and interior renovations of the existing Terminals A and B.

Award the Contract for the Airport Parking Structure C Project: On July 21, 2009, the Board awarded and executed the construction contract in the amount of \$34,171 for the Parking Structure C project to the lowest responsible and responsive bidder. The Parking Structure C project is a another component of the AIP and consists of the construction of a new parking structure to replace the former Parking Structure B1 that was deconstructed to make way for Terminal C.

Internal Borrowing for Information Technology Projects: On October 6, 2009, the Board authorized the borrowing of up to \$22,000 in FY 2009-10 from the OCW&R Solid Waste Enterprise Fund to pay for costs associated with the upgrades of various information technology projects including the Assessment Tax System (ATS), Property Tax Management System (PTMS), County Accounting and Personnel System Human Resources/Payroll (CAPS-HR), and CAPS Budget Reporting and Analysis Support System (BRASS) converting to Performance Budgeting (PB) system (collectively, the "Projects"). The use of the internal borrowing will allow completion of the Projects and provide a cost-effective repayment plan; whereby, the General Fund will repay principal and accrued interest to the OCW&R Solid Waste Enterprise Fund over a five year period.

20. SUBSEQUENT EVENTS (Continued)

State Legislation and Budgetary Impact on the County: In July 2009, the California State Legislature passed a series of bills amending the FY 2009-10 state budget to address a \$24 billion shortfall. This legislation authorized the State of California to borrow and/or shift revenues from local governments for FY 2009-10. The County's affected revenues include property taxes, redevelopment agency tax increments, Proposition 42 transportation funds and highway user taxes (HUTA). The borrowing from the County in FY 2009-10 is estimated at \$65,000 for property taxes, \$8,500 for Proposition 42 and \$9,000 for HUTA. The property tax borrowing is not expected to impact operations due to the County's participation in the statewide securitization of the Proposition 1A receivables. The redevelopment revenue shift is a permanent reallocation of \$8,800 of FY 2009-10 redevelopment property tax revenue from the County's redevelopment agencies to fund K-12 schools that serve redevelopment project areas. The revenue shift will reduce the overall resources available to implement projects within the redevelopment area. In response, the California Redevelopment Association has filed a lawsuit challenging the constitutionality of State's actions.



*Fuchsia-Flowered Gooseberry—Laguna Coast Wilderness Park
Photo Courtesy of Andrew Castellano, Laguna Canyon Foundation*



**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)
2003	\$ 4,790,099	\$ 6,099,433	\$ 1,309,334	78.5%	\$ 1,243,964	105.3%
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%

(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 12/31/03, 12/31/04, 12/31/05, 12/31/06, 12/31/2007 and 12/31/08 actuarial value of assets exclude \$143,744, \$155,245, \$158,219, \$168,224, \$174,348 and \$126,688 of the County Investment Account balances respectively.

Source: Orange County Employees' Retirement System Comprehensive Annual Financial Report 2008

**Orange County Employees' Retirement System
 County Employer Contributions**

Year Ended	County Contribution	County Investment Account	Total Contribution	Total Required Contribution	Percentage Contributed
06/30/07	\$ 223,505	\$ 11,000	\$ 234,505	\$ 234,505	100%
06/30/08	253,620	11,000	264,620	264,620	100%
06/30/09	256,531	36,500	293,031	293,031	100%

**Orange County Extra-Help Employees Defined Benefits Retirement 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)
2004	\$ 4,707	\$ 8,124	\$ 3,417	57.9%	\$ 9,306	36.7%
2005	4,387	7,329 (1)	2,942	59.9%	6,112	48.1%
2006	4,612	7,222 (2)	2,610	63.9%	5,318	49.1%
2007	5,051	7,253 (3)	2,202	69.6%	4,730	46.6%
2008	5,242	7,599	2,357	69.0%	3,445	68.4%
2009	4,923	7,091	2,168	69.4%	N/A(4)	N/A

- (1) June 30, 2005 Actuarial Accrued Liability based on June 30, 2004 valuation results rolled forward one year.
(2) June 30, 2006 Actuarial Accrued Liability based on June 30, 2005 valuation results rolled forward one year.
(3) June 30, 2007 Actuarial Accrued Liability based on June 30, 2006 valuation results rolled forward one year.
(4) The plan froze benefits effective November 21, 2008; therefore, there is no covered payroll for future plan years.

**Orange County Extra-Help Employees Defined Benefits Retirement Plan
Schedule of Employer Contributions**

Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
06/30/04	\$ 336	0%	\$ 771
06/30/05	342	100%	760
06/30/06	270	100%	750
06/30/07	285	126%	668
06/30/08	225	100%	660
06/30/09	242	100%	652

**Orange County Retiree Medical Defined Benefit OPEB 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 *	79,664	438,439	358,775	18.2%	1,240,095 **	28.9%

* The June 30, 2008 and June 30, 2009 actuarial valuation is projected based on the June 30, 2007 actuarial valuation.

** The June 30, 2009 Annual Covered Payroll is projected based on the June 30, 2007 actuarial valuation and a 3.5% aggregate payroll increase assumption.

**Orange County Retiree Medical Defined Benefit OPEB Plan
Schedule of Employer Contributions**

Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
06/30/08	\$ 30,654	355%
06/30/09	25,900	139%





*Rainbow—Laguna Coast Wilderness Park
Photo Courtesy of OC Parks*



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 Special Financing Authority

This fund is used to account for debt service and other transactions handled by the trustee bank for the Orange County Special Financing Authority, which issued the Teeter Plan Revenue 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.

Special Assessment Districts, Community Facilities Districts and Service Areas

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. This group of funds has been consolidated with the Services Areas, Lighting, and Maintenance and Assessment Districts, Special Revenue Fund, effective FY 2008-09.

PERMANENT FUND

A Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Regional Park Endowment

This fund is used to account for costs associated with the repair and maintenance of a mitigation area in Limestone Regional Park.



**COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS**

	Total Nonmajor Governmental Funds	Special Revenue			
		Parking Facilities	Redevelopment Agency	Service Area, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
ASSETS					
Pooled Cash/Investments	\$ 527,774	\$ 8,087	\$ 24,060	\$ 82,339	\$ 2,957
Imprest Cash Funds	61	--	--	--	--
Restricted Cash and Investments with Trustee	283,594	--	--	10,438	--
Investments	8,043	--	--	7,910	--
Receivables					
Accounts	3,354	18	--	--	679
Taxes	3,232	--	--	18	--
Interest/Dividends	1,373	25	65	228	9
Allowance for Uncollectible Receivables	(2)	(2)	--	--	--
Due from Other Funds	17,062	111	4,655	--	6
Due from Other Governmental Agencies	7,699	214	23	--	35
Land and Improvements Held for Resale	743	--	--	--	--
Notes Receivable	29,820	--	12,235	--	1,422
Total Assets	<u>\$ 882,753</u>	<u>\$ 8,453</u>	<u>\$ 41,038</u>	<u>\$ 100,933</u>	<u>\$ 5,108</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 11,653	\$ 184	\$ --	\$ 3,163	\$ --
Retainage payable	222	--	--	132	--
Salaries and Employee Benefits Payable	1,449	8	--	--	--
Deposits from Others	2,281	1,110	--	--	--
Due to Other Funds	41,328	100	4	406	61
Due to Other Governmental Agencies	8,366	366	--	--	--
Deferred Revenue	3,116	--	--	--	1,456
Unearned Revenue	3,095	--	--	--	2
Advances from Other Funds	1,778	--	--	--	--
Total Liabilities	<u>73,288</u>	<u>1,768</u>	<u>4</u>	<u>3,701</u>	<u>1,519</u>
Fund Balances					
Reserved for:					
Encumbrances	16,133	1,032	--	453	15
Long Term Receivable	28,398	--	12,235	--	--
Imprest Cash Funds	61	--	--	--	--
Land and Improvements Held for Resale	743	--	--	--	--
Debt Service	321,078	--	--	--	--
Reserved for Low and Moderate - Income Housing	28,799	--	28,799	--	--
Unreserved, Designated for:					
Operations	57,348	--	--	--	408
Capital Projects	97,878	--	--	92,678	--
Contingencies	27,763	--	--	2,450	--
Administration Fees	9,040	--	--	--	--
Equipment Purchase	764	--	--	--	--
Equipment Replacement	300	--	--	--	--
Revitalization Projects	3,294	--	--	--	--
General Reserve	1,968	--	--	8	1,824
Unreserved, Undesignated for:					
Special Revenue Funds	146,134	5,653	--	1,643	1,342
Capital Projects Funds	69,751	--	--	--	--
Permanent Fund	13	--	--	--	--
Total Fund Balances	<u>809,465</u>	<u>6,685</u>	<u>41,034</u>	<u>97,232</u>	<u>3,589</u>
Total Liabilities and Fund Balances	<u>\$ 882,753</u>	<u>\$ 8,453</u>	<u>\$ 41,038</u>	<u>\$ 100,933</u>	<u>\$ 5,108</u>

Supplemental Information
(Dollar Amounts in Thousands)

Tobacco Settlement	Community & Welfare Services	Designated Special Revenue	Recovery Certificates of Participation	Schedule I County - Administered Accounts	
					ASSETS
\$ 17,781	\$ 38,360	\$ 10,671	\$ 3,714	\$ 5,850	Pooled Cash/Investments
--	8	--	--	--	Imprest Cash Funds
--	--	--	--	--	Restricted Cash and Investments with Trustee
--	133	--	--	--	Investments
--	982	--	--	--	Receivables
--	--	--	--	--	Accounts
--	--	--	--	--	Taxes
--	110	--	10	17	Interest/Dividends
--	--	--	--	--	Allowance for Uncollectible Receivables
--	1,047	56	--	--	Due from Other Funds
--	3,069	--	--	--	Due from Other Governmental Agencies
--	145	--	--	--	Land and Improvements Held for Resale
--	4,900	--	--	--	Notes Receivable
<u>\$ 17,781</u>	<u>\$ 48,754</u>	<u>\$ 10,727</u>	<u>\$ 3,724</u>	<u>\$ 5,867</u>	Total Assets
					LIABILITIES AND FUND BALANCES
					Liabilities
\$ --	\$ 2,711	\$ --	\$ --	\$ --	Accounts Payable
--	--	--	--	--	Retainage payable
--	307	--	--	--	Salaries and Employee Benefits Payable
--	13	--	--	--	Deposits from Others
11,006	6,436	423	--	--	Due to Other Funds
--	202	--	--	--	Due to Other Governmental Agencies
--	198	--	--	--	Deferred Revenue
--	--	--	--	--	Unearned Revenue
--	--	--	--	--	Advances from Other Funds
<u>11,006</u>	<u>9,867</u>	<u>423</u>	<u>--</u>	<u>--</u>	Total Liabilities
					Fund Balances
					Reserved for:
--	1,091	--	--	--	Encumbrances
--	4,900	--	--	--	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:
--	5,212	--	--	--	Operations
--	--	--	--	--	Capital Projects
--	--	--	--	--	Contingencies
--	--	--	--	1,282	Administration Fees
--	--	--	--	--	Equipment Purchase
--	--	--	--	--	Equipment Replacement
--	--	--	--	--	Revitalization Projects
--	--	--	--	--	General Reserve
6,775	27,531	10,304	256	4,585	Unreserved, Undesignated for:
--	--	--	--	--	Special Revenue Funds
--	--	--	--	--	Capital Projects Funds
--	--	--	--	--	Permanent Fund
<u>6,775</u>	<u>38,887</u>	<u>10,304</u>	<u>3,724</u>	<u>5,867</u>	Total Fund Balances
<u>\$ 17,781</u>	<u>\$ 48,754</u>	<u>\$ 10,727</u>	<u>\$ 3,724</u>	<u>\$ 5,867</u>	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	\$ 13,121	\$ 70	\$ 133,268	\$ 9,590	\$ 27,618
Imprest Cash Funds	53	--	--	--	--
Restricted Cash and Investments with Trustee Investments	--	--	--	8,151	--
Receivables					
Accounts	454	--	--	1,221	--
Taxes	1,482	--	--	--	--
Interest/Dividends	40	--	345	27	73
Allowance for Uncollectible Receivables	--	--	--	--	--
Due from Other Funds	54	10,895	--	--	--
Due from Other Governmental Agencies	399	--	2,826	--	--
Land and Improvements Held for Resale	--	--	--	--	--
Notes Receivable	--	--	--	7,489	--
Total Assets	<u>\$ 15,603</u>	<u>\$ 10,965</u>	<u>\$ 136,439</u>	<u>\$ 26,478</u>	<u>\$ 27,691</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 898	\$ 486	\$ --	\$ 2,338	\$ --
Retainage payable	47	--	--	--	--
Salaries and Employee Benefits Payable	808	--	--	303	23
Deposits from Others	288	--	--	688	--
Due to Other Funds	750	--	17,084	13	2
Due to Other Governmental Agencies	219	--	--	18	--
Deferred Revenue	753	--	441	42	--
Unearned Revenue	74	--	2,869	--	--
Advances from Other Funds	1,778	--	--	--	--
Total Liabilities	<u>5,615</u>	<u>486</u>	<u>20,394</u>	<u>3,402</u>	<u>25</u>
Fund Balances					
Reserved for:					
Encumbrances	5,688	--	--	--	116
Long Term Receivable	--	--	--	7,489	--
Imprest Cash Funds	53	--	--	--	--
Land and Improvements Held for Resale	--	--	--	--	--
Debt Service	--	--	--	--	--
Reserved for Low and Moderate - Income Housing	--	--	--	--	--
Unreserved, Designated for:					
Operations	--	--	49,858	--	1,870
Capital Projects	--	--	--	--	--
Contingencies	2,767	--	--	--	22,546
Administration Fees	--	--	--	7,758	--
Equipment Purchase	--	--	--	--	764
Equipment Replacement	300	--	--	--	--
Revitalization Projects	--	--	--	--	--
General Reserve	--	--	--	--	--
Unreserved, Undesignated for:					
Special Revenue Funds	1,180	10,479	66,187	7,829	2,370
Capital Projects Funds	--	--	--	--	--
Permanent Fund	--	--	--	--	--
Total Fund Balances	<u>9,988</u>	<u>10,479</u>	<u>116,045</u>	<u>23,076</u>	<u>27,666</u>
Total Liabilities and Fund Balances	<u>\$ 15,603</u>	<u>\$ 10,965</u>	<u>\$ 136,439</u>	<u>\$ 26,478</u>	<u>\$ 27,691</u>

Supplemental Information
(Dollar Amounts in Thousands)

Debt Service					
Redevelopment Agency Bonds	Public Facilities Corporation Bonds, Master Lease	Pension Obligation Bonds	Orange County Special Financing Authority	Orange County Public Financing Authority	
\$ 68,470	\$ --	\$ 319	\$ --	\$ --	ASSETS
--	--	--	--	--	Pooled Cash/Investments
3,002	3,579	164,778	--	93,646	Imprest Cash Funds
--	--	--	--	--	Restricted Cash and Investments with Trustee
--	--	--	--	--	Investments
1,732	--	--	--	--	Receivables
184	--	1	--	--	Accounts
--	--	--	--	--	Taxes
--	--	--	--	--	Interest/Dividends
--	--	--	--	--	Allowance for Uncollectible Receivables
--	--	--	--	--	Due from Other Funds
--	--	--	--	--	Due from Other Governmental Agencies
--	--	--	--	--	Land and Improvements Held for Resale
--	--	--	--	--	Notes Receivable
<u>\$ 73,388</u>	<u>\$ 3,579</u>	<u>\$ 165,098</u>	<u>\$ --</u>	<u>\$ 93,646</u>	Total Assets
					LIABILITIES AND FUND BALANCES
\$ --	\$ --	\$ --	\$ --	\$ --	Liabilities
--	--	--	--	--	Accounts Payable
--	--	--	--	--	Retainage payable
--	--	--	--	--	Salaries and Employee Benefits Payable
--	--	--	--	--	Deposits from Others
5,005	--	1	--	--	Due to Other Funds
7,561	--	--	--	--	Due to Other Governmental Agencies
184	--	--	--	--	Deferred Revenue
150	--	--	--	--	Unearned Revenue
--	--	--	--	--	Advances from Other Funds
<u>12,900</u>	<u>--</u>	<u>1</u>	<u>--</u>	<u>--</u>	Total Liabilities
					Fund Balances
--	--	--	--	--	Reserved for:
--	--	--	--	--	Encumbrances
--	--	--	--	--	Long Term Receivable
--	--	--	--	--	Imprest Cash Funds
--	--	--	--	--	Land and Improvements Held for Resale
60,488	3,579	165,097	--	88,446	Debt Service
--	--	--	--	--	Reserved for Low and Moderate -
--	--	--	--	--	Income Housing
--	--	--	--	--	Unreserved, Designated for:
--	--	--	--	--	Operations
--	--	--	--	5,200	Capital Projects
--	--	--	--	--	Contingencies
--	--	--	--	--	Administration Fees
--	--	--	--	--	Equipment Purchase
--	--	--	--	--	Equipment Replacement
--	--	--	--	--	Revitalization Projects
--	--	--	--	--	General Reserve
--	--	--	--	--	Unreserved, Undesignated for:
--	--	--	--	--	Special Revenue Funds
--	--	--	--	--	Capital Projects Funds
--	--	--	--	--	Permanent Fund
<u>60,488</u>	<u>3,579</u>	<u>165,097</u>	<u>--</u>	<u>93,646</u>	Total Fund Balances
<u>\$ 73,388</u>	<u>\$ 3,579</u>	<u>\$ 165,098</u>	<u>\$ --</u>	<u>\$ 93,646</u>	Total Liabilities and Fund Balances

