



County of Orange

2011

Comprehensive Annual Financial Report

For The Year Ended June 30, 2011



David E. Sundstrom, CPA
Auditor-Controller

Irvine Regional Park

This year's cover portrays Irvine Regional Park, which is known for its heritage oak and sycamore trees and is nestled within Santiago Canyon beneath the Santa Ana Mountains in the City of Orange. Rolling foothills filled with a variety of wildlife surround the park. As the oldest regional park in California (founded in 1897), Irvine Regional Park offers a wonderful blend of rustic charm with modern amenities and a wide array of recreational activities within a natural setting. In addition, the Orange County Zoo is located inside beautiful Irvine Park.

Park Activities

The park provides a myriad of recreational opportunities including picnicking, barbecuing, trailing, and sports activities. Tables and barbecues are located throughout the 477 acre park with convenient parking and restroom facilities nearby. A paved bicycle/walking trail meanders through the central park providing easy access to six playgrounds, four softball fields, two horse shoe pits, volleyball courts and lagoon. A four mile equestrian trail skirts the perimeter of the central park providing scenic views of the park and its natural scenery. A lookout trail is on the north slope of the natural area where a covered shelter, watering trough and water fountain are available.

Irvine Regional Park provides several popular concession attractions for your enjoyment. They include the Irvine Park Railroad, bicycle rentals, snack bars, pony rides, guided trail rides on horseback, riding lessons and a boarding stable. Additional park amenities include three reserved picnic areas for large groups, several playgrounds, a small fishing lake, paved and unpaved trails, ball fields, horseshoe pits and a sand volley ball court.

Irvine Regional Park is listed on the National Register of Historic Places, recognizing its place in local and national history. On October 5, 1997, Irvine Park celebrated its 100th anniversary. Memorializing the event is an 8-foot-tall bronze statue of James Irvine II erected near the band shell, and an installation of a facsimile of the original Orange County Park Archway at the original 1898 entry.

Irvine Regional Park is situated in Santiago Canyon, 6 miles east of the city of Orange, at 1 Irvine Park Road, Orange, CA 92869 and is open daily from 6:00 a.m. to 6:00 p.m. (fall – winter) and 6:00 a.m. to 9:00 p.m. (spring - summer). For more information about Irvine Regional Park, please visit <http://www.ocparks.com/irvinepark> or contact the park office at (714) 973-6835.

Acknowledgements:

Information and photos courtesy of OC Parks

Graphic Design by Patrice Sorokin, 2010

County of Orange

State of California

Comprehensive Annual Financial Report

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David E. Sundstrom, CPA
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Illustration by Sandra Heaton, Orange County Parks

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December 16, 2011

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, 2011, 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, 2011, 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, 2011. The independent auditor's report is located at the front of the financial section of this report.

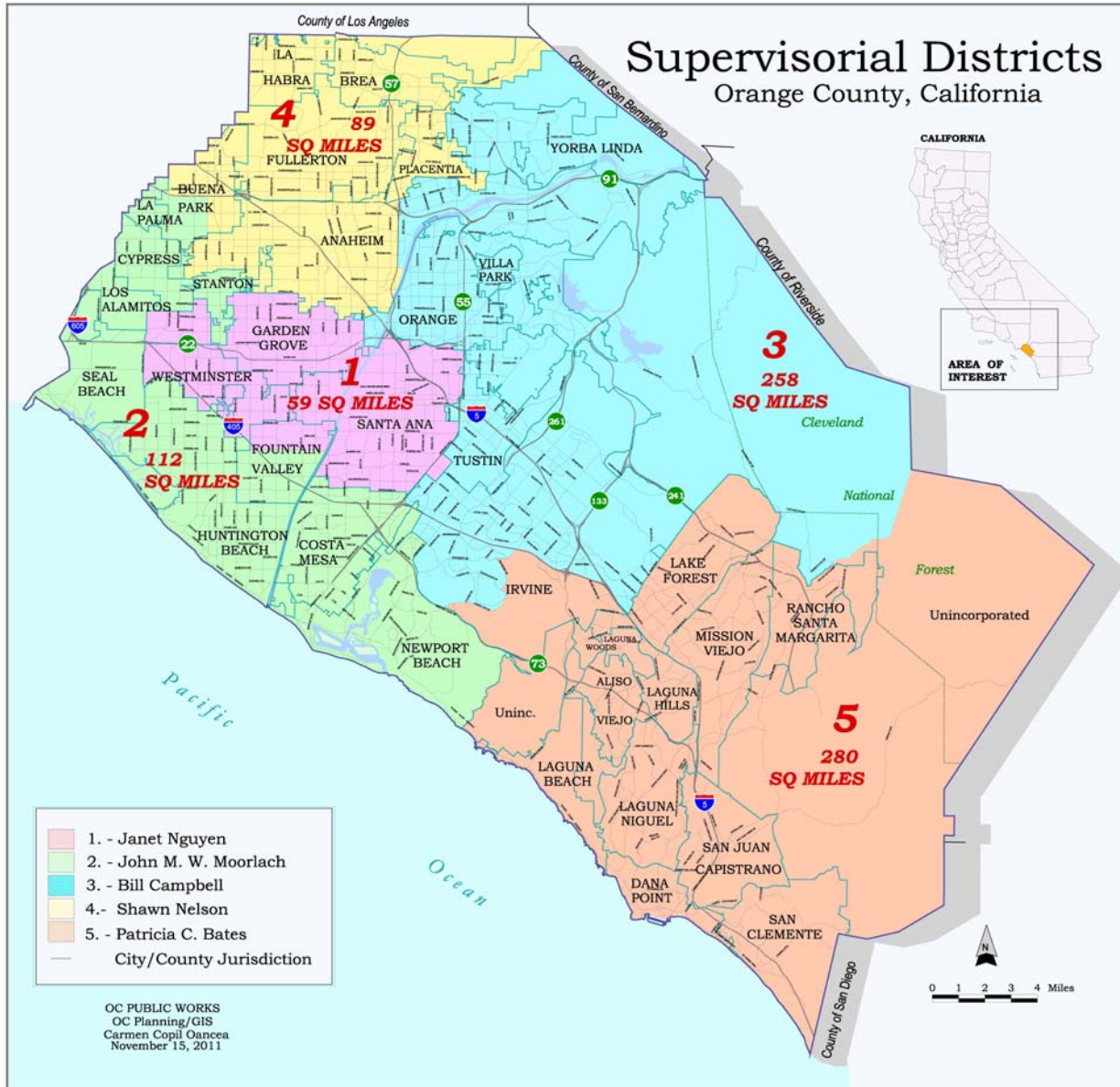
This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. MD&A provides a narrative introduction, overview, and an analysis of the basic financial statements.

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 789 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 October 6, 2011, incorporating the results of the 2010 census. A County Executive Officer directly oversees 18 county departments, and elected department heads oversee seven county departments. The Supervisorial Districts map below shows the boundaries of Orange County and the areas governed by each member of the Board.



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

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

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

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

Source: County of Orange Facts and Figures, 2011

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, 2011: the Orange County Flood Control District, Orange County Development Agency, Orange County Housing Authority, Orange County Financing Authority, Orange County Public Financing Authority, Orange County Public Facilities Corporation, In-Home Supportive Services Public Authority, and certain special districts. Additional information on these entities can be found in Note 1 in the Notes to the Basic Financial Statements.

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

The County of Orange eGovernment website portal at <http://www.ocgov.com> provides online services and extensive information about County government to Orange County residents, businesses, partners, and visitors. During Fiscal Year (FY) 2010-11, the website received over 10 million visits and served over 38 million pages of information. The County's website includes information about the Board, County job listings, purchasing bid solicitations, County directories, assessment appeals, links to court information and local court rules, voter information, County permits and forms, public safety, health and human services programs and financial information. The site also provides several online services, including live and archived Board meeting video, Board agenda public comment submissions, ordering birth, death and marriage certificates, searching fictitious business names, searching polling locations and election results, licensing pets, paying property taxes and subscribing to receive emergency alerts. The County continuously strives to improve a constituent's ability to conduct business online with the County.

FACTORS AFFECTING ECONOMIC CONDITION

Local Economy

Two indicators of the Orange County economy are: how well the local economy performs relative to surrounding counties, the state and the nation (external indicators), and how well the local economy performs relative to its own historical trends (internal indicators). This section provides various external and internal indicators that describe the current and projected outlook of the Orange County economy.

In terms of the external indicators, Orange County's economy routinely out-performs local surrounding counties, the state and national economies (in annual percentage growth), and, in fact, ranks higher (in absolute dollars) than the economies of the majority of the world's countries. External indicators show a leveling off in the local economy.

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

According to Chapman University, Orange County's job growth is expected to increase by 1.5% in 2011 and result in approximately 20,000 new jobs relative to 2010. This compares to increases of 1.6% for the State of California and 1.2% 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 2011. (see Table 2).

Table 1: Median Family Income Comparison

Primary Government Entity	September 2011 Unemployment Rate
United States	8.8%
California	11.4%
Los Angeles County	12.2%
Orange County	8.6%
Riverside County	14.0%
San Bernardino County	12.9%
San Diego County	9.7%

Unemployment and Expected Job Growth Rates

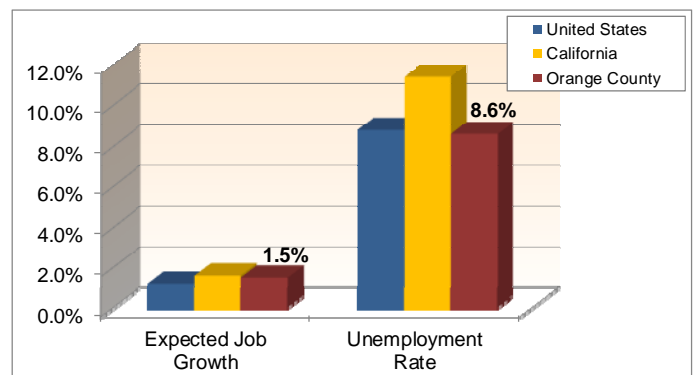


Table 2: 2011 – Projected Increase of the CPI

United States	California	Orange County
2.6%	2.3%	2.6%

Sources: State of California, Employment Development Department Economic & Business Review, Chapman University, June 2011

Orange County's Housing and Urban Development median family income is expected to be \$84,200 (absolute dollars) in 2011, down from \$87,200 (absolute dollars) in 2010. Median family incomes in Orange County continue to exceed all surrounding Southern California counties, the State of California and the nation (see Table 3).

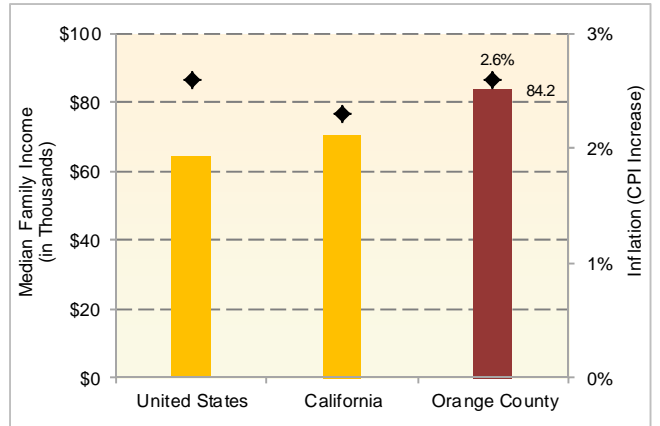
According to Data Quick Information Systems, the median home sales price for new and existing homes in Orange County was \$425,000 (absolute dollars) in 2011, representing a 4.5% decrease relative to 2010. This decrease is a reversal in trend when compared to the same time in 2010 when home prices actually increased by 2.9% in 2010 relative to 2009. This change in trend is also reflected in other Southern California counties as well. The actual median sales price in Orange County continues to exceed all surrounding counties (see Table 4).

In terms of internal trends, current and projected indicators suggest that the Orange County economy will improve gradually with 20,000 jobs added in 2011 and 30,000 in 2012.

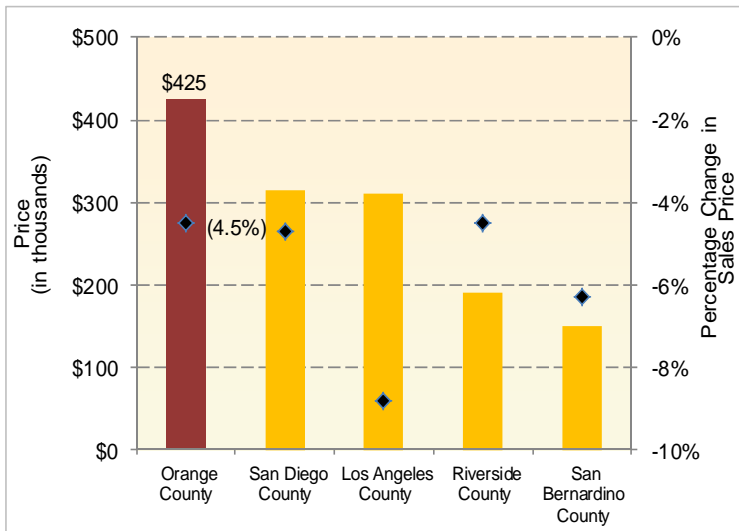
Table 3: Median Family Income Comparison

Primary Government Entity	Median Family Income (absolute dollars)
United States	\$64,200
California	\$70,400
Los Angeles County	\$64,000
Orange County	\$84,200
Riverside County	\$62,500
San Diego County	\$74,900

Comparisons of Inflation and Median Family Income



Comparison of Median Home Sales Price and Price Changes Among Counties



Sources: DataQuick Information Systems, September 2011

Table 4: Median Home Sales Price Comparison – Southern California Counties – September 2011

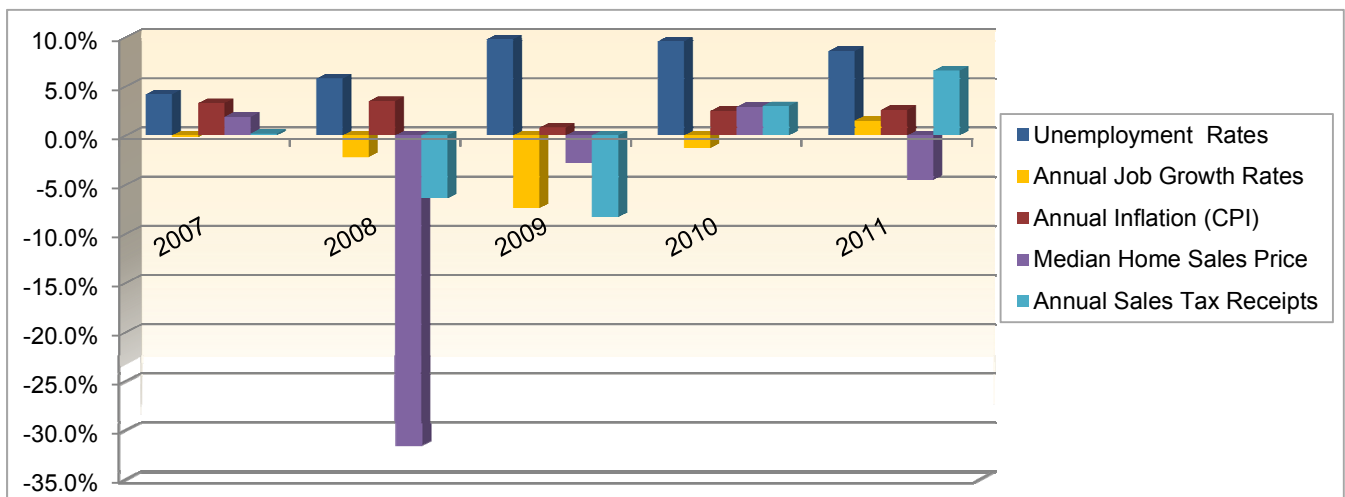
Primary Government Entity	Median Home Sales Price Change (decrease)	Median Home Sales Price (absolute dollars)
Los Angeles County	(8.8%)	\$310,000
Orange County	(4.5%)	\$425,000
Riverside County	(4.5%)	\$191,000
San Bernardino County	(6.3%)	\$150,000
San Diego County	(4.7%)	\$315,000

Table 5 shows various internal indicators reflecting the leveling off or slight recovery of Orange County's economy. First, job growth is expected to improve in 2011 compared to 2010, 1.5% versus -1.3%. However, year-to-year home sales prices have reversed in trend from 2.9% in 2010 to -4.5% in 2011. Changes in taxable sales in Orange County have continued to show improvement from 3.0% in 2010 to an expected 6.6% in 2011.

Table 5: Orange County Historical Data

Historical Indicators	2007	2008	2009	2010	2011
Unemployment Rates	4.2%	5.8%	9.8%	9.6%	8.6%
Annual Job Growth	(0.2%)	(2.2%)	(7.4%)	(1.3%)	1.5%
Annual CPI Inflation	3.3%	3.5%	0.8%	2.5%	2.6%
Median Home Sales Price increase	1.9%	(31.5%)	(2.8%)	2.9%	(4.5%)
Annual Change in Taxable Sales	0.2%	(6.4%)	(8.3%)	3.0%	6.6%

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 2011
DataQuick Information Systems, September 2011

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

Long-Term Financial Planning

Strategic Plan: In March 1997, the Board initiated a financial planning process that is a key component of the County's commitment to fiscal responsibility, accountability, and efficiency. The plan includes projections of County general purpose revenues, departmental projections of operating costs, revenues, and capital needs for current programs and services, and anticipated caseload changes. Strategic priorities 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. Each fiscal year, the Board adopts a Strategic Financial Plan (SFP), which is the foundation in planning for continued financial stability and will be augmented by the monitoring and establishment of budgetary controls, via the FY 2011-12 quarterly budget reporting process and the adoption of the FY 2012-13 Budget.

Santa Ana River Mainstem Project: The Santa Ana River Mainstem Project (SARMP) was initiated in 1964, in partial response to a resolution of the United States House Committee on Public Works adopted May 8, 1964. A survey report was completed by the Orange County Flood Control District in 1975. The report was reviewed and submitted to Congress in September 1978. In September 1980, the United States Corps of Engineers completed the General Design Memorandum for the SARMP. Construction for the SARMP was authorized by the Water Resources Development Act of 1986. Construction for the SARMP was initiated in 1989, and completion is scheduled for 2018.

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

OC Dana Point Harbor Revitalization Plan: The OC Dana Point Harbor Capital Improvement Plan includes revitalization of Dana Point Harbor amenities. The Revitalization Project is a multi-phased project with total costs estimated at \$170,000 pending final project design approvals. The initial phase of improvements is expected to be funded with a combination of bond proceeds, State Department of Boat and Waterways (DBW) loans (\$24,500), and reserve funds dedicated for the Harbor Improvement Plan. The OC Dana Point Harbor and County Executive Office Public Finance staff are expected to present the initial financial plan to the Board during calendar year 2012.

Relevant Financial Policies

To achieve the goal of providing outstanding, cost-effective regional public services, the County of Orange applies sound management practices and policies that enhance the quality of life of its citizens. Such financial management practices have been identified by the Government Finance Officers Association of the United States and Canada (GFOA) and recognized by Fitch Ratings as best practices that promote financial soundness, efficiency in government and solvency in public finance. The following table summarizes the County's financial management practices. For additional information regarding the County's financial management practices, visit the CEO Finance and Budget website at www.ocgov.com/financials/finance.asp.

Relevant Financial Policies	
Department Business Plans	Each County Department prepares a biennial Business Plan. Business Plans communicate the value the department brings to the community and outcome indicators that measure performance. A business plan sets forth long-term goals, operational and budget challenges, strategies for overcoming challenges and progress towards achieving those goals during the coming year.
Multi-year Strategic Financial Plan	The County's Strategic Financial Plan is based on a five-year financial forecast and includes a 10-year analysis of operating costs in cases where new programs and facilities are recommended to ensure the ability to pay for long-term operational costs. Performance measures and strategies within 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.

Relevant Financial Policies (Continued)	
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 unanticipated, sudden and unavoidable one-time expenditures.
Contingency Planning Policy	<p>The County General Fund maintains a Reserve for Contingencies which was established through the Strategic Financial Plan (SFP) process. The target amount for this reserve is 15% of ongoing annual general purpose revenues (excludes fund balance available and one-time amounts and transfers), or \$91,446. This compares to the Government Finance Officers Association (GFOA) guidelines for funding contingencies at 15% or higher. The June 30, 2011 balance is \$61,300, approximately \$30,146 below the revised target.</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.

Relevant Financial Policies (Continued)	
Public Financing Advisory Committee	The Public Financing Advisory Committee (PFAC) is responsible for the review, approval, modification or denial of debt financing proposals. No debt financing proposal is considered by the Board unless recommended in writing by the PFAC. The PFAC membership consists of the following: five public voting members, each representing a district, and three Ex-Officio County government members (the County Executive Officer (non-voting), the elected Treasurer-Tax Collector, and the elected Auditor-Controller).
Audit Oversight Committee	The Audit Oversight Committee (AOC) oversees the quality of financial reporting activities, results of operations, internal controls, and planned and long-term commitments. The AOC also oversees and monitors County compliance with pertinent laws and regulations and applicable ethical standards, as well as conflicts of interest and fraud policies. The AOC membership consists of the following: the Chairman and Vice-Chairman of the Board, the elected Auditor-Controller, the County Executive Officer, the elected Treasurer-Tax Collector as Ex-Officio (non-voting), the Performance Audit Director as Ex-Officio (non-voting), and three public members from the private sector appointed by the Board. The public members shall be appointed by the Board for a term of four years and may be reappointed or removed by the Board.
Treasury Oversight Committee	<p>The Treasury Oversight Committee (the Committee) is responsible for reviewing and monitoring the annual Investment Policy Statement (IPS) prepared by the Treasurer. In addition, the Committee causes an annual audit of the Treasurer's compliance with the IPS. The Committee shall also investigate any and all irregularities in the treasury operation, which become known to the Committee.</p> <p>Annually, the Committee reviews the Treasurer's IPS, including all proposed amendments or modifications to the policy. The Treasurer then submits the IPS to the Board for approval, including any additions or amendments thereto. The TOC membership consists of the following: the elected Auditor-Controller or designee, the County Executive Officer or designee, the elected County Superintendent of Schools or designee, and two members of the public. The members shall be nominated by the Treasurer and confirmed by the Board.</p>
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.

Credit and Debt Management Policy Strategies in Uncertain Financial Markets

Ratings downgrades occurred for a variety of public and private entities. However, the County of Orange has not experienced any downgrades nor is the County on credit watch by any of the rating agencies. In June 2011, the County received the best available short-term ratings (MIG 1 by Moody's, and SP-1+ by S&P) for its 2011-12 Tax and Revenue Anticipation Note of \$150,000 and had its long-term issuer rating confirmed.

Major Initiatives

Water Quality: The County of Orange, Orange County Flood Control District (District), and 34 cities (collectively, the "Permittees") operate water quality programs pursuant to the National Pollutant Discharge Elimination System program, a section of the federal Clean Water Act. Permits are issued by two regional water quality control boards covering Orange County for five-year terms. The County is the principal Permittee under both permits. The most recent permits issued in 2009 imposed stricter, more detailed, requirements than previous municipal storm water permits to increase Permittee accountability, expand local regulatory oversight of the built environment, transform land development requirements, and include additional Total Maximum Daily Loads (TMDLs). The Permittees are specifically required to integrate water quality protection, Low Impact Development (LID) and hydromodification mitigation obligations into the Permittee's planning approval processes for land development; inspect commercial and industrial businesses, construction sites and municipal facilities to ensure the adoption of appropriate water quality protection measures (termed best management practices or BMPs); conduct public education and outreach; monitor the water quality in streams, flood control channels, harbors, bays, and beaches; and report their activities and monitoring results to the two regional water quality control boards. The permits also require collaborative water quality planning initiatives in all eleven major watersheds in the County and direct the Permittees to cooperate in appropriate water quality management programs across the region.

Because of the importance of beach recreation to Orange County's economy and quality of life, the Permittees are investing heavily in runoff reduction and treatment programs. At the same time, the County is leading a regional coalition to review and update the water quality standards that are used to determine whether beaches and streams are unsafe because of pollution. Recently, completed projects include a \$50,000 restoration of Upper Newport Bay that improves the ecosystem and achieves regulatory compliance for the County, the OC Flood Control District, and cities upstream of the bay. In addition, a water quality treatment system was recently completed to remove bacteria from the Prima Deshecha Flood Control Channel before it discharges to Poche Beach in San Clemente.

Labor Agreements: Multi-year labor agreements that include pension reform, no general salary increases, and reductions in overtime costs have been approved with the Orange County Employees Association (OCEA) and several other bargaining units. These agreements are for three years through June of 2012. The Orange County Managers Association (OCMA) agreed to an extension of their contract through January of 2011 and the Orange County Attorneys Association (OCAA) agreed to an extension of their contract to June 2011 and was granted a previously negotiated general salary increase of 3.5% effective June 18, 2010. The County is currently in negotiation with the OCMA on a new labor agreement. These groups represent over 15,000 of the County's 17,324 employees.

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

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, 2010. This represents the County's 16th consecutive award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

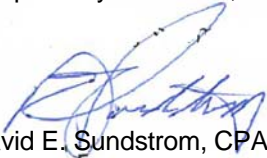
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of 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 eighth consecutive Popular Annual Financial Report (PAFR) titled the "OC Citizens' Report" for the year ended June 30, 2010. The County received the GFOA Award for Outstanding

Achievement in Popular Annual Financial Reporting for this PAFR. The award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to be awarded, a government must publish a PAFR that reflects the program standards of creativity, presentation, understandability and reader appeal. The "OC Citizens' Report" is available for viewing at <http://egov.ocgov.com/ocgov/Auditor-Controller - David Sundstrom/Financial Statements>.