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Capital Projects			Permanent Fund
	Criminal Justice Facilities	Redevelopment Agency	Special Assessment Districts, Community Facilities Districts & Service Areas	Regional Park Endowment
ASSETS				
Pooled Cash/Investments	\$ 48,405	\$ 32,789	\$ --	\$ 305
Imprest Cash Funds	--	--	--	--
Restricted Cash and Investments with Trustee	--	--	--	--
Investments	--	--	--	--
Receivables				
Accounts	--	--	--	--
Taxes	--	--	--	--
Interest/Dividends	147	91	--	1
Allowance for Uncollectible Receivables	--	--	--	--
Due from Other Funds	127	111	--	--
Due from Other Governmental Agencies	1,133	--	--	--
Land and Improvements Held for Resale	--	598	--	--
Notes Receivable	--	3,774	--	--
Total Assets	<u>\$ 49,812</u>	<u>\$ 37,363</u>	<u>\$ --</u>	<u>\$ 306</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 621	\$ 1,252	\$ --	\$ --
Retainage payable	43	--	--	--
Salaries and Employee Benefits Payable	--	--	--	--
Deposits from Others	--	25	--	157
Due to Other Funds	22	15	--	--
Due to Other Governmental Agencies	--	--	--	--
Deferred Revenue	42	--	--	--
Unearned Revenue	--	--	--	--
Advances from Other Funds	--	--	--	--
Total Liabilities	<u>728</u>	<u>1,292</u>	<u>--</u>	<u>157</u>
Fund Balances				
Reserved for:				
Encumbrances	7,738	--	--	--
Long Term Receivable	--	3,774	--	--
Imprest Cash Funds	--	--	--	--
Land and Improvements Held for Resale	--	598	--	--
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	--	--	--	136
Unreserved, Undesignated for:				
Special Revenue Funds	--	--	--	--
Capital Projects Funds	41,346	28,405	--	--
Permanent Fund	--	--	--	13
Total Fund Balances	<u>49,084</u>	<u>36,071</u>	<u>--</u>	<u>149</u>
Total Liabilities and Fund Balances	<u>\$ 49,812</u>	<u>\$ 37,363</u>	<u>\$ --</u>	<u>\$ 306</u>



County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2009

COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS

	Total Nonmajor Governmental Funds	Special Revenue			
		Parking Facilities	Redevelopment Agency	Service Area, Lighting, Maintenance, & Assessment Districts	Other Environmental Management
Revenues					
Taxes	\$ 73,320	\$ --	\$ --	\$ 476	\$ --
Licenses, Permits, and Franchises	799	--	--	--	--
Fines, Forfeitures and Penalties	35,761	--	--	--	9
Use of Money and Property	(471)	7,943	764	2,590	416
Intergovernmental	256,674	1,293	--	4	794
Charges for Services	6,446	248	--	22	60
Other	38,943	52	117	56	173
Total Revenues	411,472	9,536	881	3,148	1,452
Expenditures					
Current					
General Government	83,787	--	--	29,003	254
Public Protection	115	--	--	--	115
Public Ways and Facilities	7,200	7,189	--	1	10
Health and Sanitation	976	--	--	--	--
Public Assistance	142,822	--	302	--	--
Education	39,666	--	--	--	--
Recreation and Cultural Services	329	--	--	329	--
Capital Outlay	29,585	--	--	59	--
Debt Service					
Principal Retirement	187,062	--	--	--	--
Interest	28,776	--	--	--	--
Total Expenditures	520,318	7,189	302	29,392	379
Excess (Deficit) of Revenues Over Expenditures	(108,846)	2,347	579	(26,244)	1,073
Other Financing Sources (Uses)					
Transfers In	344,248	1,900	6,718	121,308	--
Transfers Out	(430,138)	(3,992)	(1,541)	--	(232)
Total Other Financing Sources (Uses)	(85,890)	(2,092)	5,177	121,308	(232)
Net Change in Fund Balances	(194,736)	255	5,756	95,064	841
Fund Balances - Beginning of Year	1,004,201	6,430	35,278	2,168	2,748
Fund Balances - End of Year	\$ 809,465	\$ 6,685	\$ 41,034	\$ 97,232	\$ 3,589

Supplemental Information
(Dollar Amounts in Thousands)

Tobacco Settlement	Community & Welfare Services	Designated Special Revenue	Recovery Certificates of Participation	Schedule I County- Administered Accounts	
\$ --	\$ --	\$ --	\$ --	\$ --	Revenues
--	799	--	--	--	Taxes
--	--	--	--	--	Licenses, Permits, and Franchises
195	1,858	241	92	144	Fines, Forfeitures and Penalties
--	31,581	--	--	--	Use of Money and Property
--	4,080	--	--	--	Intergovernmental
34,575	677	--	--	--	Charges for Services
34,770	38,995	241	92	144	Other
					Total Revenues
					Expenditures
					Current
11	--	12	4	6	General Government
--	--	--	--	--	Public Protection
--	--	--	--	--	Public Ways and Facilities
--	--	--	--	--	Health and Sanitation
--	22,482	--	--	--	Public Assistance
--	--	--	--	--	Education
--	--	--	--	--	Recreation and Cultural Services
--	16,530	--	--	--	Capital Outlay
					Debt Service
--	756	--	--	--	Principal Retirement
--	71	--	--	--	Interest
11	39,839	12	4	6	Total Expenditures
					Excess (Deficit) of Revenues
34,759	(844)	229	88	138	Over Expenditures
					Other Financing Sources (Uses)
11	18,883	68	--	--	Transfers In
(33,926)	(37,561)	(2,529)	--	--	Transfers Out
(33,915)	(18,678)	(2,461)	--	--	Total Other Financing Sources (Uses)
844	(19,522)	(2,232)	88	138	Net Change in Fund Balances
5,931	58,409	12,536	3,636	5,729	Fund Balances - Beginning of Year
<u>\$ 6,775</u>	<u>\$ 38,887</u>	<u>\$ 10,304</u>	<u>\$ 3,724</u>	<u>\$ 5,867</u>	Fund Balances - End of Year

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2009

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	\$ 37,795	\$ --	\$ --	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--	--	--
Fines, Forfeitures and Penalties	32	--	8,645	--	--
Use of Money and Property	322	65	2,155	945	627
Intergovernmental	1,920	--	106,102	112,942	1,726
Charges for Services	1,202	--	816	--	18
Other	625	--	--	1,526	38
Total Revenues	<u>41,896</u>	<u>65</u>	<u>117,718</u>	<u>115,413</u>	<u>2,409</u>
Expenditures					
Current					
General Government	--	13,409	--	--	1,694
Public Protection	--	--	--	--	--
Public Ways and Facilities	--	--	--	--	--
Health and Sanitation	--	--	976	--	--
Public Assistance	--	--	--	120,038	--
Education	39,666	--	--	--	--
Recreation and Cultural Services	--	--	--	--	--
Capital Outlay	1,371	--	--	107	50
Debt Service					
Principal Retirement	--	--	--	--	--
Interest	--	--	--	--	--
Total Expenditures	<u>41,037</u>	<u>13,409</u>	<u>976</u>	<u>120,145</u>	<u>1,744</u>
Excess (Deficit) of Revenues Over Expenditures	859	(13,344)	116,742	(4,732)	665
Other Financing Sources (Uses)					
Transfers In	2,775	10,895	15	--	1
Transfers Out	(55)	--	(66,448)	(900)	(1,036)
Total Other Financing Sources (Uses)	<u>2,720</u>	<u>10,895</u>	<u>(66,433)</u>	<u>(900)</u>	<u>(1,035)</u>
Net Change in Fund Balances	3,579	(2,449)	50,309	(5,632)	(370)
Fund Balances - Beginning of Year	6,409	12,928	65,736	28,708	28,036
Fund Balances - End of Year	<u>\$ 9,988</u>	<u>\$ 10,479</u>	<u>\$ 116,045</u>	<u>\$ 23,076</u>	<u>\$ 27,666</u>

Supplemental Information
(Dollar Amounts in Thousands)

Debt Service					
Redevelopment Agency Bonds	Public Facilities Corporation Bonds, Master Lease	Pension Obligation Bonds	Orange County Special Financing Authority	Orange County Public Financing Authority	
\$ 35,049	\$ --	\$ --	\$ --	\$ --	Revenues
--	--	--	--	--	Taxes
60	--	--	17,065	--	Licenses, Permits, and Franchises
1,552	298	(26,784)	1	3,634	Fines, Forfeitures and Penalties
312	--	--	--	--	Use of Money and Property
--	--	--	--	--	Intergovernmental
77	--	--	--	--	Charges for Services
<u>37,050</u>	<u>298</u>	<u>(26,784)</u>	<u>17,066</u>	<u>3,634</u>	Other
					Total Revenues
					Expenditures
					Current
13,437	--	23	25,934	--	General Government
--	--	--	--	--	Public Protection
--	--	--	--	--	Public Ways and Facilities
--	--	--	--	--	Health and Sanitation
--	--	--	--	--	Public Assistance
--	--	--	--	--	Education
--	--	--	--	--	Recreation and Cultural Services
--	--	--	--	--	Capital Outlay
2,535	804	3,017	123,725	56,225	Debt Service
2,609	1,801	3,974	1,936	18,385	Principal Retirement
<u>18,581</u>	<u>2,605</u>	<u>7,014</u>	<u>151,595</u>	<u>74,610</u>	Interest
					Total Expenditures
18,469	(2,307)	(33,798)	(134,529)	(70,976)	Excess (Deficit) of Revenues Over Expenditures
					Other Financing Sources (Uses)
1,541	2,402	--	102,165	73,393	Transfers In
(8,168)	--	--	(118,258)	(25,082)	Transfers Out
<u>(6,627)</u>	<u>2,402</u>	<u>--</u>	<u>(16,093)</u>	<u>48,311</u>	Total Other Financing Sources (Uses)
11,842	95	(33,798)	(150,622)	(22,665)	Net Change in Fund Balances
48,646	3,484	198,895	150,622	116,311	Fund Balances - Beginning of Year
<u>\$ 60,488</u>	<u>\$ 3,579</u>	<u>\$ 165,097</u>	<u>\$ --</u>	<u>\$ 93,646</u>	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	Special Assessment Districts, Community Facilities Districts & Service Areas	Regional Park Endowment
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--	--
Fines, Forfeitures and Penalties	9,950	--	--	--
Use of Money and Property	1,585	879	--	7
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Other	515	509	--	3
Total Revenues	<u>12,050</u>	<u>1,388</u>	<u>--</u>	<u>10</u>
Expenditures				
Current				
General Government	--	--	--	--
Public Protection	--	--	--	--
Public Ways and Facilities	--	--	--	--
Health and Sanitation	--	--	--	--
Public Assistance	--	--	--	--
Education	--	--	--	--
Recreation and Cultural Services	--	--	--	--
Capital Outlay	8,567	2,901	--	--
Debt Service				
Principal Retirement	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>8,567</u>	<u>2,901</u>	<u>--</u>	<u>--</u>
Excess (Deficit) of Revenues Over Expenditures	3,483	(1,513)	--	10
Other Financing Sources (Uses)				
Transfers In	723	1,450	--	--
Transfers Out	(9,103)	--	(121,307)	--
Total Other Financing Sources (Uses)	<u>(8,380)</u>	<u>1,450</u>	<u>(121,307)</u>	<u>--</u>
 Net Change in Fund Balances	 (4,897)	 (63)	 (121,307)	 10
Fund Balances - Beginning of Year	53,981	36,134	121,307	139
Fund Balances - End of Year	<u>\$ 49,084</u>	<u>\$ 36,071</u>	<u>\$ --</u>	<u>\$ 149</u>



County of Orange
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BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUND - DEBT SERVICE

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
Teeter Plan Obligation Commercial Paper Program Note								
Revenues and Other Financing Sources								
Taxes		\$ --	\$ 81,184	\$ 81,184	\$ --	\$ (81,184)		
Fines, Forfeitures and Penalties		--	28,822	28,822	31,984	3,162		
Use of Money and Property		--	1,221	1,221	3,133	1,912		
Transfers In		--	67,405	67,405	118,258	50,853		
Premiums on Bonds Issued		--	187	187	--	(187)		
Total Revenues and Other Financing Sources		--	178,819	178,819	153,375	(25,444)		
Expenditures/Encumbrances and Other Financing Uses								
Education:								
Teeter Obligation Proceeds	\$ --	--	421	421	16	405	\$ --	\$ 405
Teeter Series A Debt Service	--	--	178,399	178,399	168,462	9,937	--	9,937
Total Expenditures/Encumbrances and Other Financing Uses	--	--	178,820	178,820	168,478	10,342	\$ --	\$ 10,342
Deficit of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	--	(1)	(1)	(15,103)	\$ (15,102)		
Fund Balances - Beginning of Year	--	--	--	--	--			
Cancellation of Reserves/Designations	--	--	1	1	--			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ (15,103)			



County of Orange
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BUDGETARY COMPARISON SCHEDULES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2008						Budget	Adjustments
Parking Facilities								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 3,030	\$ --	\$ 3,030	\$ 2,970	\$ (60)		
Intergovernmental		--	--	--	--	--		
Charges for Services		270	--	270	248	(22)		
Other		23	--	23	25	2		
Transfers In		2,200	--	2,200	1,900	(300)		
Total Revenues and Other Financing Sources		<u>5,523</u>	<u>--</u>	<u>5,523</u>	<u>5,143</u>	<u>(380)</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Public Ways and Facilities:								
Parking Facilities	\$ 42	6,346	486	6,874	3,984	2,890	\$ 1,021	\$ 1,869
Total Expenditures/Encumbrances and Other Financing Uses	<u>42</u>	<u>6,346</u>	<u>486</u>	<u>6,874</u>	<u>3,984</u>	<u>2,890</u>	<u>\$ 1,021</u>	<u>\$ 1,869</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(42)	(823)	(486)	(1,351)	1,159	<u>\$ 2,510</u>		
Fund Balances - Budgeted Fund								
Beginning of Year	--	823	--	823	1,319			
Fund Balances - Non-Budgeted Fund - Beginning of Year	--	--	--	--	5,111			
Net Decrease in Fund Balances - Non-Budgeted Fund	--	--	--	--	(904)			
Cancellation of Reserves/Designations	--	--	486	486	(1,021)			
Fund Balance Reserved for Encumbrances	42	--	--	42	1,021			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,685</u>			
Redevelopment Agency								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 700	\$ --	\$ 700	\$ 764	\$ 64		
Other		--	--	--	117	117		
Transfers In		6,520	--	6,520	6,718	198		
Total Revenues and Other Financing Sources		<u>7,220</u>	<u>--</u>	<u>7,220</u>	<u>7,599</u>	<u>379</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Public Assistance:								
Orange County Development Agency								
Low and Moderate Income Housing								
(Santa Ana Heights)								
	\$ 4	30,658	(495)	30,167	1,843	28,324	\$ --	\$ 28,324
Total Expenditures/Encumbrances and Other Financing Uses	<u>4</u>	<u>30,658</u>	<u>(495)</u>	<u>30,167</u>	<u>1,843</u>	<u>28,324</u>	<u>\$ --</u>	<u>\$ 28,324</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(4)	(23,438)	495	(22,947)	5,756	<u>\$ 28,703</u>		
Fund Balances - Beginning of Year	--	23,438	--	23,438	35,278			
Cancellation of Reserves/Designations	--	--	--	--	(41,020)			
Fund Balance Reserved for Encumbrances	4	--	--	4	--			
Provisions for Reserves and/or Designations	--	--	(495)	(495)	41,020			
Fund Balance - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 41,034</u>			

Supplemental Information
(Dollar Amounts in Thousands)

	Open		Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2008	Original Budget					Adjustments	Budget
Service Area, Lighting, Maintenance and Assessment Districts								
Revenues								
Taxes		\$ 483	\$ --	\$ 483	\$ 476	\$ (7)		
Use of Money and Property		3,493	--	3,493	2,590	(903)		
Intergovernmental		4	--	4	4	--		
Charges for Services		22	--	22	22	--		
Other		1	--	1	56	55		
Total Revenues		<u>4,003</u>	<u>--</u>	<u>4,003</u>	<u>3,148</u>	<u>(855)</u>		
Expenditures/Encumbrances								
General Government:								
Aliso Viejo Community Facilities								
District 88-1(A) 1992-Construction	\$ --	6,125	(14)	6,111	8	6,103	--	\$ 6,103
Special Assessment-Top of the								
World Improvement	--	52	--	52	--	52	--	52
CFD 99-1, Ladera Construction								
Series A of 1999 Construction	--	373	--	373	--	373	--	373
Rancho Santa Margarita Community								
Facilities District 86-2, Series A								
of 1998 Construction	--	1,603	(1)	1,602	2	1,600	--	1,600
Rancho Santa Margarita Community								
Facilities District 86-1, Series A								
of 1998 Construction	--	205	--	205	--	205	--	205
CFD 2002-1 Ladera Construction	--	10,464	1,322	11,786	261	11,525	--	11,525
Lomas Laguna Community Facilities								
District 88-2 Construction	--	394	(1)	393	--	393	--	393
Baker Ranch Community Facilities								
District 87-6 Construction	--	526	1	527	--	527	--	527
Santa Teresita Community Facilities								
District 87-9 Construction	--	66	--	66	--	66	--	66
Newport Coast IV Construction 01-1	--	24	(5)	19	14	5	--	5
Newport Coast Construction 01-1 GR-2	--	538	(41)	497	21	476	--	476
Newport Coast Construction 01-1	--	5,923	4,029	9,952	--	9,952	--	9,952
Mission Viejo Community Facilities								
District 87-3(A) 90 Construction	--	16	--	16	--	16	--	16
CFD 2004-1 Ladera Construction	--	66,746	(2,353)	64,393	19,932	44,461	--	44,461
CFD 01-1 Ladera Construction								
Series A of 2001 Construction	--	1,318	(1,250)	68	13	55	--	55
Santa Teresita Community Facilities								
District 87-9(A) 1991 Construction	--	137	(1)	136	--	136	--	136
CFD 00-1, Ladera Construction								
Series A of 2000 Construction	--	1,593	(1)	1,592	--	1,592	--	1,592
Newport Ridge Construction 92-1	--	124	--	124	--	124	--	124
Newport Ridge Construction Series B	--	58	192	250	3	247	--	247
Foothill Ranch Community Facilities								
District 87-4(A) 94 Construction	--	386	(1)	385	1	384	--	384
CFD 2003-1, Ladera Construction	--	14,132	4,468	18,600	8,746	9,854	--	9,854
Rancho Santa Margarita Community								
Facilities District 87-5C, Series A of								
1994 Construction	--	72	--	72	--	72	--	72
Coto de Caza Community Facilities								
District 87-8(A) 94 Construction	--	66	--	66	--	66	--	66
Public Ways and Facilities:								
County Infrastructure Project	--	5,269	(8)	5,261	1	5,260	--	5,260
Recreation and Cultural Services:								
North Tustin Landscaping and								
Lighting Assessment District	9	2,072	442	2,523	345	2,178	450	1,728
County Service Area No. 13 -								
La Mirada	--	5	1	6	6	--	--	--
County Service Area No. 20 -								
La Habra	--	149	2	151	1	150	--	150
County Service Area No. 22 -								
East Yorba Linda	10	57	21	88	38	50	3	47
Total Expenditures/Encumbrances	<u>19</u>	<u>118,493</u>	<u>6,802</u>	<u>125,314</u>	<u>29,392</u>	<u>95,922</u>	<u>\$ 453</u>	<u>\$ 95,469</u>
Excess (Deficit) of Revenues								
Over Expenditures/Encumbrances	(19)	(114,490)	(6,802)	(121,311)	(26,244)	\$ 95,067		
Fund Balances - Beginning of Year	--	114,689	--	114,689	2,168			
Net Increase in Fund Balances -								
Non-Budgeted Fund	--	--	--	--	121,308			
Cancellation of Reserves/Designations	--	1	6,802	6,803	(95,589)			
Fund Balance Reserved								
for Encumbrances	19	--	--	19	453			
Provisions for Reserves								
and/or Designations	--	(200)	--	(200)	95,136			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 97,232</u>			

County of Orange
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BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE (Continued)

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
Other Environmental Management								
Revenues								
Fines, Forfeitures and Penalties		\$ 9	\$ --	\$ 9	\$ 9	\$ --		
Use of Money and Property		392	--	392	416	24		
Intergovernmental		1,486	(712)	774	794	20		
Charges for Services		60	--	60	60	--		
Other		138	--	138	173	35		
Total Revenues		<u>2,085</u>	<u>(712)</u>	<u>1,373</u>	<u>1,452</u>	<u>79</u>		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Real Estate Development Program	\$ 2	565	114	681	425	256	\$ 15	\$ 241
Air Quality Improvement	25	133	5	163	29	134	--	134
Public Protection:								
Fish and Game Propagation	--	12	5	17	12	5	--	5
Survey Monument Preservation	--	69	189	258	113	145	--	145
Public Ways and Facilities:								
El Toro Improvement Fund	--	110	638	748	10	738	--	738
Recreation and Cultural Services:								
Off-Highway Vehicle Fees	--	28	1	29	22	7	--	7
Total Expenditures/Encumbrances and Other Financing Uses	27	917	952	1,896	611	1,285	\$ 15	\$ 1,270
Excess (Deficit) of Revenues Over Expenditures/Encumbrances and Other Financing Uses	(27)	1,168	(1,664)	(523)	841	\$ 1,364		
Fund Balances - Beginning of Year	--	532	--	532	2,748			
Cancellation of Reserves/Designations	--	--	1,664	1,664	(2,247)			
Fund Balance Reserved for Encumbrances	27	--	--	27	15			
Provisions for Reserves and/or Designations	--	(1,700)	--	(1,700)	2,232			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 3,589			
Tobacco Settlement								
Revenues and Other Financing Sources								
Use of Money and Property	\$ 6	\$ --	\$ 6	\$ 6	\$ 195	\$ 189		
Other	31,303	--	31,303	31,303	34,575	3,272		
Transfers In	--	--	--	--	11	11		
Total Revenues and Other Financing Sources	<u>31,309</u>	<u>--</u>	<u>31,309</u>	<u>31,309</u>	<u>34,781</u>	<u>3,472</u>		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Orange County Tobacco Settlement Fund	\$ --	36,562	620	37,182	33,897	3,285	\$ --	\$ 3,285
Tobacco Settlement Funds	--	132	(87)	45	40	5	--	5
Total Expenditures/Encumbrances and Other Financing Uses	--	36,694	533	37,227	33,937	3,290	\$ --	\$ 3,290
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(5,385)	(533)	(5,918)	844	\$ 6,762		
Fund Balances - Beginning of Year	--	5,385	--	5,385	5,931			
Cancellation of Reserves/Designations	--	--	533	533	--			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 6,775			

Supplemental Information
(Dollar Amounts in Thousands)

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2008						Budget	Adjustments
Community and Welfare Services								
Revenues								
and Other Financing Sources								
Licenses, Permits, and Franchises		\$ 1,044	\$ --	\$ 1,044	\$ 799	\$ (245)		
Use of Money and Property		1,779	17	1,796	1,858	62		
Intergovernmental		40,662	11,453	52,115	31,581	(20,534)		
Charges for Services		7,901	(867)	7,034	4,080	(2,954)		
Other		281	41	322	677	355		
Transfers In		19,987	3,070	23,057	18,883	(4,174)		
Total Revenues and Other Financing Sources		<u>71,654</u>	<u>13,714</u>	<u>85,368</u>	<u>57,878</u>	<u>(27,490)</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Public Assistance:								
Dispute Resolution Program	\$ 4	907	88	999	911	88	\$ --	\$ 88
Domestic Violence Program	6	1,285	(147)	1,144	794	350	40	310
District Community Priorities and Projects	--	8,244	(599)	7,645	4,869	2,776	--	2,776
Facilities Development and Maintenance	13,697	22,928	(2,148)	34,477	28,510	5,967	350	5,617
Workforce Investment Act	316	8,989	6,624	15,929	11,498	4,431	622	3,809
County Executive Office - Single Family Housing	--	2,335	(9)	2,326	3	2,323	--	2,323
Housing and Community Services	185	23,821	4,582	28,588	8,038	20,550	68	20,482
Strategic Priority Affordable Housing	--	147	--	147	6	141	--	141
In-Home Support Services								
Public Authority	6	1,309	26	1,341	859	482	11	471
HGI Bio Tech Grant	39	1	323	363	13	350	--	350
SSA Donations and Fees	--	3,374	122	3,496	1,825	1,671	--	1,671
SSA Wraparound	--	33,928	4,579	38,507	20,047	18,460	--	18,460
CalHome Program Reuse Fund	--	634	(239)	395	22	373	--	373
SARC Lease Conveyance	--	1,465	(25)	1,440	5	1,435	--	1,435
Total Expenditures/Encumbrances and Other Financing Uses	14,253	<u>109,367</u>	<u>13,177</u>	<u>136,797</u>	<u>77,400</u>	<u>59,397</u>	<u>\$ 1,091</u>	<u>\$ 58,306</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(14,253)	(37,713)	537	(51,429)	(19,522)	<u>\$ 31,907</u>		
Fund Balances - Beginning of Year	--	39,123	--	39,123	58,409			
Cancellation of Reserves/Designations	--	--	--	--	(11,355)			
Fund Balance Reserved for Encumbrances	14,253	--	--	14,253	1,091			
Provisions for Reserves and/or Designations	--	(1,410)	(537)	(1,947)	10,264			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 38,887</u>			

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BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE (Continued)

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
Designated Special Revenue								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ --	\$ --	\$ --	\$ 241	\$ 241		
Transfers In		--	--	--	68	68		
Total Revenues and Other Financing Sources		--	--	--	309	309		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Designated Special								
Revenue	\$ --	11,836	692	12,528	2,541	9,987	--	9,987
Total Expenditures/Encumbrances and Other Financing Uses	--	11,836	692	12,528	2,541	9,987	--	9,987
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(11,836)	(692)	(12,528)	(2,232)	\$ 10,296		
Fund Balances - Beginning of Year	--	11,836	--	11,836	12,536			
Cancellation of Reserves/Designations	--	--	692	692	--			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 10,304			
Recovery Certificates of Participation								
Revenues								
Use of Money and Property		\$ 139	\$ --	\$ 139	\$ 92	\$ (47)		
Total Revenues		139	--	139	92	(47)		
Expenditures/Encumbrances								
General Government:								
1996 Recovery Certificates of								
Participation, Series A	\$ --	320	(3)	317	4	313	--	313
Total Expenditures/Encumbrances	--	320	(3)	317	4	313	--	313
Excess (Deficit) of Revenues Over Expenditures/Encumbrances	--	(181)	3	(178)	88	\$ 266		
Fund Balances - Beginning of Year	--	181	--	181	3,636			
Cancellation of Reserves/Designations	--	--	--	--	(3,468)			
Provisions for Reserves and/or Designations	--	--	(3)	(3)	3,468			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 3,724			

Supplemental Information
(Dollar Amounts in Thousands)

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
Schedule 1 County-Administered Accounts								
Revenues								
Use of Money and Property		\$ 219	\$ --	\$ 219	\$ 144	\$ (75)		
Total Revenues		<u>219</u>	<u>--</u>	<u>219</u>	<u>144</u>	<u>(75)</u>		
Expenditures/Encumbrances								
General Government:								
Litigation Reserve - Escrow								
AG FTCl	\$ --	221	1	222	--	222	\$ --	\$ 222
Indemnification Reserve	--	97	(2)	95	2	93	--	93
Litigation Reserve	--	4,365	--	4,365	4	4,361	--	4,361
Total Expenditures/Encumbrances	--	<u>4,683</u>	<u>(1)</u>	<u>4,682</u>	<u>6</u>	<u>4,676</u>	<u>\$ --</u>	<u>\$ 4,676</u>
Excess (Deficit) of Revenues								
Over Expenditures/Encumbrances	--	(4,464)	1	(4,463)	138	\$ 4,601		
Fund Balances - Beginning of Year	--	4,464	--	4,464	5,729			
Cancellation of Reserves/Designations	--	--	--	--	(1,282)			
Provisions for Reserves and/or Designations	--	--	(1)	(1)	1,282			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 5,867			
OC Public Libraries								
Revenues								
and Other Financing Sources								
Taxes		\$ 38,309	\$ --	\$ 38,309	\$ 37,795	\$ (514)		
Licenses, Permits, and Franchises		27	--	27	--	(27)		
Fines, Forfeitures and Penalties		10	--	10	32	22		
Use of Money and Property		310	--	310	322	12		
Intergovernmental		1,698	494	2,192	1,920	(272)		
Charges for Services		1,151	--	1,151	1,202	51		
Other		302	25	327	625	298		
Transfers In		5,926	(1,612)	4,314	2,775	(1,539)		
Total Revenues and Other Financing Sources		<u>47,733</u>	<u>(1,093)</u>	<u>46,640</u>	<u>44,671</u>	<u>(1,969)</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Education								
Public Library - Capital	\$ 553	5,513	(1,768)	4,298	1,162	3,136	\$ 1,337	\$ 1,799
Public Library	1,869	43,828	2,088	47,785	39,930	7,855	4,352	3,503
Total Expenditures/Encumbrances and Other Financing Uses	2,422	<u>49,341</u>	<u>320</u>	<u>52,083</u>	<u>41,092</u>	<u>10,991</u>	<u>\$ 5,689</u>	<u>\$ 5,302</u>
Excess (Deficit) of Revenues and Other Financing Sources								
Over Expenditures/Encumbrances and Other Financing Uses	(2,422)	(1,608)	(1,413)	(5,443)	3,579	\$ 9,022		
Fund Balances - Beginning of Year	--	2,158	--	2,158	6,409			
Cancellation of Reserves/Designations	--	--	1,413	1,413	(8,809)			
Fund Balance Reserved for Encumbrances	2,422	--	--	2,422	5,689			
Provisions for Reserves and/or Designations	--	(550)	--	(550)	3,120			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 9,988			

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2009

BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE (Continued)

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
Plan of Adjustment Available Cash								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 160	\$ --	\$ 160	\$ 65	\$ (95)		
Transfers In		9,270	(1)	9,269	10,895	1,626		
Total Revenues and Other Financing Sources		9,430	(1)	9,429	10,960	1,531		
Expenditures/Encumbrances								
General Government:								
Class B-27 Registered								
Warrants	\$ --	33	--	33	--	33	--	\$ 33
Recovery Plan of Adjustment								
Available Cash	--	20,501	1,824	22,325	13,409	8,916	--	8,916
Total Expenditures/Encumbrances	--	20,534	1,824	22,358	13,409	8,949	--	8,949
Excess (Deficit) of Revenues and Other Financing Sources								
Over Expenditures/Encumbrances	--	(11,104)	(1,825)	(12,929)	(2,449)	\$ 10,480		
Fund Balances - Beginning of Year	--	11,104	--	11,104	12,928			
Cancellation of Reserves/Designations	--	--	1,825	1,825	--			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 10,479			
Health Care Programs								
Revenues								
and Other Financing Sources								
Fines, Forfeitures and Penalties	\$ 10,489	\$ --	\$ 10,489	\$ 8,645	\$ (1,844)			
Use of Money and Property		3,632	(156)	3,476	2,155	(1,321)		
Intergovernmental		86,679	2,044	88,723	106,102	17,379		
Charges for Services		736	--	736	816	80		
Other		250	--	250	--	(250)		
Transfers In		--	--	--	15	15		
Total Revenues and Other Financing Sources		101,786	1,888	103,674	117,733	14,059		
Expenditures/Encumbrances								
and Other Financing Uses								
Health and Sanitation:								
Medi-Cal Administrative Activities								
Targeted Case Management	\$ --	3,896	1,690	5,586	1,343	4,243	--	\$ 4,243
Emergency Medical Services	--	10,585	371	10,956	8,659	2,297	--	2,297
HCA Purpose Restricted Revenues	--	2,123	337	2,460	1,668	792	--	792
HCA Interest Bearing Purpose Restricted Revenue	--	1,046	(86)	960	338	622	--	622
HCA Realignment	--	--	7,000	7,000	5,057	1,943	--	1,943
Mental Health Services Act	--	58,453	28,295	86,748	45,289	41,459	--	41,459
Bioterrorism Center for Disease Control	--	5,588	256	5,844	5,070	774	--	774
Total Expenditures/Encumbrances and Other Financing Uses	--	81,691	37,863	119,554	67,424	52,130	--	\$ 52,130
Excess (Deficit) of Revenues and Other Financing Sources								
Over Expenditures/Encumbrances and Other Financing Uses	--	20,095	(35,975)	(15,880)	50,309	\$ 66,189		
Fund Balances - Beginning of Year	--	44,399	--	44,399	65,736			
Cancellation of Reserves/Designations	--	691	35,975	36,666	(49,858)			
Provisions for Reserves and/or Designations	--	(65,185)	--	(65,185)	49,858			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 116,045			

Supplemental Information
(Dollar Amounts in Thousands)

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2008						Budget	Adjustments
Orange County Housing Authority								
Revenues								
Use of Money and Property		\$ 720	\$ --	\$ 720	\$ 477	\$ (243)		
Other		66	--	66	73	7		
Total Revenues		<u>786</u>	<u>--</u>	<u>786</u>	<u>550</u>	<u>(236)</u>		
Expenditures/Encumbrances and Other Financing Uses								
Public Assistance:								
Orange County Housing								
Authority-Operating Reserve	\$ 131	3,160	895	4,186	3,164	1,022	\$ --	\$ 1,022
Total Expenditures/Encumbrances and Other Financing Uses	<u>131</u>	<u>3,160</u>	<u>895</u>	<u>4,186</u>	<u>3,164</u>	<u>1,022</u>	<u>\$ --</u>	<u>\$ 1,022</u>
Excess (Deficit) of Revenues Over Expenditures/Encumbrances and Other Financing Uses	(131)	(2,374)	(895)	(3,400)	(2,614)	<u>\$ 786</u>		
Fund Balances - Budgeted Fund								
Beginning of Year	--	2,374	--	2,374	19,361			
Fund Balances - Non-Budgeted Fund								
Beginning of Year	--	--	--	--	9,347			
Net Decrease in Fund Balances - Non-Budgeted Fund	--	--	--	--	(3,017)			
Cancellation of Reserves/Designations	--	--	895	895	(15,248)			
Fund Balance Reserved for Encumbrances	131	--	--	131	--			
Provisions for Reserves and/or Designations	--	--	--	--	15,247			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 23,076</u>			
Other Governmental Resources								
Revenues and Other Financing Sources								
Use of Money and Property		\$ 1,096	\$ (19)	\$ 1,077	\$ 627	\$ (450)		
Intergovernmental		1,949	--	1,949	1,726	(223)		
Charges for Services		60	--	60	18	(42)		
Other		17	(1)	16	38	22		
Transfers In		--	--	--	1	1		
Total Revenues and Other Financing Sources		<u>3,122</u>	<u>(20)</u>	<u>3,102</u>	<u>2,410</u>	<u>(692)</u>		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Remittance Processing								
Equipment Replacement	\$ --	241	(65)	176	57	119	\$ 108	\$ 11
Property Tax Administration								
State Grant	11	1,582	114	1,707	1,409	298	6	292
Assessor Property Characteristic	--	600	--	600	135	465	--	465
Revenue Neutrality Trust	--	1,143	1,758	2,901	1,042	1,859	--	1,859
Deferred Compensation								
Reimbursement - CEO	--	620	--	620	137	483	2	481
Total Expenditures/Encumbrances and Other Financing Uses	<u>11</u>	<u>4,186</u>	<u>1,807</u>	<u>6,004</u>	<u>2,780</u>	<u>3,224</u>	<u>\$ 116</u>	<u>\$ 3,108</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(11)	(1,064)	(1,827)	(2,902)	(370)	<u>\$ 2,532</u>		
Fund Balances - Beginning of Year	--	1,904	--	1,904	28,036			
Cancellation of Reserves/Designations	--	1,060	1,827	2,887	(25,296)			
Fund Balance Reserved for Encumbrances	11	--	--	11	116			
Provisions for Reserves and/or Designations	--	(1,900)	--	(1,900)	25,180			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 27,666</u>			

County of Orange
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**BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE**

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
Redevelopment Agency Bonds								
Revenues								
and Other Financing Sources								
Taxes		\$ 31,019	\$ --	\$ 31,019	\$ 35,049	\$ 4,030		
Fines, Forfeitures and Penalties		19	--	19	60	41		
Use of Money and Property		1,638	--	1,638	1,552	(86)		
Intergovernmental		281	--	281	312	31		
Other		80	--	80	77	(3)		
Transfers In		1,541	--	1,541	1,541	--		
Total Revenues and Other Financing Sources		<u>34,578</u>	<u>--</u>	<u>34,578</u>	<u>38,591</u>	<u>4,013</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Orange County Development								
Agency Debt Service -								
Santa Ana Heights	\$ --	13,199	7,176	20,375	9,866	10,509	\$ --	\$ 10,509
Orange County Development								
Agency - Neighborhood								
Development and Preservation								
Project, Debt Service	--	19,579	5,832	25,411	16,883	8,528	--	8,528
Total Expenditures/Encumbrances and Other Financing Uses	--	<u>32,778</u>	<u>13,008</u>	<u>45,786</u>	<u>26,749</u>	<u>19,037</u>	<u>\$ --</u>	<u>\$ 19,037</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses								
	--	1,800	(13,008)	(11,208)	11,842	<u>\$ 23,050</u>		
Fund Balances - Beginning of Year	--	12,916	--	12,916	48,646			
Cancellation of Reserves/Designations	--	--	13,008	13,008	(60,944)			
Provisions for Reserves and/or Designations	--	(14,716)	--	(14,716)	60,944			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 60,488</u>			