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

Respectfully submitted,



David E. Sundstrom, CPA
Auditor-Controller



Robert Franz
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Orange California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



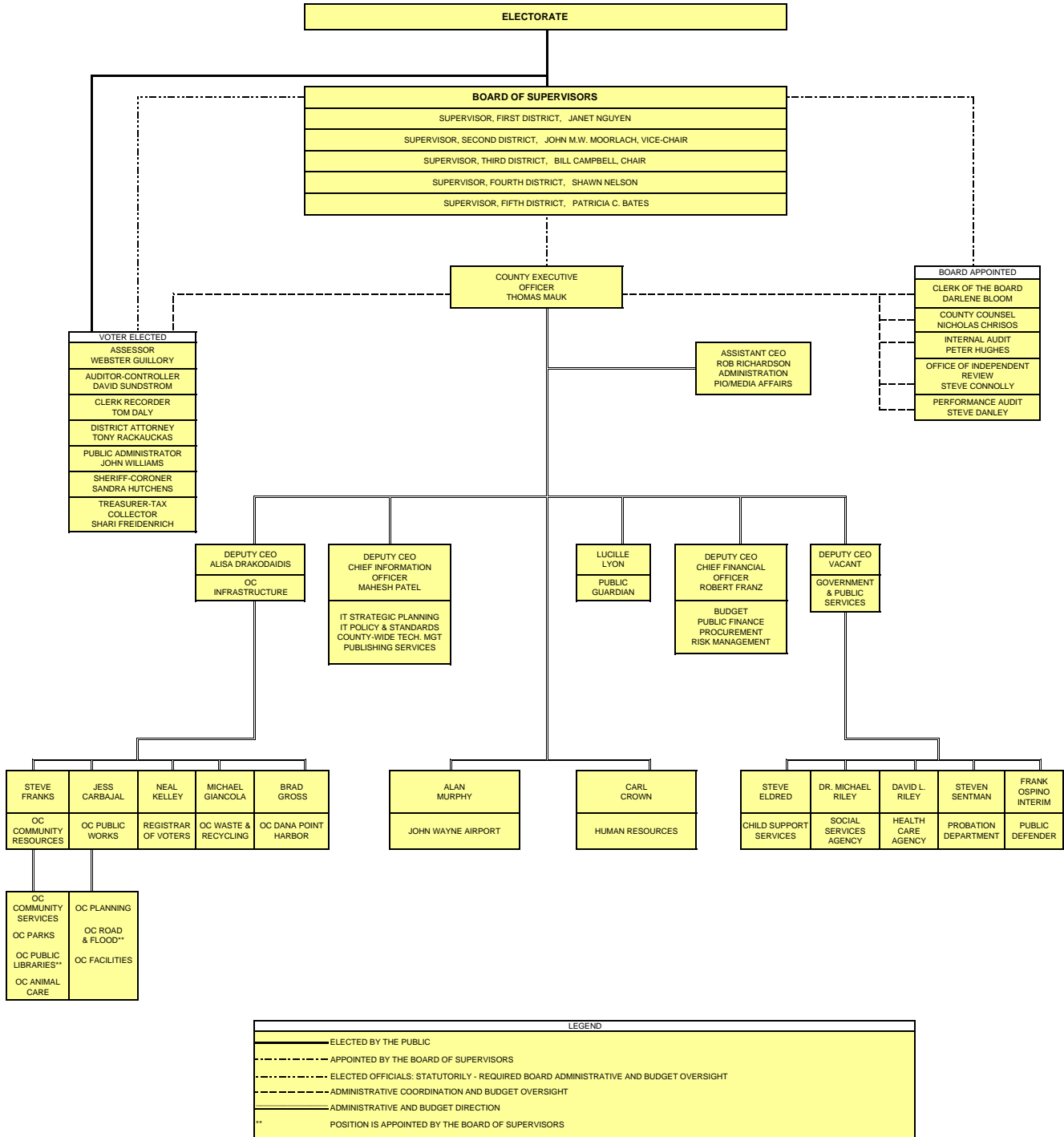
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

ORGANIZATIONAL CHART
(As of June 30, 2011)



SOURCE: Orange County Executive Office/County Budget



Illustration by Sandra Heaton, Orange County Parks



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, 2011, 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, 2011, and the respective changes in financial position, and, where applicable, cash flows 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 GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 59, *Financial Instruments Omnibus*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2011, 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 16 through 42 and the schedules of funding progress and schedules of employer contributions on pages 146 through 147 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 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.



Laguna Hills, California
December 16, 2011



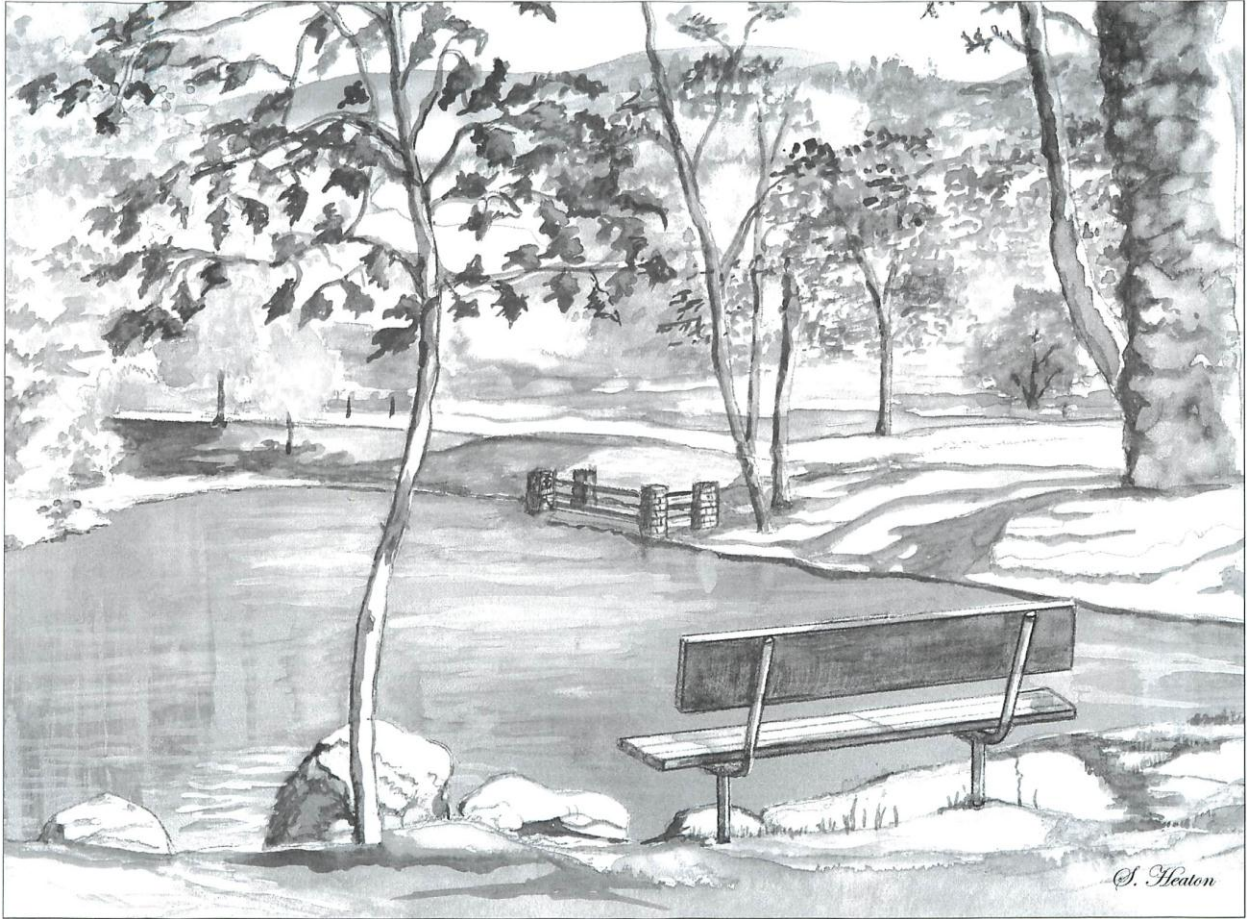


Illustration by Sandra Heaton, Orange County Parks

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, 2011. We hope that the information presented here, in conjunction with the Letter of Transmittal, provides a clear picture of the County’s overall financial status. Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- Total net assets increased by \$224,979, or 5% as compared to last year.
- Long-term debt decreased by \$95,482, or 12% during the current fiscal year.
- The County’s governmental funds reported combined ending fund balances of \$1,808,250, an increase of \$59,370, or more than 3% in comparison with the prior year.
- General Fund revenues and other financing sources ended the year 13% below budget.
- General Fund expenditures and other financing uses 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

<i>Basic Financial Statements</i>			
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, waste management, and compressed natural gas.

The government-wide financial statements also provide information regarding the County's component units, entities for which the County (the primary government) is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations, and therefore, data from these component units are combined with data of the primary government. Financial information for the Children and Families Commission of Orange County, a discretely presented component unit, is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

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

The fund financial statements report on groupings of related funds that are used to maintain control over resources that have been segregated for specific activities or objectives. A fund is a separate accounting entity with a self-balancing set of accounts. Like other state and local governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental and proprietary fund financial statements is on major funds as determined by the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 34 "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*." All of the County funds can be divided into three major categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds include most of the County's basic services and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements are prepared using the modified accrual basis of accounting and current financial resources measurement focus.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are prepared for the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to facilitate comparisons between governmental funds and governmental activities. The primary differences between the government-wide and fund financial statements relate to noncurrent assets, such as land and structures and improvements, and noncurrent liabilities, such as bonded debt and amounts owed for compensated absences and capital lease obligations, which are reported in the government-wide statements but not in the fund financial statements.

In FY 2010-11, an increase of \$179,099 in net assets in the government-wide financial statements was reported, and an increase of \$59,370 in fund balances was reported in the fund financial statements. Refer to the financial analysis of the governmental activities and governmental funds below for details on the factors contributing to these differences.

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

Proprietary Funds - The County maintains two different types of proprietary funds: Enterprise Funds and Internal Service Funds. **Enterprise Funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Airport, Waste Management, and Compressed Natural Gas. **Internal Service Funds** are used to accumulate and allocate costs internally among the County's various functions such as insurance, transportation, publishing, and information technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

Fiduciary Funds - Fiduciary funds include the **Trust** and **Agency** funds and are used to account for assets held on behalf of outside parties, including other governments. Financial information for fiduciary funds is not reported in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The combining statements for fiduciary funds are included elsewhere in this report.

Notes to the Basic Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. At June 30, 2011, the County's combined net assets (governmental and business-type activities) totaled \$5,019,200, an increase of 5% from FY 2009-10.

The largest component of the County's net assets (64%) was **invested in capital assets, less any related outstanding debt** used to acquire those assets. The County's capital assets are used to provide needed services to its citizens. Since the capital assets themselves cannot be used to liquidate the associated debt, the resources needed to repay the debt must be provided from other sources.

COMPONENTS OF NET ASSETS

- Invested in Capital Assets, Net of Related Debt

- Restricted

- Unrestricted

The County's **restricted** net assets total \$1,561,428 which represents 31% of its net assets. Restricted net assets are resources subject to external restrictions on how they may be used. External restrictions include those imposed

by grantors, contributors, laws/regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation, including those passed by the County itself.

The final component of net assets is **unrestricted net assets**. Unrestricted net assets are resources that the County may use to meet its ongoing obligations to citizens and creditors. As of June 30, 2011, governmental activities showed a \$73,741 deficit in unrestricted net assets, compared to a deficit of \$9,986 in FY 2009-10. The deficit in unrestricted net assets is primarily the result of the County's bankruptcy related debt, and is not a reflection of the County's lack of resources to meet its ongoing obligations to the citizens and creditors. Additionally, in conformance with GAAP, a portion of net assets were restricted to account for prepaid costs related to funds deposited with the Orange County Employees Retirement System (OCERS), which are solely available to fund the County's future pension costs. For additional information regarding this pension investment asset with OCERS, see Note 18, Retirement Plans.

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

NET ASSETS – Primary Government						
June 30, 2011						
	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
ASSETS						
Current and other assets	\$ 3,068,335	\$ 2,725,572	\$ 803,587	\$ 894,078	\$ 3,871,922	\$ 3,619,650
Capital assets	2,693,774	2,634,116	789,589	653,768	3,483,363	3,287,884
Total Assets	5,762,109	5,359,688	1,593,176	1,547,846	7,355,285	6,907,534
LIABILITIES						
Long-term liabilities	1,029,877	1,087,441	458,820	466,356	1,488,697	1,553,797
Other liabilities	753,233	472,347	94,155	87,169	847,388	559,516
Total Liabilities	1,783,110	1,559,788	552,975	553,525	2,336,085	2,113,313
NET ASSETS						
Invested in capital assets, net of related debt	2,626,281	2,560,468	591,664	537,375	3,217,945	3,097,843
Restricted	1,426,459	1,249,418	134,969	135,168	1,561,428	1,384,586
Unrestricted	(73,741)	(9,986)	313,568	321,778	239,827	311,792
Total Net Assets	\$ 3,978,999	\$ 3,799,900	\$ 1,040,201	\$ 994,321	\$ 5,019,200	\$ 4,794,221

As of June 30, 2011, the County's total assets increased by 6% or \$447,751 during the current fiscal year. Current and other assets increased by \$252,272 (7%) due primarily to the prepaid cost resulting from the County's prepayment of the FY 2011-12 annual required contribution. Refer to Note 4, Deposits and Investments; Note 10, Short-Term Obligations; and Note 18, Retirement Plans for additional information regarding the 2011 Pension Obligation Bonds (2011 POBs) and the prepayment of the FY 2011-12 pension obligation. Capital assets increased by \$195,479 (6%), which can be primarily attributed to construction for the Airport Improvement Program and the donation of 20,000 acres of open space land from the Irvine Company to OC Parks.

Total liabilities for FY 2010-11 increased by 11% or \$222,772. Other liabilities increased by \$287,872 (51%), mostly due to the March 15, 2011 issuance of the County's 2011 POBs in the principal amount of \$275,920. The retirement of long-term debt obligations in FY 2010-11 contributed to the decrease in long-term liabilities of \$65,100 (4%). Refer to Note 11, Long-Term Obligations, for further information regarding debt retirement.