Supplemental Information
(Dollar Amounts in Thousands)

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
<u>Pension Obligation Bonds</u>								
Revenues								
Use of Money and Property		\$ 11,608	\$ --	\$ 11,608	\$ (26,784)	\$ (38,392)		
Total Revenues		<u>11,608</u>	<u>--</u>	<u>11,608</u>	<u>(26,784)</u>	<u>(38,392)</u>		
Expenditures/Encumbrances								
General Government:								
Pension Obligation Bonds								
Debt Service	\$ --	18,051	(2,995)	15,056	7,014	8,042	\$ --	\$ 8,042
Total Expenditures/Encumbrances	<u>--</u>	<u>18,051</u>	<u>(2,995)</u>	<u>15,056</u>	<u>7,014</u>	<u>8,042</u>	<u>\$ --</u>	<u>\$ 8,042</u>
Excess (Deficit) of Revenues								
Over Expenditures/Encumbrances	--	(6,443)	2,995	(3,448)	(33,798)	<u>\$ (30,350)</u>		
Fund Balances - Beginning of Year	--	13,378	--	13,378	198,895			
Cancellation of Reserves/Designations	--	--	--	--	(165,097)			
Provisions for Reserves and/or Designations	--	(6,935)	(2,995)	(9,930)	165,097			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 165,097</u>			
<u>Orange County Special Financing Authority</u>								
Revenues and Other Financing Sources								
Fines, Forfeitures and Penalties		\$ 90,000	\$ 7,200	\$ 97,200	\$ 17,065	\$ (80,135)		
Use of Money and Property		3,926	1	3,927	1	(3,926)		
Bond Issuance Proceeds		364,701	(332,332)	32,369	--	(32,369)		
Transfer In		--	--	--	102,165	102,165		
Total Revenues and Other Financing Sources		<u>458,627</u>	<u>(325,131)</u>	<u>133,496</u>	<u>119,231</u>	<u>(14,265)</u>		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Orange County Special								
Financing Authority	\$ --	523,912	(330,892)	193,020	269,853	(76,833)	\$ --	\$ (76,833)
Total Expenditures/Encumbrances and Other Financing Uses	<u>--</u>	<u>523,912</u>	<u>(330,892)</u>	<u>193,020</u>	<u>269,853</u>	<u>(76,833)</u>	<u>\$ --</u>	<u>\$ (76,833)</u>
Excess (Deficit) of Revenues and Other Financing Sources								
Over Expenditures/Encumbrances and Other Financing Uses	--	(65,285)	5,761	(59,524)	(150,622)	<u>\$ (91,098)</u>		
Fund Balances - Beginning of Year	--	65,285	--	65,285	150,622			
Provisions for Reserves and/or Designations	--	--	(5,761)	(5,761)	--			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>			

County of Orange
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BUDGETARY COMPARISON SCHEDULES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2008						Budget	Adjustments
Criminal Justice Facilities								
Revenues and Other								
Financing Sources								
Fines, Forfeitures and Penalties		\$ 9,199	\$ 1	\$ 9,200	\$ 9,950	\$ 750		
Use of Money and Property		1,736	--	1,736	1,585	(151)		
Other		15	--	15	515	500		
Transfers In		5,053	495	5,548	723	(4,825)		
Total Revenues and Other Financing Sources		16,003	496	16,499	12,773	(3,726)		
Expenditures/Encumbrances and Other Financing Uses								
Public Protection:								
Criminal Justice Facilities								
Accumulated Capital Outlay	\$ 491	11,226	596	12,313	3,697	8,616	\$ 673	\$ 7,943
Courthouse Temporary Construction	--	5,977	327	6,304	4,519	1,785	--	1,785
Sheriff-Coroner Construction and Facility Development	4,779	46,568	662	52,009	8,881	43,128	7,065	36,063
Theo Lacy Jail Construction	598	654	(5)	1,247	573	674	--	674
Total Expenditures/Encumbrances and Other Financing Uses	5,868	64,425	1,580	71,873	17,670	54,203	\$ 7,738	\$ 46,465
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(5,868)	(48,422)	(1,084)	(55,374)	(4,897)	\$ 50,477		
Fund Balances - Beginning of Year	--	48,422	--	48,422	53,981			
Cancellation of Reserves/Designations	--	--	1,084	1,084	(7,738)			
Fund Balance Reserved for Encumbrances	5,868	--	--	5,868	7,738			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 49,084			

Supplemental Information
(Dollar Amounts in Thousands)

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
Redevelopment Agency								
Revenues and Other								
Financing Sources								
Use of Money and Property		\$ 1,232	\$ 32	\$ 1,264	\$ 879	\$ (385)		
Other		--	--	--	509	509		
Transfers In		1,450	--	1,450	1,450	--		
Total Revenues and Other Financing Sources		2,682	32	2,714	2,838	124		
Expenditures/Encumbrances								
General Government:								
Orange County Development								
Agency - Santa Ana Heights 1993 Bond Issue	\$ 2,733	10,755	1	13,489	1,596	11,893	\$ --	\$ 11,893
Orange County Development								
Agency - Santa Ana Heights 1993 Bond Issue Low/Moderate Income Housing	--	237	2	239	1	238	--	238
Orange County Development								
Agency - Santa Ana Heights Surplus	--	10,945	(775)	10,170	718	9,452	--	9,452
Orange County Development								
Agency - Neighborhood Development and Preservation Projects, 1992 Issue A	20	730	59	809	2	807	--	807
Neighborhood Development and Preservation Project - Low/Moderate Income Housing, 1992 Issue A								
	--	3,089	19	3,108	8	3,100	--	3,100
Orange County Development								
Agency - Neighborhood Development and Preservation Projects, 1992 Issue B	--	502	(213)	289	2	287	--	287
Orange County Development								
Agency - Neighborhood Development and Preservation Projects, 1992 Issue B Low/Moderate Income Housing	--	122	48	170	--	170	--	170
Orange County Development								
Agency-Neighborhood Preservation and Development Construction	--	485	(3)	482	--	482	--	482
Orange County Development								
Agency - Neighborhood Development and Preservation Project Surplus	--	3,125	(693)	2,432	574	1,858	--	1,858
Total Expenditures/Encumbrances	2,753	29,990	(1,555)	31,188	2,901	28,287	\$ --	\$ 28,287
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances	(2,753)	(27,308)	1,587	(28,474)	(63)	\$ 28,411		
Fund Balances - Beginning of Year	--	27,308	--	27,308	36,134			
Cancellation of Reserves/Designations	--	--	--	--	(7,666)			
Fund Balance Reserved for Encumbrances	2,753	--	--	2,753	--			
Provisions for Reserves and/or Designations	--	--	(1,587)	(1,587)	7,666			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 36,071			

County of Orange
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BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUND

	Open Encumbrances July 1, 2008	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2009	Unspent Appropriations
Permanent Fund								
Revenues								
Use of Money and Property		\$ 12	\$ --	\$ 12	\$ 7	\$ (5)		
Other		2	--	2	3	1		
Total Revenues		<u>14</u>	<u>--</u>	<u>14</u>	<u>10</u>	<u>(4)</u>		
Expenditures/Encumbrances								
Public Ways and Facilities:								
Limestone Regional Park								
Mitigation Maintenance								
Endowment	\$ --	16	(1)	15	--	15	\$ --	\$ 15
Total Expenditures/Encumbrances	<u>--</u>	<u>16</u>	<u>(1)</u>	<u>15</u>	<u>--</u>	<u>15</u>	<u>\$ --</u>	<u>\$ 15</u>
Excess (Deficit) of Revenues								
Over Expenditures/Encumbrances	--	(2)	1	(1)	10	<u>\$ 11</u>		
Fund Balances - Beginning of Year	--	15	--	15	139			
Cancellation of Reserves/Designations	--	--	--	--	(136)			
Provisions for Reserves and/or Designations	--	(13)	(1)	(14)	136			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 149</u>			





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**

	<u>Total</u>	<u>Health and Other Self-Insured Employee Benefits</u>	<u>HMO Health Insurance</u>
<u>ASSETS</u>			
Current Assets			
Pooled Cash/Investments	\$ 224,344	\$ 50,668	\$ 3,761
Restricted Cash and Investments with Trustee	1,478	--	--
Imprest Cash Funds	133	125	--
Receivables			
Accounts Receivable	301	--	31
Interest/Dividends	563	138	--
Allowance for Uncollectible Receivables	(178)	--	--
Due from Other Funds	3,178	--	--
Due from Component Unit	1	--	--
Due from Other Governmental Agencies	609	250	12
Inventory of Materials and Supplies	245	--	--
Prepaid Costs	55	--	--
Total Current Assets	<u>230,729</u>	<u>51,181</u>	<u>3,804</u>
Noncurrent Assets			
Capital Assets			
Construction in Progress	2,768	--	--
Structures and Improvements	8,282	--	--
Accumulated Depreciation	(4,174)	--	--
Equipment	81,898	--	--
Accumulated Depreciation	(64,168)	--	--
Total Capital Assets	<u>24,606</u>	<u>--</u>	<u>--</u>
Total Assets	<u>255,335</u>	<u>51,181</u>	<u>3,804</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	5,355	259	--
Retainage Payable	53	--	--
Salaries and Employee Benefits Payable	531	--	--
Due to Other Funds	1,429	4	--
Due to Other Governmental Agencies	8	--	--
Insurance Claims Payable	43,078	8,918	--
Compensated Employee Absences Payable	958	--	--
Total Current Liabilities	<u>51,412</u>	<u>9,181</u>	<u>--</u>
Noncurrent Liabilities			
Insurance Claims Payable	115,089	--	--
Compensated Employee Absences Payable	791	--	--
Total Noncurrent Liabilities	<u>115,880</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>167,292</u>	<u>9,181</u>	<u>--</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	24,607	--	--
Unrestricted	63,436	42,000	3,804
Total Net Assets	<u>\$ 88,043</u>	<u>\$ 42,000</u>	<u>\$ 3,804</u>

Life Insurance	Workers' Compensation	Unemployment Insurance	
\$ 169	\$ 94,545	\$ 9,036	ASSETS
1,478	--	--	Current Assets
--	--	--	Pooled Cash/Investments
--	--	--	Restricted Cash and Investments with Trustee
--	--	--	Imprest Cash Funds
--	--	--	Receivables
--	252	26	Accounts Receivable
--	--	--	Interest/Dividends
--	100	--	Allowance for Uncollectible Receivables
--	--	--	Due from Other Funds
--	--	--	Due from Component Unit
--	--	--	Due from Other Governmental Agencies
--	--	--	Inventory of Materials and Supplies
--	--	--	Prepaid Costs
1,647	94,897	9,062	Total Current Assets
--	--	--	Noncurrent Assets
--	--	--	Capital Assets
--	--	--	Construction in Progress
--	--	--	Structures and Improvements
--	--	--	Accumulated Depreciation
--	--	--	Equipment
--	--	--	Accumulated Depreciation
--	--	--	Total Capital Assets
1,647	94,897	9,062	Total Assets
--	747	--	LIABILITIES
--	--	--	Current Liabilities
--	28	--	Accounts Payable
--	25	1	Retainage Payable
--	--	--	Salaries and Employee Benefits Payable
--	23,422	2,049	Due to Other Funds
--	--	--	Due to Other Governmental Agencies
--	56	--	Insurance Claims Payable
--	24,278	2,050	Compensated Employee Absences Payable
--	24,278	2,050	Total Current Liabilities
--	95,852	--	Noncurrent Liabilities
--	27	--	Insurance Claims Payable
--	95,879	--	Compensated Employee Absences Payable
--	95,879	--	Total Noncurrent Liabilities
--	120,157	2,050	Total Liabilities
--	--	--	NET ASSETS
1,647	(25,260)	7,012	Invested in Capital Assets, Net of Related Debt
\$ 1,647	\$ (25,260)	\$ 7,012	Unrestricted
			Total Net Assets

COMBINING STATEMENT OF NET ASSETS (Continued)
INTERNAL SERVICE FUNDS

	Property & Casualty Risk	Transportation	Publishing Services	Information & Technology
<u>ASSETS</u>				
Current Assets				
Pooled Cash/Investments	\$ 40,589	\$ 12,941	\$ 1,281	\$ 11,354
Restricted Cash and Investments with Trustee	--	--	--	--
Imprest Cash Funds	5	--	--	3
Receivables				
Accounts Receivable	4	266	--	--
Interest/Dividends	81	34	4	28
Allowance for Uncollectible Receivables	--	(177)	--	(1)
Due from Other Funds	475	1,882	1	720
Due from Component Unit	--	--	--	1
Due from Other Governmental Agencies	--	1	75	271
Inventory of Materials and Supplies	--	245	--	--
Prepaid Costs	--	55	--	--
Total Current Assets	<u>41,154</u>	<u>15,247</u>	<u>1,361</u>	<u>12,376</u>
Noncurrent Assets				
Capital Assets				
Construction in Progress	--	1,543	--	1,225
Structures and Improvements	--	7,956	--	326
Accumulated Depreciation	--	(4,140)	--	(34)
Equipment	--	31,776	1,518	48,604
Accumulated Depreciation	--	(21,554)	(743)	(41,871)
Total Capital Assets	<u>--</u>	<u>15,581</u>	<u>775</u>	<u>8,250</u>
Total Assets	<u>41,154</u>	<u>30,828</u>	<u>2,136</u>	<u>20,626</u>
<u>LIABILITIES</u>				
Current Liabilities				
Accounts Payable	2,102	182	90	1,975
Retainage Payable	--	--	--	53
Salaries and Employee Benefits Payable	41	209	55	198
Due to Other Funds	21	1,212	63	103
Due to Other Governmental Agencies	--	--	8	--
Insurance Claims Payable	8,689	--	--	--
Compensated Employee Absences Payable	81	370	95	356
Total Current Liabilities	<u>10,934</u>	<u>1,973</u>	<u>311</u>	<u>2,685</u>
Noncurrent Liabilities				
Insurance Claims Payable	19,237	--	--	--
Compensated Employee Absences Payable	111	310	76	267
Total Noncurrent Liabilities	<u>19,348</u>	<u>310</u>	<u>76</u>	<u>267</u>
Total Liabilities	<u>30,282</u>	<u>2,283</u>	<u>387</u>	<u>2,952</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	--	15,582	775	8,250
Unrestricted	10,872	12,963	974	9,424
Total Net Assets	<u>\$ 10,872</u>	<u>\$ 28,545</u>	<u>\$ 1,749</u>	<u>\$ 17,674</u>



**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	\$ 2,871	\$ --	\$ --
Charges for Services	71,350	--	--
Insurance Premiums	206,847	53,821	111,319
Total Operating Revenues	<u>281,068</u>	<u>53,821</u>	<u>111,319</u>
Operating Expenses			
Salaries and Employee Benefits	17,828	--	--
Services and Supplies	28,614	2,249	--
Professional Services	38,700	2,972	5
Operating Leases	5,143	--	--
Insurance Claims and Premiums	207,272	52,364	111,638
Other Charges	745	558	--
Depreciation	5,974	--	--
Total Operating Expenses	<u>304,276</u>	<u>58,143</u>	<u>111,643</u>
Operating Income (Loss)	<u>(23,208)</u>	<u>(4,322)</u>	<u>(324)</u>
Nonoperating Revenues (Expenses)			
Intergovernmental Revenues	1,536	1,151	308
Interest Revenue	5,333	1,265	101
Interest Expense	788	--	--
Gain (Loss) on Disposition of Capital Assets	50	--	--
Other Revenue - Net	6,106	1,962	122
Total Nonoperating Revenues	<u>13,813</u>	<u>4,378</u>	<u>531</u>
Income (Loss) Before Contributions and Transfers	(9,395)	56	207
Capital Contributions	3,097	--	--
Transfers In	2,034	1,345	5
Transfers Out	(105)	--	(101)
Increase (Decrease) in Net Assets	<u>(4,369)</u>	<u>1,401</u>	<u>111</u>
Net Assets - Beginning of Year	92,412	40,599	3,693
Net Assets - End of Year	<u>\$ 88,043</u>	<u>\$ 42,000</u>	<u>\$ 3,804</u>

Life Insurance	Workers' Compensation	Unemployment Insurance	
\$ --	\$ --	\$ --	Operating Revenues
--	--	--	Use of Money and Property
914	20,041	819	Charges for Services
914	20,041	819	Insurance Premiums
			Total Operating Revenues
			Operating Expenses
--	1,030	--	Salaries and Employee Benefits
--	99	--	Services and Supplies
--	3,887	92	Professional Services
--	171	--	Operating Leases
1,424	28,570	3,187	Insurance Claims and Premiums
--	--	--	Other Charges
--	--	--	Depreciation
1,424	33,757	3,279	Total Operating Expenses
(510)	(13,716)	(2,460)	Operating Income (Loss)
			Nonoperating Revenues (Expenses)
--	--	--	Intergovernmental Revenues
47	2,323	247	Interest Revenue
--	--	--	Interest Expense
--	--	--	Gain (Loss) on Disposition of Capital Assets
--	141	5	Other Revenue - Net
47	2,464	252	Total Nonoperating Revenues
(463)	(11,252)	(2,208)	Income (Loss) Before Contributions and Transfers
--	--	--	Capital Contributions
--	354	--	Transfers In
(4)	--	--	Transfers Out
(467)	(10,898)	(2,208)	Increase (Decrease) in Net Assets
2,114	(14,362)	9,220	Net Assets - Beginning of Year
\$ 1,647	\$ (25,260)	\$ 7,012	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	\$ --	\$ --	\$ --	\$ 2,871
Charges for Services	--	20,533	3,504	47,313
Insurance Premiums	19,933	--	--	--
Total Operating Revenues	<u>19,933</u>	<u>20,533</u>	<u>3,504</u>	<u>50,184</u>
Operating Expenses				
Salaries and Employee Benefits	1,354	7,079	1,804	6,561
Services and Supplies	6,734	8,174	1,070	10,288
Professional Services	415	2,053	360	28,916
Operating Leases	112	117	614	4,129
Insurance Claims and Premiums	10,089	--	--	--
Other Charges	--	183	4	--
Depreciation	--	3,608	111	2,255
Total Operating Expenses	<u>18,704</u>	<u>21,214</u>	<u>3,963</u>	<u>52,149</u>
Operating Income (Loss)	<u>1,229</u>	<u>(681)</u>	<u>(459)</u>	<u>(1,965)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental Revenues	--	--	--	77
Interest Revenue	739	278	33	300
Interest Expense	--	--	--	788
Gain (Loss) on Disposition of Capital Assets	--	75	(25)	--
Other Revenue - Net	2,455	339	477	605
Total Nonoperating Revenues	<u>3,194</u>	<u>692</u>	<u>485</u>	<u>1,770</u>
Income (Loss) Before Contributions and Transfers	4,423	11	26	(195)
Capital Contributions	--	3,097	--	--
Transfers In	--	330	--	--
Transfers Out	--	--	--	--
Increase (Decrease) in Net Assets	<u>4,423</u>	<u>3,438</u>	<u>26</u>	<u>(195)</u>
Net Assets - Beginning of Year	6,449	25,107	1,723	17,869
Net Assets - End of Year	<u>\$ 10,872</u>	<u>\$ 28,545</u>	<u>\$ 1,749</u>	<u>\$ 17,674</u>



County of Orange
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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	\$ 73,987	\$ (251)	\$ 107	\$ --
Cash Received for Premiums Within the County's Entity	206,847	53,821	111,319	914
Payments to Suppliers for Goods and Services	(262,680)	(57,854)	(111,643)	(1,424)
Payments to Employees for Services	(17,388)	--	--	--
Payments for Interfund Services Provided	(584)	--	--	--
Cash Receipts for Interfund Services Provided	3,660	1,417	--	--
Other Receipts	3,915	1,406	122	--
Other Payments	(3,695)	--	--	--
Net Cash Provided (Used) by Operating Activities	4,062	(1,461)	(95)	(510)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	2,034	1,345	5	--
Transfers Out	(105)	--	(101)	(4)
Intergovernmental Revenues	1,536	1,151	308	--
Net Cash Provided (Used) by Noncapital Financing Activities	3,465	2,496	212	(4)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(4,913)	--	--	--
Interest Paid on Long-Term Debt	788	--	--	--
Principal Paid on Capital Lease Obligations	(1,390)	--	--	--
Proceeds from Sale of Capital Assets	160	--	--	--
Net Cash Used by Capital and Related Financing Activities	(5,355)	--	--	--
CASH FLOW FROM INVESTING ACTIVITIES				
Interest on Investments	5,495	1,306	102	47
Net Cash Provided by Investing Activities	5,495	1,306	102	47
Net Increase (Decrease) in Cash and Cash Equivalents	7,667	2,341	219	(467)
Cash and Cash Equivalents - Beginning of Year	218,288	48,452	3,542	2,114
Cash and Cash Equivalents - End of Year	\$ 225,955	\$ 50,793	\$ 3,761	\$ 1,647
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (23,208)	\$ (4,322)	\$ (324)	\$ (510)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	5,974	--	--	--
Other Revenue - net	6,106	1,962	122	--
(Increases) Decreases In:				
Accounts Receivable	279	(1)	119	--
Due from Other Funds	2,436	1,417	--	--
Due from Component Unit	1	--	--	--
Due from Other Governmental Agencies	(515)	(250)	(12)	--
Inventory of Materials and Supplies	6	--	--	--
Prepaid Costs	(7)	--	--	--
Increases (Decreases) In:				
Accounts Payable	501	151	--	--
Retainage Payable	53	--	--	--
Salaries and Employee Benefits Payable	85	--	--	--
Due to Other Funds	640	--	--	--
Due to Other Governmental Agencies	5	--	--	--
Insurance Claims Payable	11,351	(418)	--	--
Compensated Employee Absences Payable	355	--	--	--
Total Adjustments	27,270	2,861	229	--
Net Cash Provided (Used) by Operating Activities	\$ 4,062	\$ (1,461)	\$ (95)	\$ (510)
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Pooled Cash/Investments	\$ 224,344	\$ 50,668	\$ 3,761	\$ 169
Imprest Cash Funds	133	125	--	--
Restricted Cash and Investments with Trustee	1,478	--	--	1,478
Total Cash and Cash Equivalents	\$ 225,955	\$ 50,793	\$ 3,761	\$ 1,647

Workers' Compensation	Unemployment Insurance	Property & Casualty Risk	
\$ --	\$ --	\$ 2	CASH FLOWS FROM OPERATING ACTIVITIES
20,041	819	19,933	Receipts from Customers
(24,493)	(1,954)	(13,697)	Cash Received for Premiums Within the County's Entity
(1,029)	--	(1,294)	Payments to Suppliers for Goods and Services
--	(67)	(465)	Payments to Employees for Services
17	--	7	Payments for Interfund Services Provided
--	5	2,343	Cash Receipts for Interfund Services Provided
(30)	--	--	Other Receipts
<u>(5,494)</u>	<u>(1,197)</u>	<u>6,829</u>	OPEB Contributions to Retirement Medical Trust
			Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
354	--	--	Transfers In
--	--	--	Transfers Out
--	--	--	Intergovernmental Revenues
<u>354</u>	<u>--</u>	<u>--</u>	Net Cash Provided (Used) by Noncapital Financing Activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
--	--	--	Acquisition of Capital Assets
--	--	--	Interest Paid on Long-Term Debt
--	--	--	Principal Paid on Capital Lease Obligations
--	--	--	Proceeds from Sale of Capital Assets
<u>--</u>	<u>--</u>	<u>--</u>	Net Cash Used by Capital and Related Financing Activities
			CASH FLOW FROM INVESTING ACTIVITIES
2,428	260	725	Interest on Investments
<u>2,428</u>	<u>260</u>	<u>725</u>	Net Cash Provided by Investing Activities
(2,712)	(937)	7,554	Net Increase (Decrease) in Cash and Cash Equivalents
97,257	9,973	33,040	Cash and Cash Equivalents - Beginning of Year
<u>\$ 94,545</u>	<u>\$ 9,036</u>	<u>\$ 40,594</u>	Cash and Cash Equivalents - End of Year
			Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
\$ (13,716)	\$ (2,460)	\$ 1,229	Operating Income (Loss)
--	--	--	Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
141	5	2,455	Depreciation
--	--	2	Other Revenue - net
15	--	(465)	(Increases) Decreases In:
--	--	--	Accounts Receivable
--	--	--	Due from Other Funds
--	--	--	Due from Component Unit
--	--	--	Due from Other Governmental Agencies
--	--	--	Inventory of Materials and Supplies
--	--	--	Prepaid Expenses
(353)	(8)	1,521	Increases (Decreases) In:
--	--	--	Accounts Payable
11	--	6	Retainage Payable
2	(67)	7	Salaries and Employee Benefits Payable
--	--	--	Due to Other Funds
8,416	1,333	2,020	Due to Other Governmental Agencies
(10)	--	54	Insurance Claims Payable
<u>8,222</u>	<u>1,263</u>	<u>5,600</u>	Compensated Employee Absences Payable
<u>\$ (5,494)</u>	<u>\$ (1,197)</u>	<u>\$ 6,829</u>	Total Adjustments
			Net Cash Provided (Used) by Operating Activities
			Reconciliation of Cash and Cash Equivalents to Statement of Net Assets
\$ 94,545	\$ 9,036	\$ 40,589	Pooled Cash/Investments
--	--	5	Imprest Cash Funds
--	--	--	Restricted Cash and Investments with Trustee
<u>\$ 94,545</u>	<u>\$ 9,036</u>	<u>\$ 40,594</u>	Total Cash and Cash Equivalents

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COMBINING STATEMENT OF CASH FLOWS (Continued)
 INTERNAL SERVICE FUNDS

	Transportation	Publishing Services	Information & Technology
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 20,690	\$ 3,460	\$ 49,979
Cash Received for Premiums Within the County's Entity	--	--	--
Payments to Suppliers for Goods and Services	(10,738)	(1,454)	(39,423)
Payments to Employees for Services	(6,885)	(1,761)	(6,419)
Payments for Interfund Services Provided	--	(51)	(1)
Cash Receipts for Interfund Services Provided	1,931	--	288
Other Receipts	39	--	--
OPEB Contributions to Retirement Medical Trust	--	(141)	(3,524)
Net Cash Provided (Used) by Operating Activities	<u>5,037</u>	<u>53</u>	<u>900</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	330	--	--
Transfers Out	--	--	--
Intergovernmental Revenues	--	--	77
Net Cash Provided (Used) by Noncapital Financing Activities	<u>330</u>	<u>--</u>	<u>77</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(3,435)	--	(1,478)
Interest Paid on Long-Term Debt	--	--	788
Principal Paid on Capital Lease Obligations	--	--	(1,390)
Proceeds from Sale of Capital Assets	160	--	--
Net Cash Used by Capital and Related Financing Activities	<u>(3,275)</u>	<u>--</u>	<u>(2,080)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest on Investments	281	34	312
Net Cash Provided by Investing Activities	<u>281</u>	<u>34</u>	<u>312</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,373	87	(791)
Cash and Cash Equivalents - Beginning of Year	10,568	1,194	12,148
Cash and Cash Equivalents - End of Year	<u>\$ 12,941</u>	<u>\$ 1,281</u>	<u>\$ 11,357</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (681)	\$ (459)	\$ (1,965)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,608	111	2,255
Other Revenue - net	339	477	605
(Increases) Decreases In:			
Accounts Receivable	157	2	--
Due from Other Funds	1,182	(1)	288
Due from Component Unit	--	--	1
Due from Other Governmental Agencies	--	(47)	(206)
Inventory of Materials and Supplies	6	--	--
Prepaid Expenses	(7)	--	--
Increases (Decreases) In:			
Accounts Payable	(510)	(28)	(272)
Retainage Payable	--	--	53
Salaries and Employee Benefits Payable	25	9	34
Due to Other Funds	749	(50)	(1)
Due to Other Governmental Agencies	--	5	--
Insurance Claims Payable	--	--	--
Compensated Employee Absences Payable	169	34	108
Total Adjustments	<u>5,718</u>	<u>512</u>	<u>2,865</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,037</u>	<u>\$ 53</u>	<u>\$ 900</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets			
Pooled Cash/Investments	\$ 12,941	\$ 1,281	\$ 11,354
Imprest Cash Funds	--	--	3
Restricted Cash and Investments with Trustee	--	--	--
Total Cash and Cash Equivalents	<u>\$ 12,941</u>	<u>\$ 1,281</u>	<u>\$ 11,357</u>



AGENCY FUNDS

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.

Unapportioned Tax and Interest Funds

This group of funds is used to account for the collection of property taxes, and later distribution of such taxes, as well as the interest earned on them. Included are taxes collected by the County for other governmental units using the County treasury, as well as governmental units not using the County treasury, such as cities.

Departmental Funds

This group of funds is used by certain County officers to hold various types of cash receipts and deposits in a fiduciary capacity. Disbursements are made from these funds by checks issued by the County Auditor-Controller upon requisition of the responsible officer.

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

	Total	Unapportioned Tax and Interest Funds	Departmental Funds
<u>ASSETS</u>			
Pooled Cash/Investments	\$ 391,908	\$ 164,677	\$ 227,231
Imprest Cash Funds	40	--	40
Restricted Cash and Investments with Trustee	57,490	--	57,490
Investments	9,945	--	9,945
Deposits In-Lieu of Cash	12,690	--	12,690
Receivables			
Accounts	93	6	87
Taxes	367,571	367,571	--
Interest/Dividends	10,965	10,461	504
Allowance For Uncollectible Receivables	(2)	(2)	--
Due from Other Governmental Agencies	2,700	606	2,094
Prepaid Costs	1,075	--	1,075
Notes Receivable	15,341	--	15,341
Total Assets	\$ 869,816	\$ 543,319	\$ 326,497
 <u>LIABILITIES</u>			
Interest Payable	\$ 8,846	\$ 8,846	\$ --
Deposits from Others	26,481	--	26,481
Monies Held for Others	277,323	--	277,323
Due to Other Governmental Agencies	24,329	1,636	22,693
Unapportioned Taxes	532,837	532,837	--
Total Liabilities	\$ 869,816	\$ 543,319	\$ 326,497

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2009

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	\$ 132,936	\$ 6,744,588	\$ 6,712,847	\$ 164,677
Receivables				
Accounts	7,527	4	7,525	6
Taxes	361,560	15,358,061	15,352,050	367,571
Interest	11,652	148,010	149,201	10,461
Allowance for Uncollectible Receivables	(2)	--	--	(2)
Due from Other Funds	--	13,471	13,471	--
Due from Other Governmental Agencies	550	2,007	1,951	606
Total Assets	<u>\$ 514,223</u>	<u>\$ 22,266,141</u>	<u>\$ 22,237,045</u>	<u>\$ 543,319</u>
LIABILITIES				
Accounts Payable	\$ --	\$ 1,803,871	\$ 1,803,871	\$ --
Interest Payable	10,913	81,629	83,696	8,846
Monies Held for Others	--	93,286	93,286	--
Due to Other Funds	--	18,885	18,885	--
Due to Other Governmental Agencies	3,764	248,678	250,806	1,636
Unapportioned Taxes	499,546	6,862,346	6,829,055	532,837
Total Liabilities	<u>\$ 514,223</u>	<u>\$ 9,108,695</u>	<u>\$ 9,079,599</u>	<u>\$ 543,319</u>

DEPARTMENTAL FUNDS	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	\$ 243,881	\$ 3,085,823	\$ 3,102,473	\$ 227,231
Imprest Cash Funds	147	109	216	40
Restricted Cash and Investments with Trustee	52,459	72,000	66,969	57,490
Investments	9,973	78	106	9,945
Deposits In-Lieu of Cash	14,290	2,524	4,124	12,690
Receivables				
Accounts	7,012	130	7,055	87
Interest	1,186	3,583	4,265	504
Deposits	602	--	602	--
Allowance for Uncollectible Receivables	(2)	3	1	--
Due from Other Funds	--	692,422	692,422	--
Due from Other Governmental Agencies	19,509	8,763	26,178	2,094
Prepaid Costs	20,714	174,145	193,784	1,075
Notes Receivable	13,891	2,281	831	15,341
Total Assets	<u>\$ 383,662</u>	<u>\$ 4,041,861</u>	<u>\$ 4,099,026</u>	<u>\$ 326,497</u>
LIABILITIES				
Accounts Payable	\$ --	624,111	624,111	\$ --
Salaries and Employee Benefits Payable	--	154,736	154,736	--
Deposits From Others	27,896	46,893	48,308	26,481
Monies Held for Others	317,244	3,161,443	3,201,364	277,323
Due to Other Funds	--	132,983	132,983	--
Due to Other Governmental Agencies	38,522	716,023	731,852	22,693
Unapportioned Taxes	--	5,477	5,477	--
Deferred Revenue	--	207,262	207,262	--
Estimated Litigation Liability Claims	--	264	264	--
Total Liabilities	<u>\$ 383,662</u>	<u>\$ 5,049,192</u>	<u>\$ 5,106,357</u>	<u>\$ 326,497</u>

Supplemental Information
(Dollar Amounts in Thousands)

TOTAL - ALL AGENCY FUNDS	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	\$ 376,817	\$ 9,830,411	\$ 9,815,320	\$ 391,908
Imprest Cash Funds	147	109	216	40
Restricted Cash and Investments with Trustee	52,459	72,000	66,969	57,490
Investments	9,973	78	106	9,945
Deposits In-Lieu of Cash	14,290	2,524	4,124	12,690
Receivables				
Accounts	14,539	134	14,580	93
Taxes	361,560	15,358,061	15,352,050	367,571
Interest	12,838	151,593	153,466	10,965
Deposits	602	--	602	--
Allowance for Uncollectible Receivables	(4)	3	1	(2)
Due from Other Funds	--	705,893	705,893	--
Due from Other Governmental Agencies	20,059	10,770	28,129	2,700
Prepaid Costs	20,714	174,145	193,784	1,075
Notes Receivable	13,891	2,281	831	15,341
Total Assets	<u>\$ 897,885</u>	<u>\$ 26,308,002</u>	<u>\$ 26,336,071</u>	<u>\$ 869,816</u>
LIABILITIES				
Accounts Payable	\$ --	\$ 2,427,982	\$ 2,427,982	\$ --
Interest Payable	10,913	81,629	83,696	8,846
Salaries and Employee Benefits Payable	--	154,736	154,736	--
Deposits from Others	27,896	46,893	48,308	26,481
Monies Held for Others	317,244	3,254,729	3,294,650	277,323
Due to Other Funds	--	151,868	151,868	--
Due to Other Governmental Agencies	42,286	964,701	982,658	24,329
Unapportioned Taxes	499,546	6,867,823	6,834,532	532,837
Deferred Revenue	--	207,262	207,262	--
Estimated Litigation Liability Claims	--	264	264	--
Total Liabilities	<u>\$ 897,885</u>	<u>\$ 14,157,887</u>	<u>\$ 14,185,956</u>	<u>\$ 869,816</u>





*Monkey Flower—Laguna Coast Wilderness Park
Photo Courtesy of Andrew Castellano, Laguna Canyon Foundation*

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.

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	188
<u>Revenue Capacity</u> These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	193
<u>Debt Capacity</u> These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	197
<u>Economic and Demographic Information</u> These schedules offer economic and demographic indicators to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	202
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	204

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.