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, 2011						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program Revenues:						
Charges for Services	\$ 567,549	\$ 508,632	\$ 227,135	\$ 209,227	\$ 794,684	\$ 717,859
Operating Grants and Contributions	1,706,231	1,741,762	657	1,432	1,706,888	1,743,194
Capital Grants and Contributions	170,516	16,828	6,544	8,077	177,060	24,905
General Revenues:						
Property Taxes	492,112	475,988	--	--	492,112	475,988
Property Taxes in Lieu of Motor Vehicle License Fees	228,421	229,635	--	--	228,421	229,635
Other Taxes	83,938	93,024	--	--	83,938	93,024
Grants and Contributions not Restricted to Specific Programs	27,457	10,299	--	--	27,457	10,299
State Allocation of Vehicle Motor License Fees	49,889	46,697	--	--	49,889	46,697
Other General Revenues	88,266	70,037	6,618	8,864	94,884	78,901
Total Revenues	3,414,379	3,192,902	240,954	227,600	3,655,333	3,420,502
EXPENSES						
General Government	223,710	165,489	--	--	223,710	165,489
Public Protection	1,174,859	1,160,823	--	--	1,174,859	1,160,823
Public Ways and Facilities	136,017	120,135	--	--	136,017	120,135
Health and Sanitation	586,525	578,983	--	--	586,525	578,983
Public Assistance	931,263	931,469	--	--	931,263	931,469
Education	39,788	41,009	--	--	39,788	41,009
Recreation and Cultural Services	101,993	90,649	--	--	101,993	90,649
Interest on Long-Term Debt	53,806	53,782	--	--	53,806	53,782
Airport	--	--	88,059	92,068	88,059	92,068
Waste Management	--	--	93,985	84,754	93,985	84,754
Compressed Natural Gas	--	--	349	95	349	95
Total Expenses	3,247,961	3,142,339	182,393	176,917	3,430,354	3,319,256
Excess before Transfers	166,418	50,563	58,561	50,683	224,979	101,246
Transfers	12,681	11,188	(12,681)	(11,188)	--	--
Increase in Net Assets	179,099	61,751	45,880	39,495	224,979	101,246
Net Assets - Beginning of the Year	3,799,900	3,738,149	994,321	954,826	4,794,221	4,692,975
Net Assets - End of the Year	\$ 3,978,999	\$ 3,799,900	\$ 1,040,201	\$ 994,321	\$ 5,019,200	\$ 4,794,221

As of June 30, 2011, the County's net assets increased by \$224,979 during the current fiscal year. Revenues for the year totaled \$3,655,333, an increase of \$234,831 from the previous year, and expenses totaled \$3,430,354, an increase of \$111,098 from prior year's total expenses.

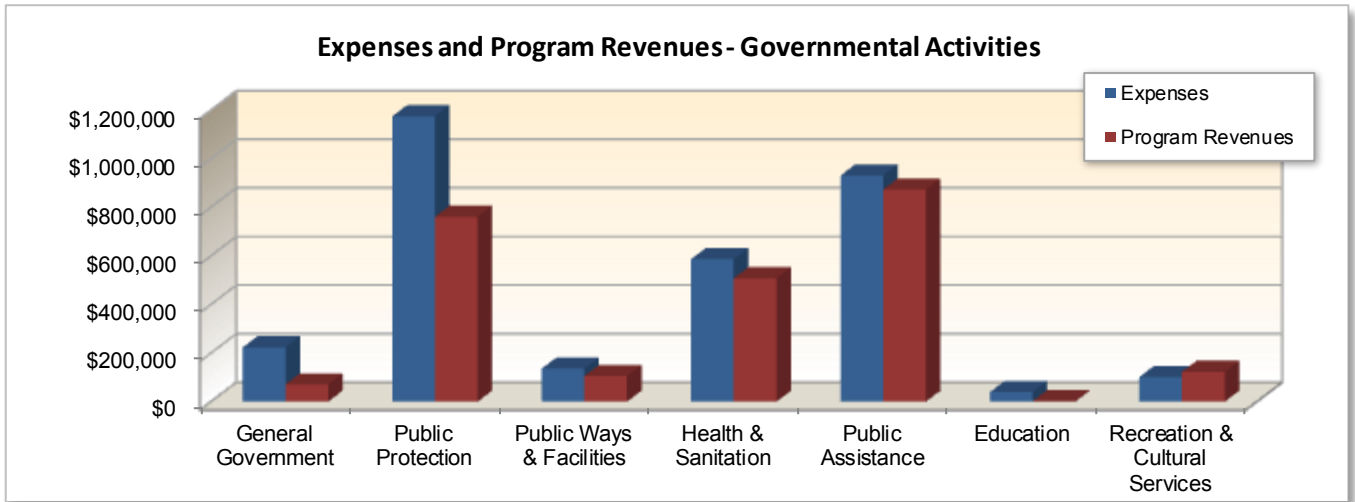
Governmental Activities

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

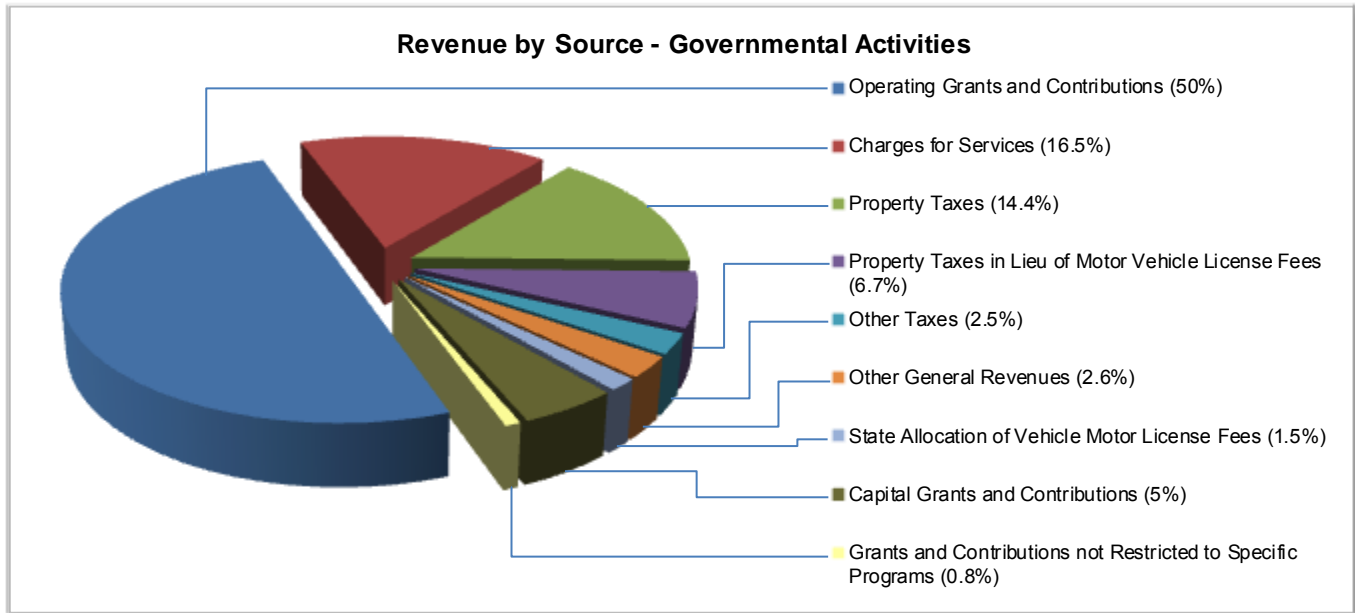
At the end of FY 2010-11, total revenues for governmental activities, including transfers from the business-type activities, were \$3,427,060, an increase of \$222,970 from the previous year. Expenses totaled \$3,247,961, an increase of \$105,622 from the prior year. Governmental activities increased the County's net assets by \$179,099, accounting for a majority of the total increase in the net assets of the County. In addition to the effects of grants, key elements of the increase are as follows:

- Capital grants and contributions increased by \$153,688 due primarily to the donation of 20,000 acres of open space land to OC Parks from the Irvine Company and an increase State reimbursements for construction expenses for the Santa Ana River Mainstem Project.
- Charges for services increased by \$58,917 due primarily to an agreement with the U.S. Immigration and Customs Enforcement (ICE) to house detainees for a fee. Additional contributing factors include (1) reimbursements of expenses for Oso Parkway construction projects from Community Facilities District funds, (2) the recognition of developer's deposits for the Coastal Area Improvement & Traffic Signals Fee Program and the Foothill Circulation Phasing Plan Road Fee Program for the completion of various projects, (3) an increase in reimbursements for program costs related to mental health services, and (4) reimbursement of the November 2, 2010, General Election.
- Offsetting the general increase in revenues was an overall decline in operating grants and contributions of \$35,531. The primary factor contributing to this decrease is the decline in revenues for road funds due to the FY 2009-10 final receipt of Proposition 1B – Local Streets and Roads allocations from the State.
- Despite a general decline in regular salaries due to an overall decrease in adopted positions and higher vacancy factors versus prior year, salaries and employees benefits (S&EB) increased by \$29,020, with \$15,923 occurring in public protection. Significant factors, which attributed to the overall increase in S&EB include increases in overtime usage to backfill vacant positions, retirement rates, health insurance rates due to medical inflation, and Workers' Compensation rates for program participants.
- An increase in depreciation expense of \$34,490 to account for the depreciation of certain capital assets which was not recorded in FY 2009-10 due to several issues experienced with the implementation of the capital asset module for the Countywide Accounting and Personnel System (CAPS+) in FY 2009-10.
- An increase of \$58,221 in expenses for general government due primarily to recording a bad debt expense for SB 90 mandated cost reimbursements, which are not expected to be received from the State.
- An increase of \$14,036 in expenses for public protection due primarily to the aforementioned increase in S&EB, which was partially offset by a decline in professional services.
- An increase of \$11,344 in expenses for recreation and cultural services resulting from an increase in depreciation expense and for the write-off of maintenance costs related to the dredging of Newport Dunes and Dana Point Harbor, which were initially capitalized as construction in progress.

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

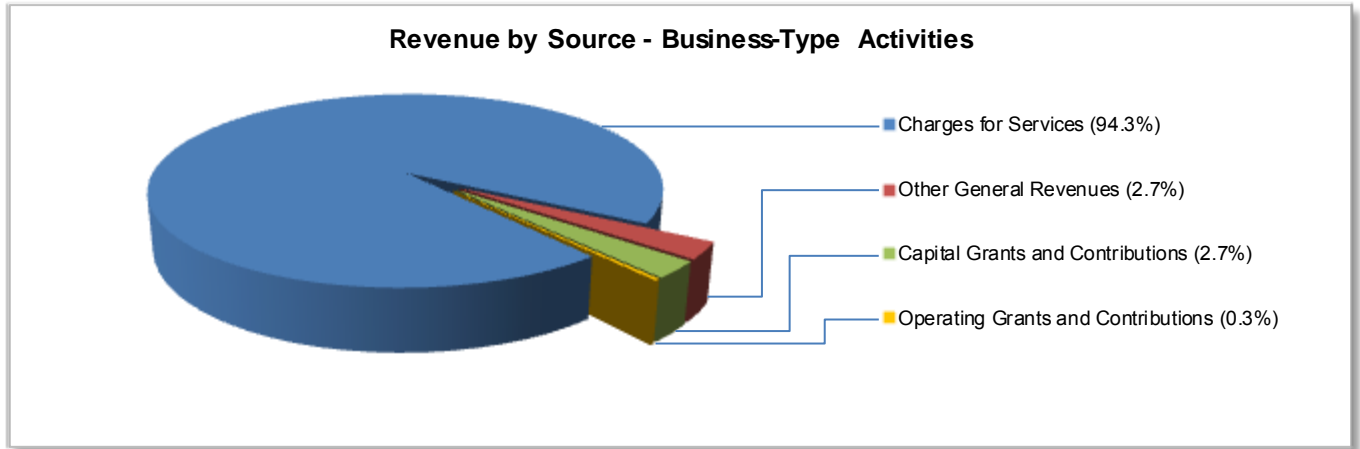


The chart below presents the percentage of total revenues by source for governmental activities:



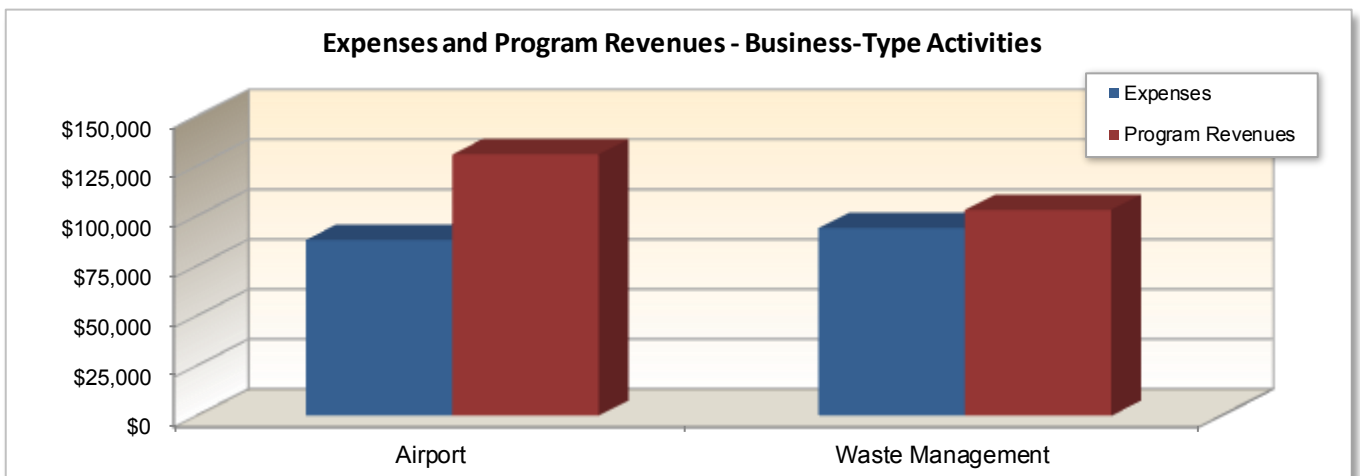
Business-Type Activities

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



At the end of FY 2010-11, the business-type activities' total revenues exceeded expenses resulting in an increase in net assets of \$45,880 compared to the prior year's increase of \$39,495. Revenues totaled \$240,954, an increase of \$13,354 from the previous fiscal year, which is primarily attributable to an increase of \$17,908 in charges for services due to an increase in the amount of landfill disposal fees collected based upon negotiated waste disposal agreements providing for a higher disposal rate. Expenses, including transfers to governmental activities, totaled \$195,074, representing an increase of \$6,969 from the previous year. Waste Management experienced a \$9,231 increase in expenses due primarily to an increase in pollution remediation costs for the former Forster refuse disposal station and an increase in landfill site closure/postclosure care costs. This increase was partially offset by a decrease in contributions to other non-County governmental agencies as a result of FY 2009-10 contributions to the City of Brea for the extension of operation and expansion of the Olinda Alpha Landfill. Airport experienced a decrease in expenses of \$4,009 due to a decrease in depreciation expense. Other factors concerning the finances of the County's two major enterprise funds are discussed in the Proprietary Funds section of the "Financial Analysis of the County's Funds."

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



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

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

At June 30, 2011, the County's governmental funds reported total fund balances of \$1,808,250 which is an increase of \$59,370 in comparison with the prior year.

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, 2011						
	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General Fund	\$ 2,635,546	\$ 2,583,986	\$ 2,657,400	\$ 2,603,746	\$ (21,854)	\$ (19,760)
Roads	72,467	99,578	91,180	73,783	(18,713)	25,795
Flood Control District	144,820	110,382	93,370	142,983	51,450	(32,601)
Other Public Protection	66,781	59,260	53,192	68,909	13,589	(9,649)
Teeter Plan Obligation Commercial Paper Program Note	25,679	35,113	30,643	23,120	(4,964)	11,993
Other Governmental *	712,614	695,323	672,752	669,044	39,862	26,279
Total	\$ 3,657,907	\$ 3,583,642	\$ 3,598,537	\$ 3,581,585	\$ 59,370	\$ 2,057

* In FY 2010-11, the activities of OC Dana Point Harbor have been separated from OC Parks and each fund has been reclassified as nonmajor Other Governmental Funds.

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 2010-11, expenditures and other financing uses exceeded revenues and other financing sources resulting in a decrease in fund balances of \$21,854 compared to last year's decrease in fund balances of \$19,760. Revenues and other financing sources increased by \$51,560 and expenditures and other financing uses increased by \$53,654 resulting in a net change in fund balances of \$2,094 from the prior year. The following is a brief summary of the primary factors which contributed to the decrease in the net change in fund balances for the General Fund in FY 2010-11:

- Intergovernmental revenues increased by \$26,404, which comprised (1) an increase in State allocations of the one-half cent Proposition 172 Public Safety Sales Tax funds over prior year, (2) an increase in State and Federal allocations of public assistance for the CalFresh (Food Stamps) program, Child Welfare Services, and CalWORKs due to increased caseloads, and (3) an increase in Federal revenues for programs administered by

the Office on Aging. This increase in revenues was offset by a decline in Federal Coverage Initiative funds due to the timing of current year receipts and prior year receipts.

- Charges for services increased by \$48,444. The agreement with ICE to house detainees for a fee and an increase in trial court funding for court security services were the primary factors contributing to this increase. Additionally, reimbursement for the May 19, 2009, Statewide Special Election was received from the State, and reimbursements were recognized from Neighborhood Development and Preservation Project funds for costs related to the Community Stabilization Program.
- Offsetting the overall increase in revenues was a general decline of \$27,966 in transfers to the General Fund of various purpose-restricted monies. A primary contributing factor to this decline was the deferral of equipment replacement, maintenance, and construction projects, which resulted in a decrease in transfers from State Criminal Alien Assistance Program (SCAAP) funds and Sheriff-Coroner construction and facility development funds. In addition, a final drawdown of bond proceeds for construction expenditures related to the Cogeneration Plant project at the Central Utility Facility and a transfer from the Designated Special Revenue fund to cover costs of the June 8, 2010, Primary Election occurred in FY 2009-10. A rise in transfers of Mental Health Service Act funds and delinquent penalties and interest from the Teeter Plan Obligation Commercial Paper Program partly offset the decline in transfers.
- A general increase in salaries and employees benefits (S&EB) of \$35,918 was experienced in most governmental functions, despite an overall decrease in salaries and wages of \$13,622 due to a decrease in adopted positions and higher vacancy factors relative to FY 2009-10. Increases in overtime usage to backfill vacant positions, retirement rates, health insurance rates due to medical inflation, and Workers' Compensation rates for program participants were significant factors prompting the increase in S&EB.
- Expenditures for public protection increased by \$23,436, which is primarily attributable to an increase in S&EB and professional service expenditures due to the transition of the operating budget and related expenditures and revenues for Building and Safety to the General Fund from an *Other Public Protection* special revenue fund.
- Expenditures for health and sanitation increased by \$15,041, as a result of an increase in S&EB and expenditures for human service contracts related to programs under the Mental Health Services Act (MHSA) and for providing health care services to ICE detainees.
- Expenditures for public assistance increased by \$14,950 due to an increase in S&EB, and expenditures for support and care of persons as a result of increases in caseloads for CalWORKs and In-Home Support Services. The suspension of the Severely Emotionally Disturbed program lessened the increase in public assistance expenditures.
- Partially offsetting the general increase in expenditures was a \$5,148 decline in capital outlay as a result of the completion of the Cogeneration Plant project at the Central Utility Facility in FY 2009-10 and a major hardware and software upgrade to the Integrated Records and Information Systems (IRIS) with the majority of expenditures occurring in FY 2009-10. This decline in expenditures was partially offset by construction expenditures for the new Mental Health Services Act Campus.

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 2010-11, fund balances decreased by \$18,713 compared to last year's increase in fund balances of \$25,795. Revenues decreased by \$27,111 primarily due to a decrease of \$32,901 in intergovernmental revenues as a result of the receipt of the final allocation of Proposition 1B – Local Streets and Roads funds in FY 2009-10. The decrease in revenues was partially offset by an increase of \$5,955 in charges for services for reimbursement of expenditures for Oso Parkway construction projects from Community Facilities District funds and the recognition of developer's deposits for the Coastal Area Improvement & Traffic Signals Fee Program and the Foothill Circulation Phasing Plan Road Fee Program. Expenditures increased by \$17,397 primarily due to an increase in capital outlay (\$15,511) for road construction projects and expenditures for public ways and facilities (\$1,887), which was attributable to increases in S&EB and professional services. This increase in expenditures was partly offset by a decline in contributions of Proposition 1B monies to cities.

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 2010-11, there was an increase in fund balances of \$51,450 compared to last year's decrease in fund balances of \$32,601. Revenues increased by \$34,438 due mainly to the receipt of \$36,000 in long term loan proceeds from the Orange County Sanitation District to finance the relocation of the Santa Ana Regional

Interceptor Line (SARI). Refer to Note 11 for detailed information regarding the SARI project and financing agreement. Expenditures and other financing uses decreased by \$49,613 due to a decrease in capital outlay (\$46,083) for the acquisition of land and the relocation of tenants for the Prado Dam Project relative to the prior fiscal year.

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 2010-11, there was an increase in fund balances of \$13,589 compared to last year's decrease in fund balances of \$9,649. Revenues and other financing sources increased by \$7,521, which is attributable to an increase in transfers (\$7,211) of excess Proposition 172 Public Safety Sales Tax funds from the General Fund and an increase in intergovernmental revenues (\$4,502) due to reimbursements for Child Support Services program expenditures, increased Federal Asset Forfeiture revenues, and receipt of Public Safety and Interoperable Communications Grant funds from the California Emergency Management Agency. This increase in revenues was partially offset by a decline in licenses, permits, and franchise revenues (\$2,763) as a result of the transition of the activities for Building and Safety to the General Fund. Expenditures and other financing uses decreased by \$15,717 mainly due to a decline in transfers (\$16,594) to other funds for allocation of State Criminal Alien Assistance Program (SCAAP) funds and Sheriff-Coroner replacement and maintenance funds caused by the deferral of equipment replacement, maintenance, and construction projects. In addition, public protection expenditures (\$4,545) declined as a result of the transition of the activities for Buildings and Safety to the General Fund. Partly offsetting the decreases in expenditures was an increase in capital outlay (\$5,423) for the renovation of the new Regional Narcotics Suppression Program building and 800 MHz Countywide Coordinated Communications equipment purchases, radio site development projects, and equipment replacement and maintenance projects.

Teeter Plan Obligation Commercial Paper Program Note

This fund accounts for the activities related to the Teeter Program, the funding for which was restructured in 2008 from long-term bonds to a commercial paper (CP) program. At the end of FY 2010-11, fund balances decreased by \$4,964 as compared to last year's increase in fund balances of \$11,993. Revenues decreased by \$9,434 due to a decline in delinquent secured tax penalty and interest collections. Expenditures and other financing uses increased by \$7,523, which was caused by an increase in transfers (\$8,000) of excess delinquent secured tax penalties and interest to the General Fund.

Other Governmental Funds

Other governmental funds encompass nonmajor funds, which include special revenue funds, debt service funds, capital project funds, and a permanent fund. Individual fund data for each of these nonmajor governmental funds is provided in the combining financial statements/schedules in the supplemental information section of this report.

At the end of FY 2010-11, fund balances increased by \$39,862 in comparison to prior year's increase in fund balances of \$26,279. Revenues and other financing sources increased by \$17,291 and expenditures and other financing uses increased by \$3,708.

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

COMPARATIVE FUND BALANCE				
Governmental Funds				
June 30, 2011 and 2010				
	2011	2010	Increase/(Decrease) %	
General Fund	\$ 278,594	\$ 300,448	(7)%	
Roads	107,190	125,903	(15)%	
Flood Control District	332,172	280,722	18 %	
Other Public Protection	119,511	105,922	13 %	
Teeter Plan Obligation Commercial Paper Program Note	(8,074)	(3,110)	(160)%	
Other Governmental Funds	978,857	938,995	4 %	
Total	\$ 1,808,250	\$ 1,748,880	3 %	

Proprietary Funds

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

Comparative Analysis of Changes in Fund Net 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, 2011						
	Revenues, Contributions and Transfers		Expenses and Transfers		Change in Fund Net Assets	
	2011	2010	2011	2010	2011	2010
Airport	\$ 133,337	\$ 137,177	\$ 86,804	\$ 88,799	\$ 46,533	\$ 48,378
Waste Management	107,303	89,671	106,271	94,688	1,032	(5,017)
Compressed Natural Gas	617	680	399	95	218	585
Total	\$ 241,257	\$ 227,528	\$ 193,474	\$ 183,582	\$ 47,783	\$ 43,946

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 2010-11, there was an increase in fund net assets of \$46,533 compared to the prior year increase of \$48,378. Revenues decreased by \$3,840 due primarily to a decline in receipts from rentals and leases, as well as a decrease in Federal Aviation Administration Grant monies for construction related activities. Expenses and transfers declined by \$1,995 which is primarily due to a decrease in depreciation expense, which was partially offset by an increase in professional services for parking operating services and airport security.

Waste Management

This fund is used to account for the operation, expansion, and closing of existing landfills. Monies are collected through landfill disposal fees, which users pay based primarily on tonnage. At the end of FY 2010-11, there was an increase in fund net assets of \$1,032, compared to the prior year decrease of \$5,017. Revenues increased by \$17,632 due to an increase in charges for services as a result of an increase in the amount of disposal fees collected for waste, recycling and importation. Expenses and transfers increased by \$11,583 as a result of an increase in pollution remediation costs for the former Forster refuse disposal station and an increase in landfill site closure/postclosure care costs. This increase was partially offset by a decrease in contributions to other non-County governmental agencies as a result of FY 2009-10 contributions to the City of Brea for the extension of operation and expansion of the Olinda Alpha Landfill.

Compressed Natural Gas (CNG)

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Original Revenue Budget vs. Final Amended Revenue Budget

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

Charges for Services

- An increase of \$4,858 in the Miscellaneous Agency due to State reimbursement of the May 19, 2009, Statewide Special Election costs.
- An increase of \$6,151 in Registrar of Voters for reimbursement of the November 11, 2010, General Election, March 8, 2011, San Clemente Special Municipal Election, and an unplanned special statewide election called by Governor-Elect Jerry Brown to help solve the State's budget problems.
- An increase of \$11,339 in Sheriff-Coroner as a result of an agreement with U.S. Immigration and Customs Enforcement (ICE) to house their detainees for a fee.