**Net Assets by Component
Last Eight Fiscal Years
(Accrual Basis of Accounting)**

	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	\$ 2,445,397	\$ 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								
Medical Benefits	57,322	46,442	--	--	--	--	--	--
Capital Projects	85,197	211,426	247,277	255,201	240,768	207,838	209,994	210,688
Debt Service	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	1,047,284	990,198	916,563	738,515	648,092	628,881	711,714	581,662
Nonexpendable								
Regional Park Endowment	149	139	125	109	97	91	87	82
Unrestricted	(1,271)	57,812	135,826	(33,051)	(44,929)	(280,592)	(374,852)	(363,291)
Total Governmental Activities								
Net Assets	\$ 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	\$ 493,658	\$ 395,227	\$ 359,544	\$ 343,390	\$ 335,795	\$ 315,335	\$ 293,959	\$ 240,969
Restricted for:								
Expendable								
Airport	176,225	218,293	194,038	146,332	113,402	97,573	77,931	90,410
Waste Management	284,943	294,068	292,847	264,502	233,999	217,194	201,698	192,022
Total Business-Type Activities								
Net Assets	\$ 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	\$ 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								
Medical Benefits	57,322	46,442	--	--	--	--	--	--
Capital Projects	85,197	211,426	247,277	255,201	240,768	207,838	209,994	210,688
Debt Service	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	1,047,284	990,198	916,563	738,515	648,092	628,881	711,714	581,662
Airport	176,225	218,293	194,038	146,332	113,402	97,573	77,931	90,410
Waste Management	284,943	294,068	292,847	264,502	233,999	217,194	201,698	192,022
Nonexpendable								
Regional Park Endowment	149	139	125	109	97	91	87	82
Unrestricted	(1,271)	57,812	135,826	(33,051)	(44,929)	(280,592)	(374,852)	(363,291)
Total Primary Government								
Net Assets	\$ 4,655,419	\$ 4,684,999	\$ 4,576,029	\$ 4,143,016	\$ 3,888,301	\$ 3,601,348	\$ 3,364,749	\$ 2,689,540

Note: The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

**Changes in Net Assets
 Last Eight Fiscal Years
 (Accrual Basis of Accounting)**

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Expenses								
Governmental Activities:								
General Government	\$ 268,092	\$ 264,049	\$ 281,739	\$ 227,536	\$ 171,771	\$ 170,820	\$ 193,192	\$ 182,237
Public Protection	1,230,894	1,164,458	1,055,593	972,996	947,698	905,229	892,817	863,159
Public Ways and Facilities	108,748	131,563	96,776	105,342	77,928	78,454	74,561	82,893
Health and Sanitation	593,331	576,160	527,541	467,640	455,059	447,743	441,047	430,954
Public Assistance	898,668	862,709	794,862	773,109	740,987	731,698	740,794	718,016
Education	41,265	37,728	32,722	40,452	30,641	31,978	29,108	28,583
Recreation and Cultural Services	81,896	75,612	80,279	72,535	73,530	76,249	70,273	70,875
Interest on Long-Term Debt	59,751	76,210	65,961	64,680	81,841	78,474	53,853	125,664
Subtotal Governmental Activities	<u>3,282,645</u>	<u>3,188,489</u>	<u>2,935,473</u>	<u>2,724,290</u>	<u>2,579,455</u>	<u>2,520,645</u>	<u>2,495,645</u>	<u>2,502,381</u>
Business-Type Activities:								
Airport	91,959	86,750	90,524	84,362	79,882	78,235	75,770	75,446
Waste Management	79,374	101,990	85,378	76,771	87,533	70,858	79,217	72,652
Subtotal Business-Type Activities	<u>171,333</u>	<u>188,740</u>	<u>175,902</u>	<u>161,133</u>	<u>167,415</u>	<u>149,093</u>	<u>154,987</u>	<u>148,098</u>
Total Primary Government Expenses	<u>\$ 3,453,978</u>	<u>\$ 3,377,229</u>	<u>\$ 3,111,375</u>	<u>\$ 2,885,423</u>	<u>\$ 2,746,870</u>	<u>\$ 2,669,738</u>	<u>\$ 2,650,632</u>	<u>\$ 2,650,479</u>
Program Revenues								
Governmental Activities:								
Charges for Services								
General Government	\$ 44,782	\$ 40,659	\$ 45,647	\$ 38,645	\$ 38,977	\$ 30,569	\$ 35,668	\$ 25,794
Public Protection	289,014	295,740	283,215	275,703	279,241	256,253	247,228	231,564
Public Ways and Facilities	47,283	45,898	41,014	42,483	34,884	44,728	33,516	29,900
Health and Sanitation	82,059	95,069	85,305	79,493	78,686	68,778	73,438	66,682
Public Assistance	26,636	6,360	5,372	4,709	3,794	3,436	4,607	3,899
Education	1,338	1,349	4,743	1,353	1,795	1,156	6,072	1,198
Recreation and Cultural Services	40,138	40,449	39,028	34,974	32,882	31,219	30,622	29,091
Operating Grants and Contributions	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	94,031	46,308	69,340	18,178	66,889	55,337	509,839 ⁽¹⁾	44,185
Subtotal Governmental Activities								
Program Revenues	<u>2,266,782</u>	<u>2,307,652</u>	<u>2,333,551</u>	<u>2,100,601</u>	<u>2,078,086</u>	<u>2,023,582</u>	<u>2,486,040</u>	<u>1,870,959</u>
Business-Type Activities:								
Charges for Services								
Airport	125,095	126,139	127,747	101,775	95,562	90,657	83,330	76,456
Waste Management	93,456	99,548	111,362	114,239	114,541	112,498	107,858	103,926
Operating Grants and Contributions	171 ⁽³⁾	569 ⁽³⁾	691 ⁽³⁾	22,846	13,968	7,459	10,494	1,637
Capital Grants and Contributions	7,466	15,188	6,731	1,720	10,703	6,183	16,374	1,610
Subtotal Business-Type Activities								
Program Revenues	<u>226,188</u>	<u>241,444</u>	<u>246,531</u>	<u>240,580</u>	<u>234,774</u>	<u>216,797</u>	<u>218,056</u>	<u>183,629</u>
Total Primary Government								
Program Revenues	<u>\$ 2,492,970</u>	<u>\$ 2,549,096</u>	<u>\$ 2,580,082</u>	<u>\$ 2,341,181</u>	<u>\$ 2,312,860</u>	<u>\$ 2,240,379</u>	<u>\$ 2,704,096</u>	<u>\$ 2,054,588</u>

Note: The County began reporting accrual information when it implemented GASB Statement No. 34 in FY 2001-02.

**Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)**

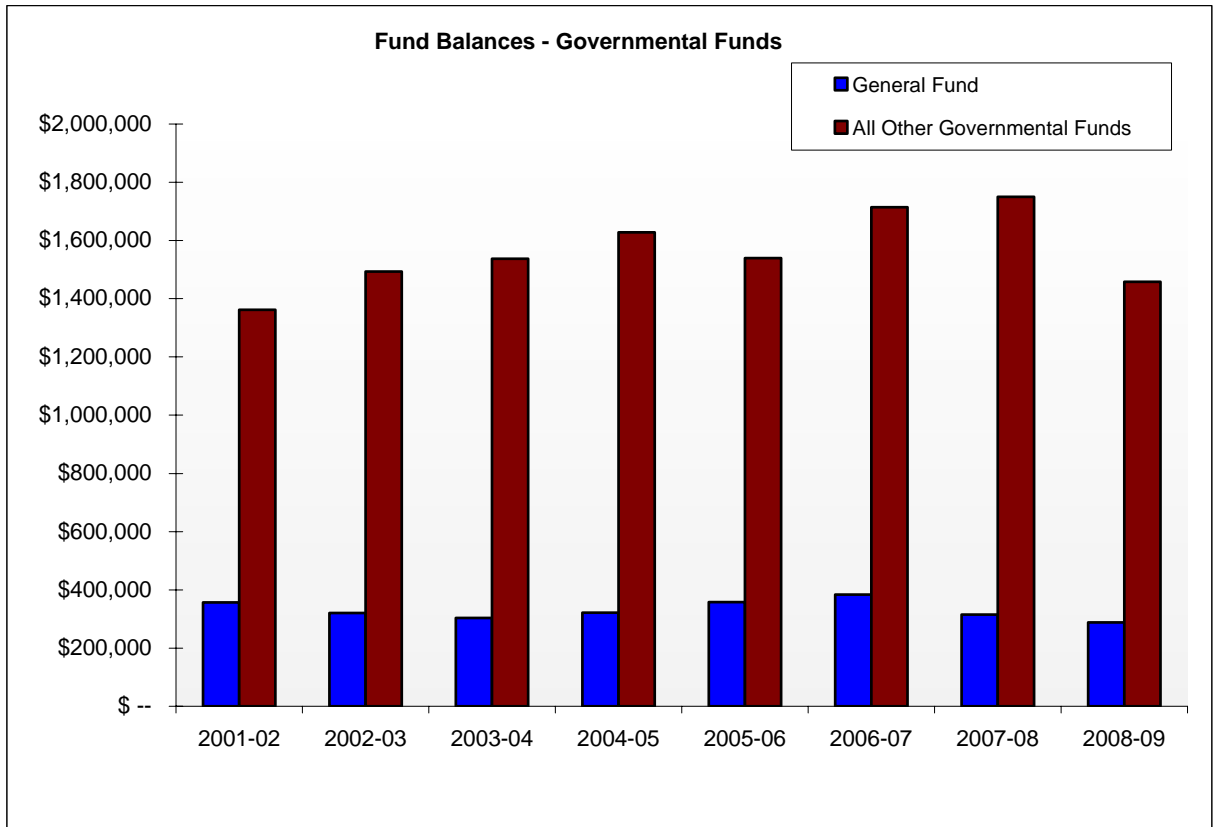
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Net (Expense)/Revenue								
Governmental Activities	\$ (1,015,863)	\$ (880,837)	\$ (601,922)	\$ (623,689)	\$ (501,369)	\$ (497,063)	\$ (9,605)	\$ (631,422)
Business-Type Activities	54,855	52,704	70,629	79,447	67,359	67,704	63,069	35,531
Total Primary Government Net Revenue/(Expense)	<u>\$ (961,008)</u>	<u>\$ (828,133)</u>	<u>\$ (531,293)</u>	<u>\$ (544,242)</u>	<u>\$ (434,010)</u>	<u>\$ (429,359)</u>	<u>\$ 53,464</u>	<u>\$ (595,891)</u>
General Revenue and Other Changes in Net Assets								
Governmental Activities:								
Taxes								
Property Taxes, Levied for General Fund	\$ 263,893	\$ 273,259	\$ 283,112	\$ 271,925	\$ 247,390 ⁽²⁾	211,944	\$ 180,671	\$ 181,113
Property Taxes, Levied for								
Flood Control District	68,747	68,042	63,209	53,662	49,295	47,677	45,397	41,158
Property Taxes, Levied for OC Parks	51,076	50,551	46,965	39,869	37,504	35,450	33,761	30,630
Property Taxes, Levied for OC Public Libraries	37,932	37,454	34,427	31,408	28,893	25,739	24,243	22,666
Property Tax Increments	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	232,760	224,210	206,933	158,240	141,319 ⁽²⁾	--	--	--
Other Taxes	94,184	84,434	54,644	50,676	48,862	51,104	51,694	7,917
Grants and Contributions Not Restricted to Specific Programs	27,637	23,434	1,917	1,881	9,442	11,969	22,707	58,614
State Allocation of Motor Vehicle License Fees	50,390	54,656	58,487	56,873	54,325 ⁽²⁾	189,732	178,446	172,916
Unrestricted Investment Earnings	13,583	27,773	60,856	38,588	30,674	25,753	18,195	32,835
Miscellaneous	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	14,129	16,802	14,130	11,435	14,579	12,155	13,419	19,606
Subtotal Governmental Activities	<u>939,045</u>	<u>959,878</u>	<u>942,730</u>	<u>807,376</u>	<u>735,228</u>	<u>677,148</u>	<u>634,155</u>	<u>637,070</u>
Business-Type Activities:								
Unrestricted Investment Earnings	17,332	29,206	34,500 ⁽³⁾	--	--	--	--	14,647
Miscellaneous Revenues	786	2,886	1,206	3,016	314	965	537	1,211
Special Items	--	(6,835)	--	--	--	--	--	--
Transfers	(14,129)	(16,802)	(14,130)	(11,435)	(14,579)	(12,155)	(13,419)	(19,606)
Subtotal Business-Type Activities	<u>3,989</u>	<u>8,455</u>	<u>21,576</u>	<u>(8,419)</u>	<u>(14,265)</u>	<u>(11,190)</u>	<u>(12,882)</u>	<u>(3,748)</u>
Total Primary Government	<u>\$ 943,034</u>	<u>\$ 968,333</u>	<u>\$ 964,306</u>	<u>\$ 798,957</u>	<u>\$ 720,963</u>	<u>\$ 665,958</u>	<u>\$ 621,273</u>	<u>\$ 633,322</u>
Change in Net Assets								
Governmental Activities	\$ (76,818)	\$ 79,041	\$ 340,808	\$ 183,687	\$ 233,859	\$ 180,085	\$ 624,550	\$ 5,648
Business-Type Activities	58,844	61,159	92,205	71,028	53,094	56,514	50,187	31,783
Total Primary Government	<u>\$ (17,974)⁽⁴⁾</u>	<u>\$ 140,200</u>	<u>\$ 433,013</u>	<u>\$ 254,715</u>	<u>\$ 286,953</u>	<u>\$ 236,599</u>	<u>\$ 674,737</u>	<u>\$ 37,431</u>

- 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 Eight Fiscal Years
 (Modified Accrual Basis of Accounting)**

	Fiscal Year							
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
General Fund								
Reserved	\$ 49,423	\$ 99,877	\$ 89,001	\$ 68,082	\$ 67,554	\$ 70,861	\$ 56,819	\$ 75,206
Unreserved	238,621	215,096	294,739	290,053	253,788	232,304	263,810	281,464
Total General Fund	\$ 288,044	\$ 314,973	\$ 383,740	\$ 358,135	\$ 321,342	\$ 303,165	\$ 320,629	\$ 356,670
All Other Governmental Funds								
Reserved	\$ 517,375	\$ 671,739	\$ 626,134	\$ 594,090	\$ 657,214	\$ 603,438	\$ 606,227	\$ 605,949
Unreserved, Reported in:								
Special Revenue Funds	878,113	880,288	838,291	694,973	616,943	626,323	703,493	599,438
Debt Service Funds	(9,903)	--	17,456	5,323	122,873	110,042	1,354	210
Capital Projects Funds	73,045	198,348	232,317	245,770	230,474	197,047	182,493	156,793
Permanent Fund	149	139	125	110	97	91	87	82
Total All Other Governmental Funds	\$ 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 Eight Fiscal Years
(Modified Basis of Accounting)**

	Fiscal Year							
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Revenues								
Taxes	\$ 727,159	\$ 719,742	\$ 674,278	\$ 618,429	\$ 530,596	\$ 367,087	\$ 341,426	\$ 320,544
Licenses, Permits, and Franchises	17,965	20,516	23,289	18,011	19,767	15,867	15,730	11,807
Fines, Forfeitures and Penalties	112,882	89,700	73,353	70,624	70,686	60,038	68,406	63,881
Use of Money and Property	69,667	146,983	165,042	100,207	112,592	95,360	117,443	102,145
Intergovernmental	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	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 Revenues	89,064	91,197	104,046	90,721 ⁽¹⁾	268,174	215,343	137,677	92,560
Total Revenues	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	277,369	252,781	204,585	303,827 ⁽¹⁾	356,883	293,679	221,977	161,023
Public Protection	1,117,882	1,103,442	1,005,737	910,531	874,789	875,096	826,232	788,238
Public Ways and Facilities	110,548	117,963	90,683	95,161	71,075	70,740	68,523	72,219
Health and Sanitation	576,964	564,335	516,901	458,741	446,887	439,380	435,898	417,373
Public Assistance	878,436	851,836	788,326	664,723	731,100	723,079	724,443	698,234
Education	39,666	37,091	35,904	40,061	29,745	31,069	27,684	26,748
Recreation and Cultural Services	79,889	70,084	73,386	67,776	67,411	66,606	67,654	61,601
Capital Outlay	155,286	143,468	154,373	99,519	207,146	124,210	149,914	151,296
Debt Service								
Principal Retirement	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	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	3,488,005	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	(330,795)	(260,158)	48,738	(83,188)	64,683	(4,468)	79,933	(24,981)
Other Financing Sources (Uses)								
Transfers In	793,528	359,791	298,138	245,441	244,551	303,456	281,927	624,869
Transfers Out	(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	12,131	227,582	150,924	32,646	44,154	30,292	15,207	27,668
Net Change in Fund Balances	\$ (318,664)⁽²⁾	\$ (32,576)	\$ 199,662	\$ (50,542)	\$ 108,837	\$ 25,824	\$ 95,140	\$ 2,687
Debt Service as a Percentage of Noncapital Expenditures:	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⁾
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
1999-00	142,443,490	49,729,963	1,781,275	14,409,941

**Assessed Value of Taxable Property ⁽¹⁾
Last Ten Fiscal Years**

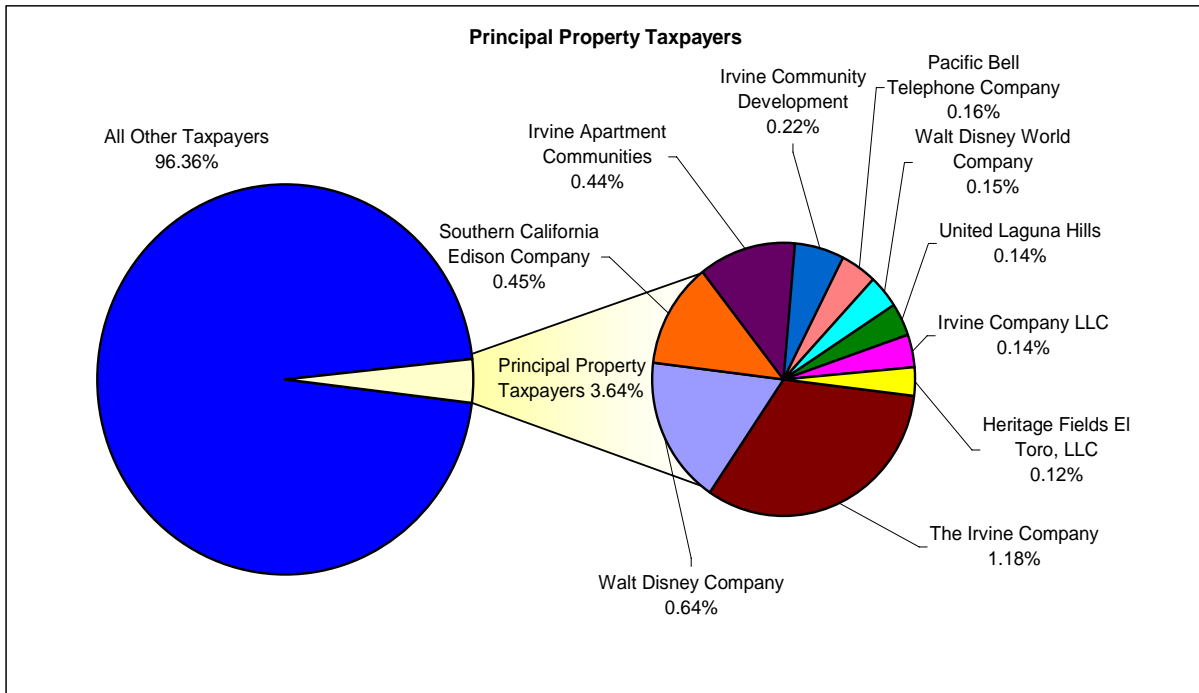
Total Taxable Assessed Value	Less: Exempt & Non-Reimbursed Exemptions	Net Taxable Assessed Value	Total Direct Tax Rate Percent ⁽¹⁾
\$ 432,065,100	\$ (8,051,290)	\$ 424,013,810	1.00
415,491,877	(6,757,810)	408,734,067	1.00
383,890,682	(6,613,199)	377,277,483	1.00
344,852,288	(5,615,327)	339,236,961	1.00
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
208,364,669	(3,726,697)	204,637,972	1.00

- Notes:
- (1) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. The full cash value can be increased to reflect the annual inflation up to 2 percent, the current market value at time of ownership change and the market value for new construction. Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.
 - (2) Other property includes: timeshares, rural/agricultural land, unique miscellaneous, mineral rights, water rights and personal property and fixtures.
 - (3) Unsecured roll includes properties for which taxes assessed are not a lien on real property and are not sufficient, in the opinion of the Assessor, to secure payment of taxes. It consists of improvements, business personal property, boats and aircrafts, and it can also include land and improvements that are identified as real estate of others, as defined by the Assessor (reference Revenue and Taxation Code Section 134).