Transfers In

- An increase of \$5,092 due to closing the Designated Special Revenue fund and transferring the remaining balances to the General Fund.
- An increase of \$3,100 in Data Systems Development Project for internal borrowing from Waste Management for costs associated with the Property Tax Management System (PTMS) and Assessment Tax System (ATS) upgrades.
- An increase of \$2,212 to recognize higher than anticipated importation tonnage and net importation revenues from Waste Management for the County's Bankruptcy Recovery Plan.
- An increase of \$6,361 in Sheriff-Coroner to primarily offset additional costs related to the Gang Enforcement Team, Narcotics/Vice Investigations, location and eradication of methamphetamine laboratories in Orange County, and the reopening and operation of the 4th floor of the Central Men's Jail from *Other Governmental* and *Other Public Protection* special revenue funds.
- An increase of \$11,799 in Health Care Agency (HCA) to primarily offset Seriously Emotionally Disturbed caseload costs, reduced Health and Mental Health Realignment collections, and transfer unanticipated collections from court fines and a onetime allocation of funds from the Center for Disease Control from *Health Care Programs* special revenue funds.
- Partially offsetting the above mentioned increase in transfers in was a decrease of \$3,600 in OC Community Resources from the Designated Special Revenue fund due to a delay in development of the new Animal Care Facility.

Principal Payment on Demand Bonds

- An increase of \$275,923 due to the anticipated proceeds from the County's issuance of the Taxable Pension Obligation Bonds, 2011 Series A. Refer to Note 10 for information regarding the Taxable Pension Obligation Bonds, 2011 Series A.

Original Expenditure Budget vs. Final Amended Expenditure Budget

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

Prepaid Pension Obligation

- An increase of \$276,074 in appropriations for the prepayment of the County's FY 2011-12 actuarially required contribution to the Orange County Employees Retirement System (OCERS).

Sheriff-Coroner

- An increase of \$31,837 in appropriations to support the jail systems and terrorism prevention with funding for overtime, training, equipment purchases, and professional/specialized services, as well as for reimbursements to other governmental agencies for grant funded programs and transfers of excess Proposition 172 Public Safety Sales Tax revenues to the Excess Public Safety Sales Tax special revenue fund.

Final Amended Revenue Budget vs. Actual Revenue Amounts

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

Charges for Services

- A \$3,807 negative variance due to lower property tax administration fees than budgeted.
- A \$2,050 negative variance in the Miscellaneous Agency due to County-Wide Cost Allocation Plan (CWCAP) revenues below budgeted estimates.
- A \$4,833 negative variance in Registrar of Voters is a result of the special statewide election called by Governor-Elect Jerry Brown, which did not occur.
- A \$4,081 negative variance in Sheriff-Coroner due to vacancy credits related to Law Enforcement Services, delayed implementation of the U.S. Marshal contract to house Federal prisoners in the Central Jails Complex and reduced usage of the In Custody Drug Treatment Program.
- A \$2,221 negative variance in Sheriff Court Operations due to vacancies in Court Services, which decreased billable court security costs.
- A \$7,761 negative variance in OC Public works primarily due to lower than budgeted billings for allocation of indirect costs due to a burden rate calculation which was materially lower than actual costs.
- A \$3,852 negative variance in HCA due to the decrease in of the enhanced rate for Federal Medical Assistance Percentage (FMAP) funding in accordance with the federal American Recovery and Reinvestment Act of 2009, which was partially offset by the receipt of non-budgeted revenues for reimbursement from local school districts for costs incurred by the County for the Mental Health Services for Special Education Pupils (AB 3632) program.
- An \$8,766 negative variance in OC Community Resources due to lower than budgeted revenues from city billings, and lower charges for services for animal intake.

Transfers In

- A \$3,316 negative variance in Child Support Services due to lower than budgeted expenditures for salaries and benefits due to higher than anticipated vacancy rates, as well as lower costs for professional services and information technology support resulting in a reduction of transfers from the Child Support Program Development fund.
- A \$3,420 negative variance in Probation due to cost containment measures in salaries and benefits and services and supplies reducing the actual need for transfers from *Other Governmental* and *Other Public Protection* special revenue funds.
- A \$7,122 negative variance in Sheriff-Coroner due to the additional costs associated with the reopening and operation of the 4th floor of the Central Men's Jail being completely absorbed within the existing budget, as well as deferral of equipment replacement and maintenance projects to future periods resulting in decreased transfers from *Other Governmental* and *Other Public Protection* special revenue funds.
- A \$40,215 negative variance in HCA was due primarily to delays in projects and start-up of contracted services, measures to contain costs, and an unanticipated reimbursement of costs for mental health services provided under AB 3632, which resulted in a reduction of actual transfers from *Health Care Programs* special revenue funds.
- A \$9,113 negative variance in Social Services Agency due to reductions in expenditures for direct service contracts for the Wraparound Program and Children and Family Services programs and projects, as well as deferral of some facility maintenance projects resulting in lower transfers from *Other Governmental* special revenue funds.

Principal Payment on Demand Bonds

- A \$275,923 negative variance in Prepaid Pension Obligation due to the accounting reclassification of the proceeds for the Taxable Pension Obligation Bonds, 2011 Series A, from revenue to a liability for bonds payable.

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:

Prepaid Pension Obligation

- A \$275,923 positive variance due to the accounting reclassification of the prepayment of the County's FY 2011-12 actuarially required contribution to the OCERS from an expenditure to a prepaid asset.

Probation

- A \$14,099 positive variance resulting from efforts to contain costs for salaries and benefits and services and supplies.

Sheriff-Coroner

- A \$33,995 positive variance resulting from cost saving measures to reduce salaries and benefits and services and supplies, lower than budgeted contributions to other governmental agencies for reimbursements/advances for costs related to the Homeland Security Grant, as well as deferral of Homeland Security Grant equipment purchases to FY 2011-12.

OC Public Works

- A \$12,831 positive variance as a result of lower salaries and benefits as a result of vacant positions, efforts to control and reduce costs, and higher intrafund transfers of costs to maximize billable expenditures to their appropriate cost centers.

Health Care Agency

- A \$32,577 positive variance resulting from cost containment efforts, human service contracts for MHSA programs in start-up, as well as deferral of capital projects for MHSA.

OC Watersheds

- A \$12,380 positive variance is primarily due to the delay of major projects, lower than budgeted contributions to the Army Corps of Engineers for projects, and the continuation of cost reduction measures.

Aid to Families with Dependent Children – Foster Care

- A \$14,663 positive variance as a result of lower actual caseloads than projected for Foster Family Homes, Group Homes, and Foster Family Agency and Adoption Assistance, as well as the suspension of the Seriously Emotionally Disturbed program and lower contract expenditures for the Wraparound program.

OC Community Resources

- A \$10,461 positive variance primarily due to lower than budgeted professional services expenditures, and employing cost saving measures.

Social Services Agency

- A \$28,997 positive variance due to the implementation of CalWORKs Welfare to Work Temporary Exemptions, termination of the Braden Court lease, higher than anticipated vacant positions, delayed information technology and facilities projects, and cost containment measures.

Capital Assets

At June 30, 2011, the County's capital assets for both the governmental and business-type activities amounted to \$3,483,363 net of accumulated depreciation. The investment in capital assets includes land, structures and improvements, equipment, intangible assets, infrastructure (roads, bridges, flood channels, trails, traffic signals, and harbors), software in development and construction in progress. The total increase in the County's investment in capital assets for the current year was 5.9%.

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

CAPITAL ASSETS								
(Net of Depreciation)								
June 30, 2011								
	Governmental		Business-Type		Total		Increase	
	Activities		Activities				(Decrease)	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>	
Land	\$ 773,474	\$ 689,544	\$ 38,083	\$ 38,083	\$ 811,557	\$ 727,627	11.5 %	
Structures and Improvements	598,790	552,433	184,231	158,002	783,021	710,435	10.2 %	
Equipment	75,163	84,494	30,448	34,726	105,611	119,220	(11.4)%	
Software	43,082	991	--	--	43,082	991	4,247.3 %	
Infrastructure	887,906	879,015	213,533	225,050	1,101,439	1,104,065	(0.2)%	
Software in Development	25,840	55,992	--	--	25,840	55,992	(53.9)%	
Land Use Rights	576	--	--	--	576	--	--	
Construction in Progress	288,943	371,647	323,294	197,907	612,237	569,554	7.5 %	
Total	\$ 2,693,774	\$ 2,634,116	\$ 789,589	\$ 653,768	\$ 3,483,363	\$ 3,287,884	5.9 %	

The following lists the significant expenditures for capital assets in FY 2010-11:

General Fund

- \$3,512 for construction of the Mental Health Services Act campus.

Roads

- \$5,387 for the Alton Parkway Extension, from Irvine Blvd to Commercentre Drive.
- \$4,218 for the Katella Avenue - Smart Street improvement project.
- \$4,107 for the widening of Moulton Parkway from El Pacifico to Santa Maria Avenue.
- \$3,933 for the Ortega Highway Widening project.
- \$3,608 for Moulton Parkway Widening project, from Via Campo Verde to El Toro Road.
- \$2,934 for Midway City Street and storm drain improvements phases I&II.
- \$2,474 for Newport Avenue pavement rehabilitation, from Wass Street to Hyde Park Drive.
- \$1,113 for Orange Park Boulevard drainage improvements, from Amapola Avenue North to Meads.

Flood Control District

- \$8,686 for improvement of Westminster Channel, from Hoover Street to Beach Boulevard.
- \$5,437 for the construction of a new pump and pump house at the Los Alamitos Pump Station.
- \$2,216 for improvement of the Edinger Storm Channel from the I-405 Freeways to Edinger Avenue.
- \$1,765 for the San Juan Creek Levee improvement project.

Other Public Protection

- \$2,731 for the Motorola 800 MHZ migration project.
- \$1,872 for the hot standby microwave upgrade project to upgrade 20 of the microwave radio terminals and for the purchase of Motorola parts for repeater upgrade project.

Other Governmental Funds

- \$1,642 for Newport Bay Tidelands to replace the seawall and public docks located adjacent to the Harbor Patrol facility in lower Newport Bay.
- \$1,204 for Laguna Niguel Branch expansion project.

Airport

- \$83,656 for the Terminal C gate expansion.
- \$16,770 for the construction of the new Parking Structure C.
- \$11,520 to upgrade the controls on the baggage system and fix baggage belt merges.
- \$10,624 for construction of the Common Use Passenger Processing System (CUPPS).
- \$10,298 for the design and construction of the Central Plant.
- \$9,426 for the Parking Access and Revenue Control project.
- \$4,300 for construction of the north commuter hold room.
- \$2,713 for construction of the passenger boarding bridges project.

Waste Management

- \$1,100 for Prima construction of administration/crew quarters.

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 2010-11, significant commitments for capital expenditures included the following:

- \$388,000 for the Santa Ana River Mainstem Project.
- \$16,384 for the Antonio Parkway Widening Project - Ladera Planned Community to Ortega Hwy.
- \$11,939 for the Foothill Circulation Project - Alton Parkway to Irvine Boulevard.
- \$11,436 for the Terminal C gate expansion.
- \$8,885 for the Katella Avenue - Smart Street Improvement Project.
- \$7,210 for the Santa Ana River Interceptor Line Project.
- \$7,147 for the Midway City Drainage Improvements Phase I & II.
- \$6,687 for the improvement of tenant airline offices.
- \$5,599 for the Edinger Storm Channel Improvement project.
- \$3,465 for the Los Alamitos Pump Station: new pump and pump house.
- \$3,047 for the purchase of law enforcement vehicles.

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, 2011, the County had a total debt obligation outstanding of \$699,309, excluding capital lease obligations, compensated absences and other liabilities. During the year, the County's outstanding bond obligations decreased by 12%, which is attributable to the retirement of \$94,920 of bond obligations, including \$66,015 of bankruptcy related debt. The County is limited by law in issuing general obligation bonded debt to 1.25 percent of the last equalized assessment property tax roll. However, this does not affect the financing of any of the County's planned facilities or services. 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, 2011:

LONG-TERM DEBT BOND OBLIGATIONS							
June 30, 2011							
	Governmental Activities		Business-Type Activities		Total		(Decrease)
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Revenue Bonds	\$ 294,805	\$ 356,525	\$ 278,824	\$ 292,234	\$ 573,629	\$ 648,759	(12)%
Certificates of Participation	4,064	4,758	--	--	4,064	4,758	(15)%
Pension Obligation Bonds	54,680	59,331	--	--	54,680	59,331	(8)%
Recovery Bonds	65,361	79,806	--	--	65,361	79,806	(18)%
Add: Premium on Bonds Payable	25,351	29,627	419	1,180	25,770	30,807	(16)%
Less: Deferred Amount on Refunding	(21,556)	(25,093)	(2,639)	(3,577)	(24,195)	(28,670)	(16)%
Total	\$ 422,705	\$ 504,954	\$ 276,604	\$ 289,837	\$ 699,309	\$ 794,791	(12)%

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

Bond Ratings

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

In FY 2010-11, no changes occurred in the County's underlying debt ratings as compared to the previous year.