Source: Orange County Assessor Department

**Principal Property Taxpayers
 June 30, 2009 and June 30, 2000**

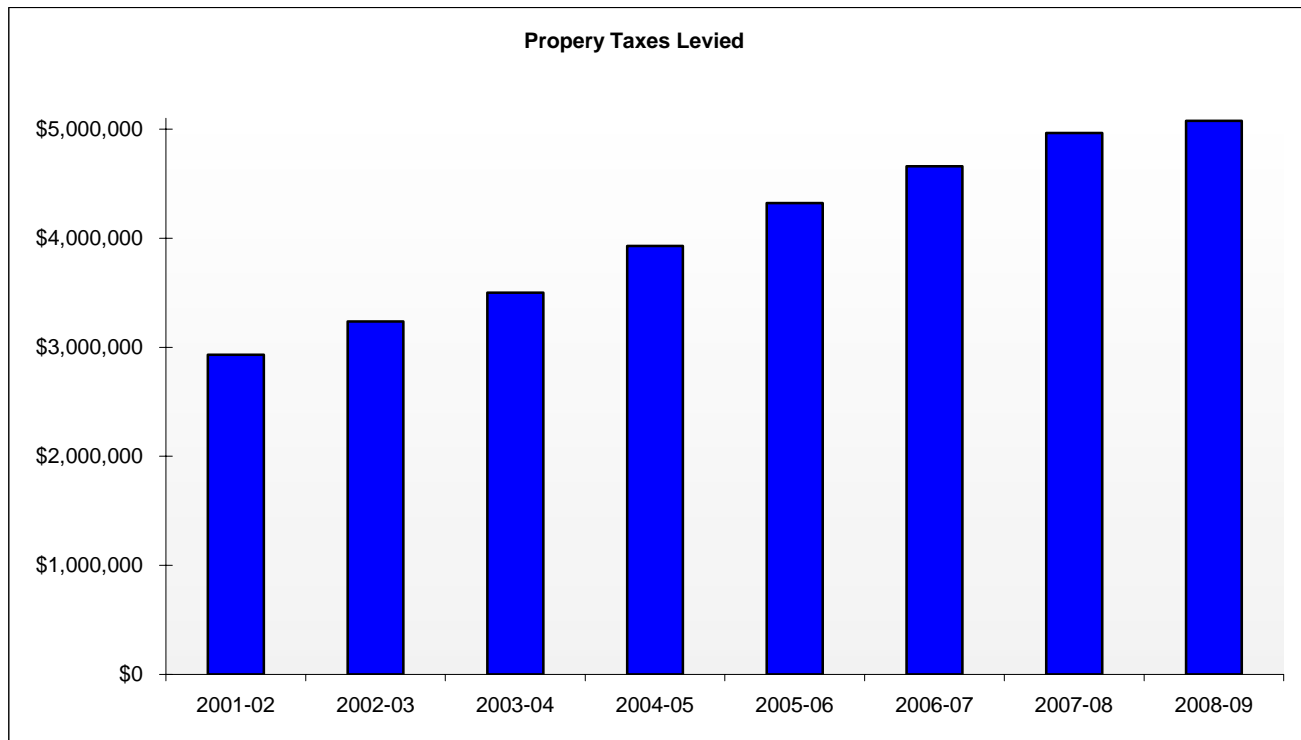
Taxpayer	2009			2000		
	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied
The Irvine Company	\$ 59,816	1	1.18%	\$ 33,911	1	1.52%
Walt Disney Company	32,632	2	0.64%	14,787	3	0.66%
Southern California Edison Company	23,001	3	0.45%	14,289	4	0.64%
Irvine Apartment Communities	22,440	4	0.44%	16,893	2	0.76%
Irvine Community Development	11,277	5	0.22%	3,931	9	0.18%
Pacific Bell Telephone Company	7,885	6	0.16%	12,214	5	0.55%
Walt Disney World Company	7,672	7	0.15%			
United Laguna Hills	6,981	8	0.14%	4,365	7	0.20%
Irvine Company LLC	6,901	9	0.14%			
Heritage Fields El Toro, LLC	6,061	10	0.12%			
Rockwell Semiconductor Systems				5,304	6	0.24%
McDonnell Douglas Corporation				4,326	8	0.19%
DMB Ladera LLC				3,833	10	0.17%
Total	\$ 184,666		3.64%	\$ 113,853		5.11%



Source: Treasurer-Tax Collector, County of Orange

**Property Tax Levies and Collections
Last Eight Fiscal Years**

Fiscal Year	Taxes Levied for the	Collections Within the Fiscal		Collections of Delinquent Taxes from Prior Years	Total Collections for the Fiscal Year ⁽³⁾	
	Fiscal Year ⁽¹⁾	Year of the Levy ⁽²⁾	Amount		Percentage of Levy	Amount
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 includes 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 Eight 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⁾
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 Eight 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⁾	
\$ 33,502	\$ 31,144	\$ 738,173	0.48%	\$ 237	
89,897	36,177	1,003,195	0.67%	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 Eight 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⁾
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

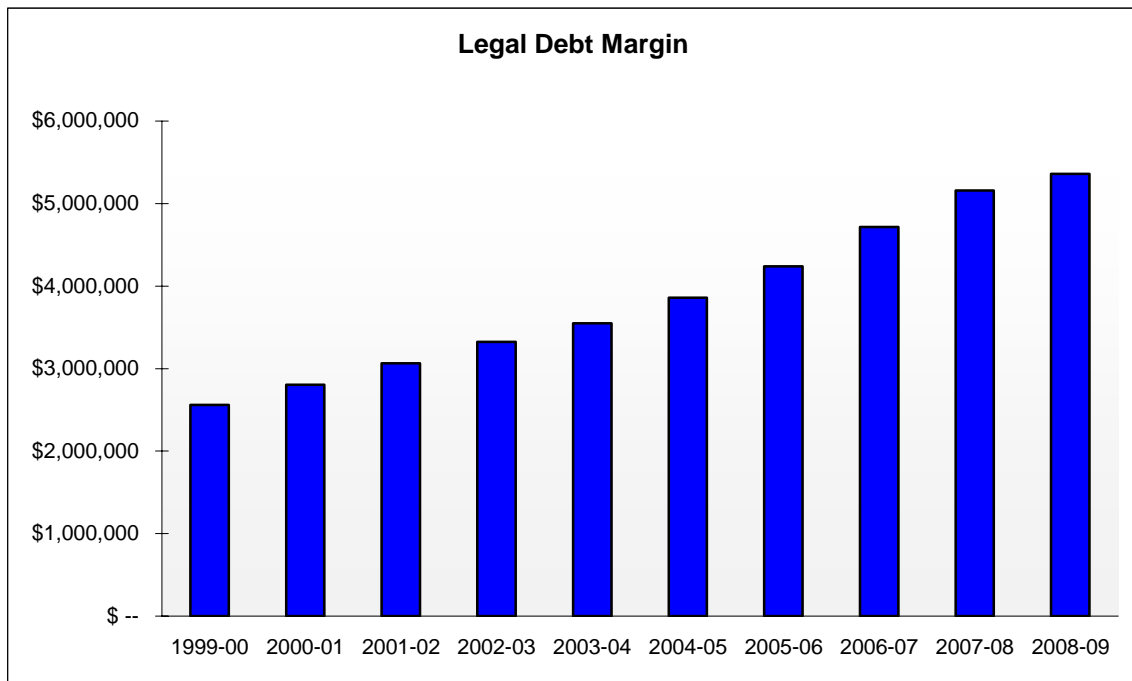
Notes: (1) Details regarding the County's outstanding debt can be found in Note 11, Long-Term Obligations.
 (2) See demographic and economic statistics schedule for population data. The debt per capita amount is calculated using the population for the prior fiscal year.

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
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%
1999-00	204,637,972	2,557,975	--	2,557,975	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 XIII A, section 1 requires the approval of 2/3 of the voting on the proposition.

Source: Auditor-Controller, County of Orange

**Pledged Revenue Coverage
 Last Eight Fiscal Years**

Redevelopment Agency Bonds							Public Facilities Corporation Bonds						
Funding Source: Property Tax Increment and Interest Earnings							Funding Source: Interest Earnings and Transfers						
							Debt Service						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2008-09	\$ 37,050	\$ 13,437	\$ 23,613	\$ 2,535	\$ 2,609	4.59	2008-09	\$ 2,700	--	\$ 2,700	\$ 804	\$ 1,801	1.04
2007-08	34,687	11,252	23,435	2,450	2,694	4.56	2007-08	2,789	--	2,789	859	1,741	1.07
2006-07	27,643	11,196	16,447	1,965	3,196	3.19	2006-07	2,605	--	2,605	927	1,678	1.00
2005-06	27,925	12,340	15,585	1,939	3,224	3.02	2005-06	2,234	--	2,234	992	1,615	0.86
2004-05	24,776	10,366	14,410	2,257	3,246	2.62	2004-05	2,952	--	2,952	2,520	85	1.13
2003-04	22,208	5,692	16,516	12,200	3,218	1.07	2003-04	2,278	2	2,276	3,960	293	0.54
2002-03	19,832	8,436	11,396	1,935	4,284	1.83	2002-03	3,741	--	3,741	4,485	548	0.74
2001-02	18,262	4,598	13,664	1,105	3,910	2.72	2001-02	10,610	2	10,608	3,065	3,286	1.67

Orange County Public Financing Authority							Orange County Special Financing Authority						
Funding Source: Interest Earnings, Rents and Concessions, and Transfers							Funding Source: Penalties and Costs on Delinquent Taxes and Interest Earnings						
							Debt Service						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2008-09	\$ 77,027	--	\$ 77,027	\$ 56,225	\$ 18,385	1.03	2008-09	\$ 119,231	\$ 25,934	\$ 93,297	\$ 123,725	\$ 1,936	0.74
2007-08	77,308	--	77,308	51,680	20,283	1.07	2007-08	20,038	10,779	9,259	--	4,751	1.95
2006-07	76,162	2,137	74,025	52,050	21,656	1.00	2006-07	13,904	6,667	7,237	--	4,416	1.64
2005-06	73,479	--	73,479	5,340	10,422	4.66	2005-06	11,878	9,470	2,408	--	3,514	0.69
2004-05	8,910	--	8,910	5,170	3,747	1.00	2004-05	9,699	6,163	3,536	--	2,128	1.66
2003-04	9,288	4	9,284	5,010	3,912	1.04	2003-04	9,739	8,978	761	--	1,173	0.65
2002-03	9,988	--	9,988	4,550	4,369	1.12	2002-03	12,465	10,785	1,680	700	1,489	0.77
2001-02	--	--	--	--	--	--	2001-02	--	--	--	--	--	--

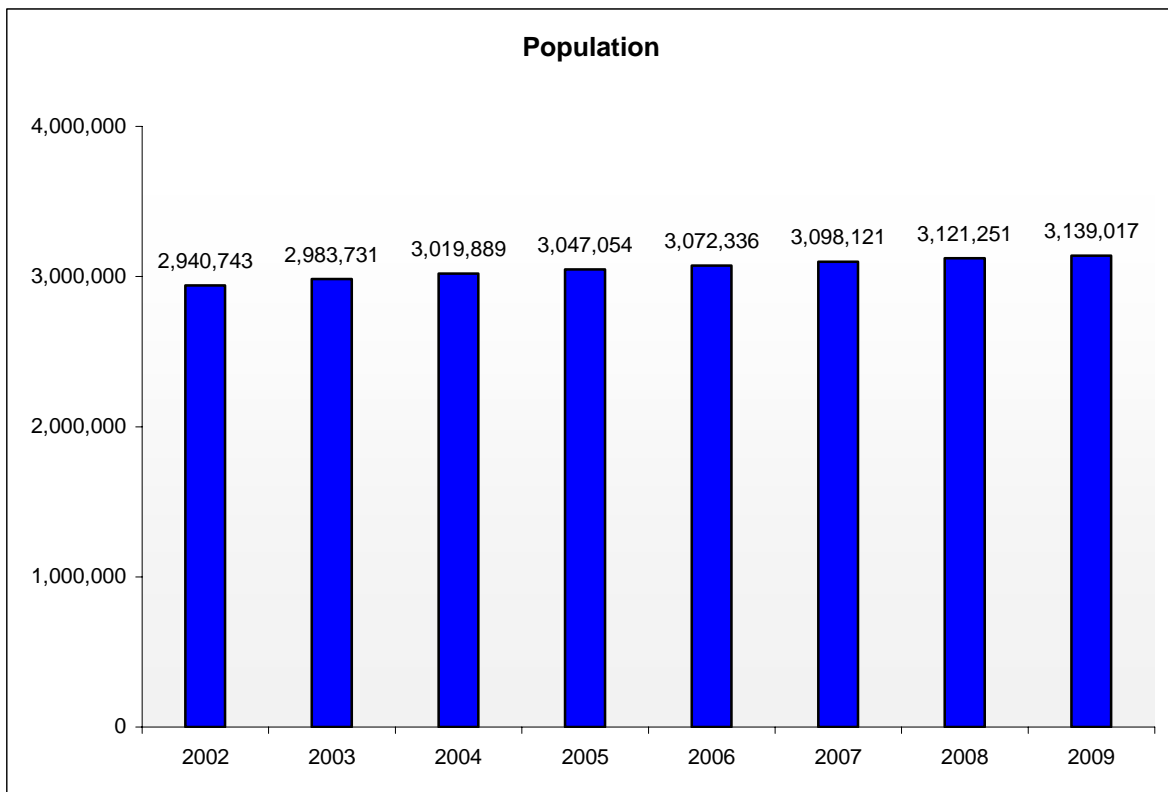
Airport Revenue Bonds							Waste Management Revenue Bonds						
Funding Source: Rents and Concessions, Other Charges for Services, Interest Earnings, and Miscellaneous Revenue							Funding Source: Sanitation Services and Interest Earnings						
							Debt Service						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2008-09	\$ 115,026	\$ 67,749	\$ 47,277	\$ 13,480	\$ 4,567	2.62	2008-09	\$ 105,832	\$ 59,167	\$ 46,665	\$ 5,310	\$ 1,818	6.55
2007-08	118,105	63,174	54,931	12,765	5,280	3.04	2007-08	120,309	82,884	37,425	5,030	2,176	5.19
2006-07	117,879	82,383	35,496	12,120	6,249	1.93	2006-07	136,543	83,278	53,265	4,760	2,788	7.06
2005-06	111,324	75,992	35,332	11,500	6,866	1.92	2005-06	130,475	73,578	56,897	4,515	3,068	7.50
2004-05	99,621	70,459	29,162	10,780	7,401	1.60	2004-05	124,706	84,280	40,426	4,280	3,335	5.31
2003-04	93,523	68,086	25,437	10,790	9,180	1.27	2003-04	118,004	66,946	51,058	4,080	3,535	6.70
2002-03	86,304	64,390	21,914	10,360	9,736	1.09	2002-03	115,766	75,127	40,639	3,905	3,674	5.36
2001-02	81,172	59,102	22,070	9,680	10,290	1.11	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 Eight 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⁾
2009	3,139,017	\$ 154,348,400	\$ 49,171	N/A	504,136	9.6%
2008	3,121,251	153,833,900	49,286	36.1	503,225	5.7%
2007	3,098,121	150,214,300	48,486	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 and 2009 the source for personal income is from the Chapman University Economic & Business Review Volume 27 Number 2, June 2009. Personal income in 2009 is an estimate. In addition, per capita personal income for 2007, 2008 and 2009 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**

2008

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Company	20,000	1	1.22%
County of Orange	18,748	2	1.14%
University of California, Irvine	17,579	3	1.07%
St. Joseph Health System	10,047	4	0.61%
Boeing Co.	9,961	5	0.61%
Yum! Brands Incorporated	7,200	6	0.44%
AT&T Incorporated	6,000	7	0.37%
California State University, Fullerton	5,634	8	0.34%
Home Depot, Incorporated	5,450	9	0.33%
Memorial Health Services Inc.	4,956	10	0.30%