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

LONG-TERM DEBT RATINGS			
June 30, 2011			
	Standard and Poor's	Moody's	Fitch
2005A Refunding Recovery Bonds	A+	Aa2	AA
2005 Lease Revenue Bonds	A+	Aa3	AA
1991 Parking COPs	NR	Aa3	NR
OCDA 2001 Neighborhood Development and Preservation Project Tax Allocation Refunding Bonds	A	A1	NR
2002 Lease Revenue Bonds	A+	Aa3	AA
2006 Lease Revenue Bonds	A+	Aa3	AA
OCDA 2003 SAH Tax Allocation Revenue Bonds	NR	NR	NR
1996A Pension Obligation Bonds	NR	Aa1	AA
1997A Pension Obligation Bonds	NR	Aa1	AA
Airport 2003 Revenue Refunding Bonds	AA-	Aa3	AA-
Airport 2009A Revenue Bonds	AA-	Aa3	AA-
Airport 2009B Revenue Bonds	AA-	Aa3	AA-
Integrated Waste Management Department 1997 Revenue Refunding Bonds	NR	A1	A+

OTHER POTENTIALLY SIGNIFICANT MATTERS

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

Governmental Activities

State Legislation and Budget

On June 30, 2011, the Governor signed the State Budget Act for FY 2011-12. Compared to the May Revise proposal, the \$86,000,000 final budget does not include revenues from the extension of the temporary sales tax and vehicle license fee (VLF) increases. The lack of legislative support for a two-thirds vote on the Governor's tax extension plan required legislative leaders to develop other options for balancing the State budget. Instead of tax extensions, the budget is balanced by deeper cuts and an assumption that improved economic activity will increase baseline revenues by \$4,000,000, which is greater than the May forecast. In signing the budget, the Governor acknowledged the risk inherent in the budget solutions by identifying "trigger reductions" if State revenues do not materialize as budgeted.

Overall, the \$26,700,000 State General Fund shortfall is bridged with \$11,000,000 in expenditure reductions, \$13,000,000 in revenue increases, and \$3,000,000 in borrowing and transfers, as presented in the following State budget reconciliation:

State Budget Reconciliation

Shortfall:	\$	26,700,000
Solutions:		
Expenditure Reductions		11,100,000
Revenue Increases		13,000,000
Redirect Vehicle License Fees		200,000
Borrowing and Transfers		2,900,000
Total Solutions:		27,200,000
Reserve:	\$	500,000

Trigger Reductions

The budget requires the State Director of Finance to determine if revenues received are consistent with the budget forecast. A revenue shortfall would require mid-year budget reductions as specified in Senate Bill (SB) 73 and Assembly Bill (AB) 121. These "trigger reductions" are tiered based on revenue performance relative to the budget. If revenues are less than \$1,000,000 short, there are no "trigger reductions." If revenues are \$1,000,000 to \$2,000,000 short, the State is required to reduce the budget by \$529,000. If revenues are \$2,000,000 to \$4,000,000 short, the State is required to reduce the budget by an additional \$1,900,000.

The list of cuts identified in the State budget is as follows:

Tier 0	
If the State receives \$3 - \$4 billion of the \$4 billion projected revenues, there will not be additional cuts. Any shortfall will be rolled into 2012-13.	
TOTAL	\$0
Tier 1	
If the State receives \$2 - \$3 billion of the projected revenues, nearly \$530 million in cuts will go into effect:	
▪ University of California	\$100 million
▪ California State University	\$100 million
▪ 20 percent reduction in authorized hours for In-Home Supportive Services recipients	\$100 million
▪ Department of Developmental Services unallocated reduction	\$100 million
▪ \$10/unit fee hike for community colleges	\$30 million
▪ Across-the-board cut to child care funding	\$23 million
▪ Department of Corrections and Rehabilitation	\$20 million
▪ Reduction to California State Library for library grants	\$16 million
▪ Medi-Cal Managed Care Plan payment reductions	\$15 million
▪ Vertical Prosecution grants	\$15 million
▪ Anti-fraud grants provided to counties for the IHSS program	\$10 million
TOTAL	\$529 million
Tier 2	
If the State receives \$0 - \$2 billion of the projected revenues, up to \$1.9 billion in cuts will go into effect, proportionate to revenues:	
▪ Reduction to K-12 schools that allows districts to drop seven classroom days. The school year would be reduced to 168 days – down from 180 days three years ago.	\$1.5 billion
▪ Elimination of school bus transportation	\$248 million
▪ Reduction to community colleges	\$72 million
TOTAL	\$1.82 billion

Source: CSAC Budget Bulletin, June 29, 2011

Realignment

The final State budget includes \$5,600,000 in funding for the Governor’s plan to realign certain public safety and health and human service programs to counties. AB 118 identifies the financial structure for funding realignment and establishes the Local Revenue Fund that will account for these activities. For FY 2011-12, realignment is funded by dedicated revenue from state sales tax and vehicle license fees. While the budget funds realignment in FY 2011-12, the lack of a new dedicated funding stream increases the long-term risk to counties should State revenues under-perform the aggressive revenue budget assumptions.

The Governor intends to place an initiative on the November 2012 ballot to seek voter approval of a permanent funding solution for realignment. In past discussion, this long-term funding plan assumed voter approval of increased VLF and sales taxes for a period of five years with year six and beyond funded by the growth in State General Fund revenues. Although the budget does not include the constitutional protections sought by counties, the Governor has indicated that he is still committed to the constitutional protections that have been developed between his office and California State Association of Counties (CSAC), which may be included as a component of the ballot initiative.

Realignment Financing Summary

Program	2011-12	2012-13	2013-14	2014-15
Court Security	\$496.4	\$496.4	\$496.4	\$496.4
Local Public Safety Subventions	489.9	489.9	489.9	489.9
Local Jurisdiction of Lower-level Offenders and Parole Violators				
Local Costs	239.9	581.1	759.0	762.2
Reimbursement of State Costs	956.7	0.0	0.0	0.0
Realign Adult Parole				
Local Costs	127.1	276.4	257.0	187.7
Reimbursement of State Costs	262.6	0.0	0.0	0.0
Mental Health Services				
EPSDT	0.0	629.0	629.0	629.0
Mental Health Managed Care	0.0	183.7	183.7	183.7
Existing Community Mental Health Programs	1,083.6	1,119.4	1,119.4	1,119.4
Substance Abuse Treatment	183.6	183.6	183.6	183.6
Foster Care and Child Welfare Services	1,567.2	1,567.2	1,567.2	1,567.2
Adult Protective Services	55.0	55.0	55.0	55.0
Existing Juvenile Justice Realignment	97.1	104.1	103.2	103.3
Unallocated Revenue Growth*	0.0	339.0	624.5	1,063.9
Total	\$5,559.1	\$6,024.8	\$6,467.9	\$6,841.3
VLF Funds	\$453.4	\$453.4	\$453.4	\$453.4
1.0625% Sales Tax	\$5,105.7	\$5,571.4	\$6,014.5	\$6,387.9

**This amount will be subject to discussion and is intended to cover county costs and reimburse reasonable state costs.*

Source: CSAC Bulletin, June 29, 2011

Orange County estimates the following impacts from the State budget:

Orange County Vehicle License Fees

All counties in California receive property taxes in lieu of Vehicle License Fees (VLF) pursuant to Section 97.70 of the Revenue and Taxation Code. This exchange of property taxes in lieu of VLF occurred in 2004 when the Legislature enacted the so-called "VLF swap" pursuant to which the State took VLF revenues that were previously allocated to cities and counties and replaced these revenues with property tax revenues that were drawn from county Educational Revenue Augmentation Funds (ERAF) and paid to counties and cities through a Vehicle License Fee Adjustment Amount (VLFAA) allocation.

The intent of the Legislature in enacting the VLF swap was to ensure that cities and counties receive revenues equal to the moneys that these entities would have received under the Vehicle License Fee Law for the 2004–05 fiscal year. To avoid impairing Orange County's pledge of VLF revenues to secure its bankruptcy debt, the Legislature continued to allocate \$54,000 in VLF to Orange County beginning in the 2004-2005 fiscal year. Orange County's VLFAA revenues, which otherwise would have been approximately \$223,000 for the 2004-2005 fiscal year under the VLF swap, were reduced by approximately \$54,000 per year as of that time to approximately \$169,000.

On June 30, 2011, the Governor signed Senate Bill 89 (SB 89), which terminated Orange County's annual receipt of VLF revenue, which was approximately \$49,500 at the time. The enactment of SB 89 recognizes that there is no longer a need to discount the County's VLFAA calculation, because the County's VLF revenues are no longer pledged to secure its bankruptcy debt. As a result of the enactment of the SB 89, the Auditor-Controller recalculated the property taxes that must be allocated to the County and eliminated the reduction in the County's VLFAA, which was attributable to the County's pre-SB 89 VLF set aside. This recalculation results in a \$73,500 increase in the County's VLFAA for the 2011-12 fiscal year compared to the prior year.

It is possible that the County will encounter legal challenges to the calculation of the VLFAA. Therefore, as a matter of fiscal prudence in the management of the County's budget, the County's Board of Supervisors implemented a budget reduction plan on October 4, 2011, to reduce the County's expenses until such time as the matter is fully resolved.

Health and Human Services

The Governor's final budget includes realignment of several health and human services programs to Counties.

Adult Protective Services: Adult Protective Services is realigned effective July 1, 2011. The 2011 Realignment changes the funding source but not the allocation. Therefore, there is no impact to the funding amount.

Community Mental Health Funding Shift: Realignment was enacted in 1991 and represented a major shift of responsibility from state to counties for community mental health programs. Total base funding for the County is currently \$59,624. The legislation does not specify the funding or growth formulas that will be used to transfer these programs to the new funding source. HCA accrued \$7,700 for FY 2010-11.

Mental Health Services Funding: The mandate for providing mental health services for special education students has been shifted from counties to schools. The State budget re-benches the Proposition 98 guarantee and provides an increase of \$221,800 in State general fund allocations to shift the responsibility for providing special education mental health services, including out-of-home residential services, (required under federal law) from county mental health departments and county welfare departments to school districts. The budget also reflects the repeal of the AB 3632 mandate. The FY 2011-12 AB 3632 program cost is approximately \$13,000 for HCA. Although unlikely, if the school districts do not contract for services beyond October 31, 2011, the current year impact will be approximately \$8,700 for HCA, which represents the cost estimate of providing the services for the balance of the FY 2011-12 after October 31, 2011.

For the Social Services Agency (SSA), the transition means that the department will no longer be responsible for paying for out-of-home residential services. The budget impact to SSA is a reduction in cost of \$10,700 and a decrease to Net County Cost (NCC) of \$6,400.

Medi-Cal Reduction: The Governor's final budget did not adopt the May Revision proposal to transition all Healthy Families Children to Medi-Cal over a six-month period. As an alternative, a \$25,000 State general fund unallocated reduction to Medi-Cal was adopted in lieu of the savings that would have been achieved from the shift of Healthy Families Children to Medi-Cal. Orange County's impact has not been identified.

CalWORKs: The State budget restores \$50,000 statewide in the single allocation from "short term reforms" and child care funding. The State budget also continues to reflect the overall changes to the CalWORKs single allocation based on the effects of SB 72 and SB 70 as well as the May Revision restoration of caseload growth and continued county flexibility of the CalWORKs Mental Health/Substance Abuse funding for other CalWORKs program components. The estimated budget impact is a \$5,800 increase in appropriations and revenue with no NCC impact.

CalFresh (formerly Food Stamps): There is no change in the Governor's final budget from the May Revision proposal. The State budget includes a net increase of \$69,300 for CalFresh administration in FY 2011-12 above the March budget of \$110,900, which primarily reflects funding for the projected caseload increase in FY 2011-12, as well as increased federal funding for SNAP-ED/Network for a Healthy California. The County's impact is estimated at \$8,600 increase in costs with \$1,300 in NCC.

In-Home Supportive Services (IHSS): In addition to maintaining the May Revise proposal, the Governor's final budget includes "trigger cuts" that the State will enact mid-year should state revenues not achieve anticipated targets. The State budget includes the following:

- Elimination of services for recipients without medical certification. A net decrease of \$67,400 in FY 2011-12 from requiring the provision of IHSS to be contingent upon a written certification from a licensed health care professional that personal care services are necessary to prevent out-of-home care.
- Implement pilot project for medication dispensing machines for a decrease of \$140,000 in FY 2011-12. To the extent the pilot project and/or alternative savings proposals enacted by the legislature do not achieve a combined net annual General Fund savings of \$140,000, enacted legislation also requires an across-the-board reduction in authorized hours for IHSS recipients beginning October 1, 2012, to make up for the shortfall.
- The "trigger cuts" include a 20% reduction in authorized hours for IHSS recipients scheduled to start January 2012.
- The estimated impact to the County if these cuts are implemented is a reduction in revenue of \$3,400 and decrease in NCC of \$2,900.

IHSS Public Authority: The Governor's final budget rescinds the Governor's May Revise proposal to reduce funding for IHSS Public Authority (PA) administration by approximately \$10,000. The Public Authority is the employer of record for IHSS providers for the purposes of collective bargaining over wages, hours, and other terms of employment.

IHSS Administration: Due to slower projected caseload growth in IHSS, the budget includes a reduction to IHSS county administration funding by an additional \$5,200 from the budget enacted in March for FY 2011-12. In total, the IHSS county administration for FY 2011-12 is proposed to be cut by \$8,200 from FY 2010-11. The budget impact to the County is estimated at \$775 with a reduction in NCC of \$125.

Foster Care: The State budget is increased by \$17,400 in FY 2011-12 to increase payment rates and grant a cost-of-living adjustment for foster family homes, as well as prospective Adoption Assistance payment, Kinship Guardianship Assistance payment, and Non-Related Legal Guardian payment rates required by judicial decisions. Estimated increase in appropriations of \$10,000 with an increase in NCC of \$1,100.

Administration of Justice

Parole and Juvenile Probation: The State budget includes an extensive realignment of parole and juvenile probation responsibilities, the timing of which is not fully specified, but would occur over several years. The shift would eliminate the State's role in housing and treating youthful offenders and transition this responsibility to counties. The State is also proposing to transition the responsibility of supervising lower-level offenders and parole functions to counties. These changes require the need to acquire sufficient secure housing for the returning juvenile offenders and increase in the number of field supervision positions. The budget impact is difficult to estimate since the allocation formula within the County has not been determined and the workload assessment has not been completed. The State has identified that it will reduce by 25% the operating positions and funding associated with the programs subject to realignment.