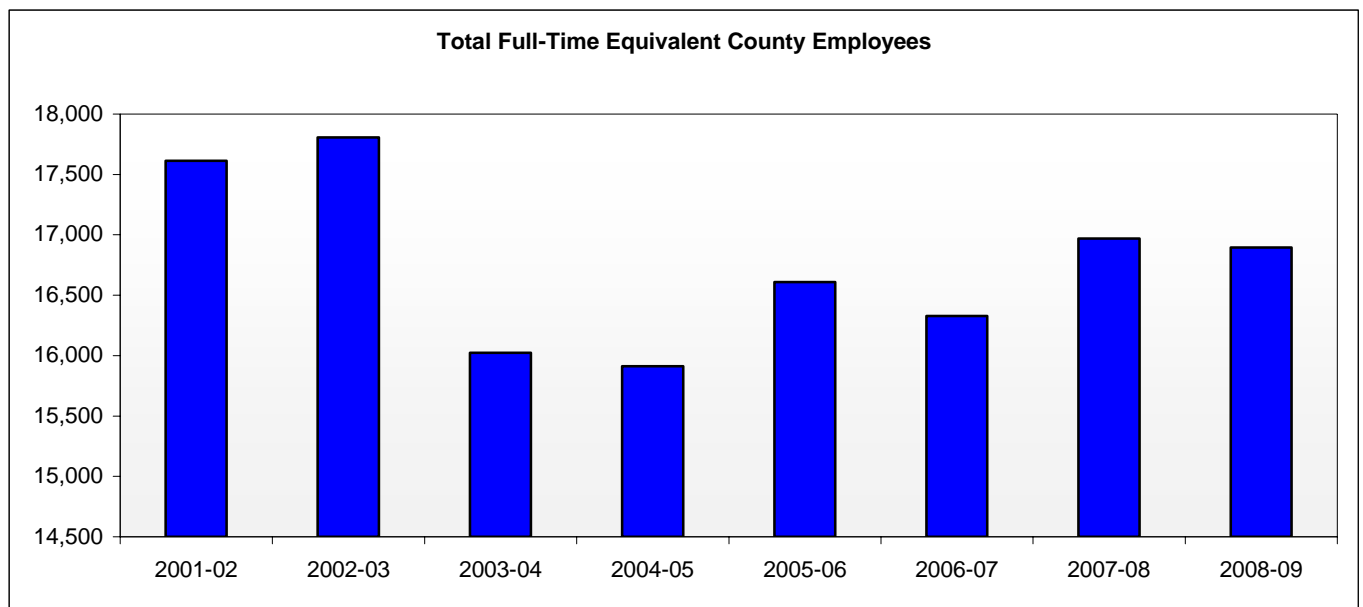
2000

Employer	Number of Employees	Rank	Percentage of Total County Employment
County of Orange	16,013	1	1.08%
Boeing Co.	13,854	2	0.94%
Walt Disney Company	13,850	3	0.94%
University of California, Irvine	13,457	4	0.91%
Albertson's Inc.	9,300	5	0.63%
St. Joseph Health System	7,670	6	0.52%
Tenet Healthcare Corp.	6,639	7	0.45%
Tricon Global Restaurants Inc.	5,695	8	0.38%
Pacific Bell	5,600	9	0.38%
Bank of America Corp.	5,409	10	0.37%

Source: Orange County Business Journal, Book of Lists, 2009 and Orange County CEO Budget Office

**Full-time Equivalent County Employees by Function
Last Eight Fiscal Years**

Function/Program	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04 ⁽¹⁾	2002-03	2001-02
General Government	1,383	1,377	1,334	1,384	1,342	1,335	1,317	1,303
Public Protection	7,298	7,226	6,943	7,068	6,786	6,941	8,667	8,561
Public Ways and Facilities	622	621	579	598	544	532	500	481
Health and Sanitation	2,507	2,550	2,441	2,478	2,424	2,458	2,407	2,424
Public Assistance	4,000	4,123	3,992	4,029	3,787	3,728	3,946	3,909
Education	350	360	351	359	344	349	345	328
Recreation and Cultural Services	277	264	257	265	279	277	259	254
Airport	168	161	157	150	136	136	129	123
Waste Management	272	270	258	263	259	256	226	224
Orange County Children and Families Commission	17	17	16	15	12	12	10	7
Total Full-time Equivalent Employees ⁽²⁾	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 Five Fiscal Years**

Function/Program	2008-09	2007-08	2006-07	2005-06	2004-05
General Government					
Auditor-Controller					
Property Tax Bills Prepared	1,148,720	1,149,007	1,164,584	1,155,562	1,136,302
Assessor					
Number of Real Property Valued	888,770	881,233	872,439	859,112	845,293
Number of Unsecured Property Assessed	169,821	176,584	171,542	168,342	165,814
New Parcels Created and Mapped	9,185	10,252	14,760	13,800	14,646
New Construction Events	16,565	19,380	19,991	16,730	18,919
County Executive Office					
Volunteer Program Service Hours	839,125	675,285	923,689	1,021,153	995,739
Clerk-Recorder					
Marriage Licenses Issued	21,339	20,894	21,088	21,198	27,000
Copies of Birth Certificates Issued	98,231	117,226	120,817	99,792	130,000
Property-Related Document Recordings	629,373	658,005	849,739	979,733	1,400,000
Treasurer-Tax Collector					
Orange County Investment Pool Return	\$ 67,241,720	\$ 141,824,456	\$ 167,106,896	\$ 119,560,608	\$ 66,375,267
Orange County Educational Investment Pool Return	\$ 61,318,814	\$ 131,796,036	\$ 150,134,812	\$ 106,373,702	\$ 56,258,941
Registrar of Voters					
Registered Voters	1,607,989	1,566,951	1,497,397	1,491,009	1,495,824
Vote by Mail	22,128	4,434	3,595	2,239	29,304
Vote by Mail Ballots Cast	521,348	336,124	361,128	292,118	397,844
Total Ballots Cast	1,167,657	748,910	756,348	653,077	1,094,405
Elections Conducted	4	5	3	8	4
Public Protection					
Sheriff-Coroner					
Patrolled Cities Population	581,109	575,909	571,648	571,456	566,650
Patrolled Unincorporated Areas Population	119,480	118,136	120,174	118,664	112,800
Number of Bookings to Orange County Jail	61,778	64,596	66,869	67,062	64,847
Average Daily Jail Head Count	6,090	6,183	6,571	6,517	6,054
District Attorney					
Defendants Prosecuted - Adult	70,058	69,507	74,010	71,094	67,756
Defendants Prosecuted - Juvenile	7,740	9,076	8,763	7,670	7,470
Probation					
Physical Arrests - Adult	1,725	2,470	3,000	3,052	2,191
Physical Arrests - Juvenile	595	1,051	1,363	1,421	1,343
Public Defender					
Cases Appointed Annually	83,029	79,052	83,299	79,785	77,578
Recreation					
OC Community Resources					
Exotic Invasive Plant Removal (acres)	1,475	*	30	15	24
Native Vegetation Restoration (acres)	144	*	13	0.5	*
New Open Space Management (acres)	--	250	--	--	1,004
Dana Point Harbor					
Slip and Dry Storage Tenants	2,836	2,932	2,932	2,932	*
Boat Launches	19,903	22,247	22,159	19,719	*
Sailing and Event Center Participants	66,163	54,371	54,539	54,496	*
Ocean Institute Students	126,957	116,218	149,220	136,926	*
Hotel Guests	28,650	26,940	29,580	28,366	*
Catalina Express Passengers	111,648	114,000	114,708	114,567	*
Special Events at the Harbor	16	16	16	16	*
Special Events Visitors Throughout the Year	*	250,000	*	*	*

**Operating Indicators by Function/Program
Last Five Fiscal Years**

Function/Program	2008-09	2007-08	2006-07	2005-06	2004-05
<u>Public Ways and Facilities</u>					
OC Public Works (OCPW)					
Building and Home Inspections	24,731	31,363	32,365	38,945	57,563
<u>Health and Sanitation</u>					
OC Community Resources					
Animal Licenses	158,202	155,875	166,137	167,340	157,921
Health Care Agency					
911 Emergency Medical Services Responses	160,369	150,545	147,067	141,850	141,284
Retail Food Facility Inspections Conducted	33,146	33,451	31,475	31,216	28,433
Hazardous Waste Inspections Conducted	5,847	6,194	6,223	6,122	6,294
Number of Home Visits by Public Health Nurses	29,505	30,447	38,245	42,646	35,600
Number of Low Income Children Dental Health Services	979	660	1,055	993	1,142
Number of Ocean Water Days of Closure (In Beach-Miles)	26	11	3	19	79
<u>Public Assistance</u>					
OC Community Resources					
Adult Day Care Hours of Service	101,732	89,584	76,005	85,116	79,035
Elderly Nutrition Program Meals Delivered	1,725,058	1,736,877	1,606,272	1,665,392	1,667,021
One-Way Transportation Trips Provided to Seniors	233,382	225,783	242,415	226,689	213,998
Social Service Agency					
Average Medi-Cal Recipients	343,222	326,506	317,771	316,949	300,934
Average Monthly Child Abuse Hotline Calls	3,242	3,427	3,049	2,782	2,909
Average Monthly Food Stamp Recipients	109,491	88,284	82,132	79,487	79,931
Average Monthly In-Home Supportive Services	16,364	14,425	12,765	11,877	11,063
Average Persons Receiving Cash Assistance	44,115	38,840	38,790	40,886	44,008
Average Children in Foster Care/Relative Care	2,466	2,797	2,692	2,531	2,741
Average Elder and Adult Abuse Unduplicated Reports Received	531	549	509	444	449
<u>Education</u>					
Library					
Total Volumes Borrowed at Library Branches	7,314,615	6,908,477	6,767,502	6,919,627	6,913,954
<u>Airport</u>					
Passengers	8,552,590	9,566,043	9,910,016	9,600,753	9,530,981
Air Cargo Tonnage	15,197	21,084	22,853	24,246	23,162
Takeoffs & Landings	215,585	319,791	343,572	348,993	349,936
<u>Waste Management</u>					
Solid Waste Tonnage	3,876,902	4,207,649	4,706,367	5,063,988	5,124,842
Gallons of Leachate and Impacted Ground Water Collected	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 Five Fiscal Years**

Function/Program	2008-09	2007-08	2006-07	2005-06	2004-05
<u>General Government</u>					
County Executive Office					
Hall of Administration	1	1	1	1	1
Data Center	1	1	1	1	1
Auditor-Controller					
Hall of Finance and Records	1	1	1	1	1
Clerk-Recorder					
OC Archives Building	1	1	0	0	0
Registrar of Voters					
Vote by Mail Processing System	4	3	3	2	2
Trailer	1	1	1	1	1
Vehicle/Truck	3	3	2	2	0
<u>Public Protection</u>					
Probation Department					
Juvenile Institutions	5	6	6	5	5
District Attorney					
Justice Center Offices	5	6	6	6	6
Sheriff-Coroner					
Crime/Forensic Lab	1	1	1	1	1
Jail Facilities	3	3	3	3	3
Vehicles	859	855	777	646	624
Buses	13	12	14	16	14
Helicopters	2	2	3	3	3
Boats	5	5	3	3	3
Robot Andros	3	3	3	2	1
Haz-mat Vehicles	4	4	4	4	4
K-9 units	14	13	12	20	20
<u>Public Assistance</u>					
Social Service Agency					
Vehicles	7	8	7	7	7
Office Locations	21	27	27	30	30
<u>Parks and Recreation</u>					
OC Community Resources					
Park Land (acres)	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)	300	300	300	300	300
Zoo	1	1	1	1	1
Urban Regional Parks	12	12	12	12	12
Wilderness Parks	5	5	5	5	5
Nature Preserves	3	3	3	3	3
Harbors	2	2	2	2	2
Beaches	9	9	9	9	9
Historical Sites	7	7	7	7	7
Boats	14	15	9	17	17
Tractors	17	9	16	9	8
Trailers	17	15	21	15	14
Vehicles/Trucks	176	165	135	119	119
Dana Point Harbor					
Harbor	1	1	1	1	1
Marinas	2	2	2	2	2
Public Parking Areas	9	9	9	9	*

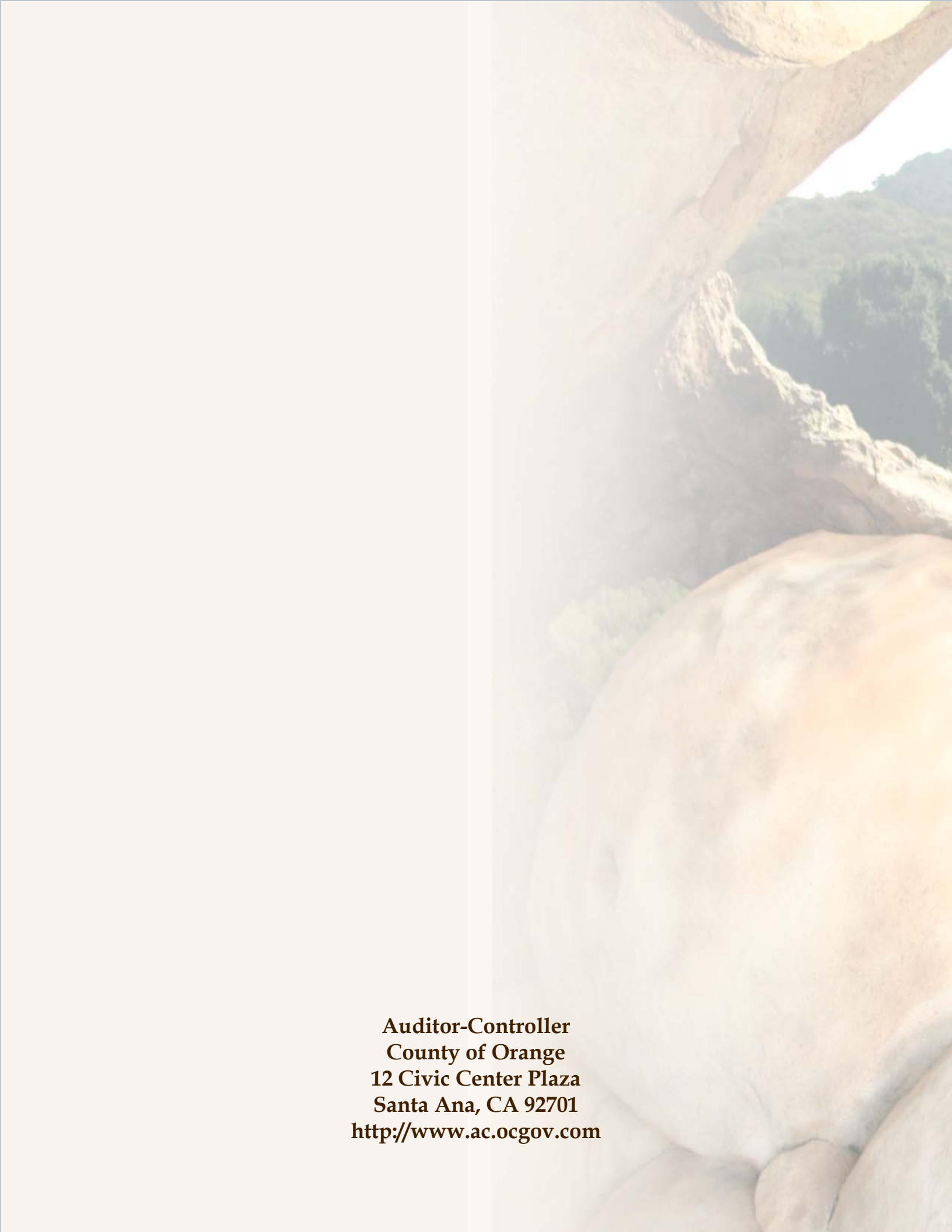
**Capital Assets Statistics by Function
Last Five Fiscal Years**

Function/Program	2008-09	2007-08	2006-07	2005-06	2004-05
<u>Parks and Recreation (Continued)</u>					
Dana Point Harbor (Continued)					
Beaches	2	2	2	2	2
Access Points to Ocean	8	8	8	8	*
Hotel	1	1	1	1	1
Ocean Education Center	1	1	1	1	1
Sailing and Events Center	1	1	1	1	1
Shops	26	26	26	26	*
Restaurants	15	15	15	15	*
Fuel Dock	1	1	1	1	1
Shipyard	1	1	1	1	*
Boater Service Buildings	15	15	15	15	*
<u>Public Ways and Facilities</u>					
OC Public Works					
Alternate Fuel Vehicles	59	59	50	31	40
Vehicles/Trucks	47	47	48	34	21
OC Flood Control District					
Watersheds	13	11	13	13	13
Dams	16	3	3	3	3
Dump Trucks	26	14	14	14	13
Tractors	6	20	20	19	19
Trailers	26	13	13	13	12
Vehicles/Trucks	166	162	154	150	145
Roads					
Street Miles	320	320	317	312	311
Dump Trucks	8	8	8	8	8
Tractors	12	13	13	11	9
Trailers	14	14	14	12	10
Vehicles/Trucks	158	157	143	138	130
<u>Education</u>					
Library Branches	33	33	32	32	32
<u>Health</u>					
Public Health Services					
Public Health Laboratory	1	1	1	1	1
Water Quality Laboratory	--	1	1	1	1
Public Health Clinics	1	11	11	15	15
Trailers	2	2	2	*	*
Behavioral Health Services					
Behavioral Health Clinics	1	32	20	*	*
Vehicles/Trucks	14	20	20	*	*
Trailers	1	1	1	*	*
Regulatory Health Services					
Vehicles/Trucks	7	45	45	*	*
Haz-mat Truck	1	1	1	*	*
Medical and Institutional Health Services					
Clinics	--	6	6	*	*
Health Disaster Management					
Vehicles/Trucks	3	2	2	*	*
Trailers	22	21	21	*	*
Forklifts	2	1	1	*	*

**Capital Assets Statistics by Function
 Last Five Fiscal Years**

Function/Program	2008-09	2007-08	2006-07	2005-06	2004-05
<u>Health (Continued)</u>					
OC Community Resources					
Animal Care Center	1	1	1	1	1
Trailers	3	2	2	*	*
<u>Airport</u>					
Acres	501	501	501	501	501
Runways	2	2	2	2	2
Public Parking Structures/Lots	5	5	5	5	5
Terminals	1	1	1	1	1
Fire Trucks	4	4	4	4	4
<u>Waste Management</u>					
Active Landfills	3	3	3	3	3
Inactive Landfills	2	2	2	2	2
Household Hazardous Waste Collection Centers	4	4	4	4	4
Dozers	10	10	12	15	17
Dump Trucks	14	14	14	4	4
Loaders	21	21	21	12	15
Scrapers	13	15	15	10	10
Tractors	28	27	26	34	28
Graders	6	5	5	5	5
Compactors	5	6	5	8	10
Water/Fuel Trucks	13	12	12	12	13

* Means Not Available
 Source: County Departments



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