Court Security: The budget for court security has been transferred to counties. The amount of funding provided by the State will be \$42,800 for the County. The Courts and Sheriff have worked out a staffing plan which will allow them to stay within the available funding.

County Jail: The State budget identifies that offenders convicted of non-violent, non-serious, non-sex offenses, and without any previous convictions for such offenses, would fall under local jurisdiction. This transition began in October 2011 and could require additional staffing costs for public safety departments. Further, the proposed funding is insufficient to house and treat the prisoners in local jail facilities. The current inmate projection for Orange County is estimated to be 1,124, which is an average of 124 inmates per month. This proposal also has the potential to reduce jail beds filled by ICE detainees and U.S. Marshal prisoners, which is projected to provide \$44,000 in revenue to the Sheriff to offset jail costs. Beginning October 1, 2011, Probation will now be responsible for the supervision of State prisoners who are released from prison prior to the end of their commitment with the exception of a small population who will remain on parole (sex offenders). Based on the

information that we have received from California Department of Corrections and Rehabilitation (CDCR), it is anticipated that we could add approximately 500 "post-release community supervision" offenders to our current caseloads by the end of the calendar year. Within the first 12 months of this new law, we anticipate having an additional 1700+ offenders on our caseloads. We are currently working on strategies to supervise this new population that will be discussed with the Community Corrections Partnership (CCP). The State has allocated \$23,000 to Orange County in FY 2011-12 to fund the costs associated with AB 109.

Citizen's Options for Public Safety: The temporary VLF increase was not included in the budget. As such, there is concern that if State revenues do not materialize as budgeted, tier 1 trigger reductions could impact state funding for vertical prosecution and local antifraud program support for IHSS. Impacts to the District Attorney are estimated at \$953 in revenue and appropriations.

Juvenile Justice Crime Prevention Act and Juvenile Probation & Camps Funding: JJCPA and JPCF funding that was in jeopardy due to the expiration of the increased VLF funding has been restored as part of the overall funding package of CDCR realignment. We do not have specific program details as of yet, but it looks like these programs will be funded at the FY 2007-08 levels, which would mean a slight increase in funding compared to what we currently are budgeting.

SB 678: This new legislation provides funding to county probation departments to provide resources to assist Probation in reducing the number of offenders sent to State prison. The funding is provided based on the savings that is achieved by CDCR from vacant beds that would otherwise be occupied by a prisoner from Orange County. For FY 2011-12, Orange County will receive approximately \$6,481 in funding for SB 678. This is approximately \$5,000 more revenue than what Probation had built into the current budget.

Other Programs

Library Funding: The State Budget includes a decrease of \$15,200 State general fund local assistance for public libraries administered by the California State Library. This reduction in general fund local assistance will possibly reduce OC Public Library's funding by 50% for the following programs: Public Library Funding (\$526), California Library Literacy and English Acquisition Services (\$78), and California Library Services Act (\$5).

Redevelopment: Passage of AB1X 26 eliminates the Orange County Development Agency (OCDA) unless OCDA passes an ordinance indicating that it will participate in the "Voluntary Program" by October 1st and remits the specified annual payments to school, fire, and transit districts. The ability to utilize future tax increment to support County programs and projects would be eliminated if OCDA did not participate in the Voluntary Program. The passage of AB1X 26 affects the ability to utilize tax increment to support affordable housing development. This represents a potential loss of approximately \$25,000 to \$30,000 in new tax increment annually over the next 27 years and approximately \$59,000 in unallocated existing tax increment.

On August 23, 2011, the Board of Supervisors approved an ordinance determining that the County will comply with the Voluntary Alternative Redevelopment Program pursuant to Part 1.9 of Division 24 of the California Health and Safety Code in order to permit the continued existence and operation of the Orange County Development Agency. With approval of the Voluntary Program, it is estimated that a payment of \$13,100 would be required for FY 2011-12 and approximately \$3,200 in FY 2012-13 and future years. This will reduce the number of projects/programs the Agency could complete that were previously approved for funding by the board of Supervisors on April 5, 2011.

Election Mandates: The budget suspends election mandates during FY 2011-12. If election mandates are not funded, the Registrar of Voters estimates a \$600 reduction in revenue. There is no impact to the County as this revenue was not included in the FY 2011-12 budget.

Cash Flow: The State budget (SB 82) includes action to extend the deferral of reimbursements to social services indefinitely, repeals the deferral from transportation, and authorizes the State Controller to borrow from the 2011 tax extensions for cash flow purposes.

OC Dana Point Harbor: OC Dana Point Harbor has been approved for a total of \$24,500 in loans from the Department of Boating and Waterways (DBW) for waterside improvements to the Harbor. Although these funds

are set to begin reverting back to the State as early as June 2012, California State Assembly Member Diane Harkey has introduced a bill that would require DBW to extend all phases of the loan contracts until June 30, 2016. Assembly Bill 977 is a two-year bill, which has been held by the author until next year, if needed. We anticipate the FY 2011-12 final State budget will have no impact on our funding.

Long-Term Financial Planning

Property Tax Management System Upgrade

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

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

On July 15, 2008, the Board approved the contract with Tata Consultancy Services (TCS) to develop and implement the new PTMS based on the requirements specifications documented during the needs assessment. During the fiscal year, the TCS contract was amended for modification to the scope and project timeline. The contract timeline was extended to January 9, 2013, at a total cost not to exceed \$10,302.

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 2011-12. The total estimated cost for the project at this time is \$20,167 with cumulative expenditures of \$10,469 spent as of June 30, 2011.

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 2011 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 new ATS was deployed in August 2011 and support work will continue through the July 2012 Roll Production. The total estimated cost for the project at this time is \$26,000.

Renewal of Information Technology Services Contract

The County's ten year contract with its information technology service provider is scheduled to expire on June 24, 2012. The current contract is valued at \$250,000. The County released a request for proposal (RFP) for these services and is currently evaluating vendor responses.

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, hold rooms, concessions, passenger/baggage screening capabilities, and more parking. It will also help redistribute traffic between Terminals A, B and C, thus achieving a balanced operation throughout the terminal complex. A key objective of the AIP is to ensure that the new facilities are designed and developed in a way that creates a single, seamless environment for passengers.

The AIP includes the construction of a new multi-level 282,000 square foot terminal building (Terminal C), two new commuter/regional terminals that will each accommodate three regional aircraft at ground level, a South Remain-Over-Night (South RON) aircraft parking area, demolition of the former Parking Structure B1 to make room for Terminal C, a new parking structure (Parking Structure C) and improvements to the existing Terminals A and B. The new terminal and parking structure are scheduled to be opened on November 14, 2011. In FY 2011, the Central Utility Plant (CUP) and Cogeneration Facility was completed. The new facility will provide approximately 95% of the Airport's power needs.

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

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

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

The funded ratio of the System is a measure of the ability of the System to make obligated payments to current retirees and future retirees. The funded ratio (actuarial value of plan assets divided by actuarial accrued liability) dropped from 82.76% in 2002 to 70.85 % in 2004. Since 2004, the funded ratio increased to 74.08% in 2007 before dropping to 68.77% as of December 31, 2009. The funded ratio has since increased to 69.79% as of December 31, 2010 (69.62% for County of Orange rate groups). A schedule of funding progress for OCERS is included in the Required Supplemental Information (RSI) section.

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

Requests for Information

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



Illustration by Sandra Heaton, Orange County Parks

County of Orange
 Comprehensive Annual Financial Report
 June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents (Notes 1 and 4)	\$ 1,816,412	\$ 410,814	\$ 2,227,226	\$ 90,116
Restricted Cash and Cash Equivalents (Notes 1 and 4)	300,581	292,984	593,565	--
Investments (Notes 1 and 4)	6,295	13,285	19,580	--
Deposits In-Lieu of Cash	60	44,879	44,939	--
Internal Balances	(9,041)	9,041	--	--
Due from Component Unit (Note 7)	827	--	827	--
Prepaid Costs (Notes 1 and 18)	400,923	11,958	412,881	399
Inventory of Materials and Supplies (Note 1)	1,298	--	1,298	--
Land and Improvements Held for Resale (Note 1)	719	--	719	--
Receivables, Net of Allowances (Note 6)				
Accounts	13,678	15,021	28,699	--
Taxes	58,378	--	58,378	5,213
Interest/Dividends	2,586	1,071	3,657	87
Deposits	1,468	--	1,468	165
Advances	30	--	30	--
Loans	2,958	--	2,958	--
Due from Other Governmental Agencies (Note 6)	398,492	4,534	403,026	645
Notes Receivable (Note 6)	31,062	--	31,062	--
Net Other Postemployment Benefits (Note 19)	41,609	--	41,609	--
Capital Assets (Notes 1 and 5)				
Not Depreciable/Amortizable	1,088,432	361,377	1,449,809	--
Depreciable/Amortizable (Net)	1,605,342	428,212	2,033,554	--
Total Capital Assets	<u>2,693,774</u>	<u>789,589</u>	<u>3,483,363</u>	<u>--</u>
Total Assets	<u>5,762,109</u>	<u>1,593,176</u>	<u>7,355,285</u>	<u>96,625</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)

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
LIABILITIES				
Accounts Payable	\$ 71,962	\$ 29,503	\$ 101,465	\$ 5,609
Salaries and Employee Benefits Payable	65,734	1,605	67,339	84
Retainage Payable	4,759	1,358	6,117	3,099
Interest Payable	5,656	6,472	12,128	--
Notes Payable (Note 10)	156,900	--	156,900	--
Deposits from Others	29,198	46,807	76,005	--
Due to Primary Government (Note 7)	--	--	--	827
Due to Other Governmental Agencies	65,512	1,398	66,910	56,782
Unearned Revenue (Note 1)	72,944	7,012	79,956	--
Estimated Liability - Litigation and Claims (Note 17)	3,152	--	3,152	--
Short-Term Bonds Payable (Note 10)	275,920	--	275,920	--
Interest Accretion on Capital Appreciation Bonds Payable (Note 10)	1,496	--	1,496	--
Long-Term Liabilities				
Due Within One Year				
Insurance Claims Payable (Notes 1 and 16)	51,746	--	51,746	--
Compensated Employee Absences Payable (Notes 1 and 11)	90,079	2,451	92,530	100
Arbitrage Rebate Payable (Note 11)	790	--	790	--
Capital Lease Obligations Payable (Notes 11 and 13)	4,393	--	4,393	--
Bonds Payable (Note 11)	89,856	14,038	103,894	--
Pollution Remediation Obligation (Notes 11 and 17)	--	848	848	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	1,615	1,615	--
Due in More than One Year				
Interest Accretion on Capital Appreciation Bonds Payable (Note 11)	167,358	--	167,358	--
Insurance Claims Payable (Notes 1 and 16)	136,647	--	136,647	--
Compensated Employee Absences Payable (Notes 1 and 11)	83,745	2,767	86,512	60
Arbitrage Rebate Payable (Note 11)	94	322	416	--
Capital Lease Obligations Payable (Notes 11 and 13)	71,681	--	71,681	--
Bonds Payable (Note 11)	332,849	262,566	595,415	--
Net Pension Obligation (Notes 11 and 18)	639	--	639	--
Pollution Remediation Obligation (Notes 11 and 17)	--	12,500	12,500	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	161,713	161,713	--
Total Liabilities	<u>1,783,110</u>	<u>552,975</u>	<u>2,336,085</u>	<u>66,561</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt (Note 1)	2,626,281	591,664	3,217,945	--
Restricted for (Note 1):				
Expendable				
Other Postemployment Benefits	41,609	--	41,609	--
Pension Benefits	107,807	--	107,807	--
Capital Projects	56,219	--	56,219	--
Debt Service	87,253	--	87,253	--
Legally Segregated for Grants and Other Purposes	1,133,256	--	1,133,256	--
Children and Families Commission of Orange County	--	--	--	30,064
Airport	--	50,899	50,899	--
Waste Management	--	84,070	84,070	--
Nonexpendable				
Regional Park Endowment	315	--	315	--
Unrestricted (Note 1)	(73,741)	313,568	239,827	--
Total Net Assets	<u>\$ 3,978,999</u>	<u>\$ 1,040,201</u>	<u>\$ 5,019,200</u>	<u>\$ 30,064</u>

County of Orange
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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	\$ 269,628	\$ (45,918)	\$ 33,561	\$ 37,713	\$ --
Public Protection	1,144,015	30,844	310,773	372,621	77,910
Public Ways and Facilities	138,159	(2,142)	53,960	42,875	8,478
Health and Sanitation	580,091	6,434	93,815	413,947	30
Public Assistance	922,966	8,297	36,304	837,151	--
Education	38,865	923	1,576	689	--
Recreation and Cultural Services	102,066	(73)	37,560	1,235	84,098
Interest on Long-Term Debt	53,806	--	--	--	--
Total Governmental Activities	<u>3,249,596</u>	<u>(1,635)</u>	<u>567,549</u>	<u>1,706,231</u>	<u>170,516</u>
Business-Type Activities					
Airport	87,433	626	124,298	151	6,544
Waste Management	92,976	1,009	102,595	491	--
Compressed Natural Gas	349	--	242	15	--
Total Business-Type Activities	<u>180,758</u>	<u>1,635</u>	<u>227,135</u>	<u>657</u>	<u>6,544</u>
Total Primary Government	<u>\$ 3,430,354</u>	<u>\$ --</u>	<u>\$ 794,684</u>	<u>\$ 1,706,888</u>	<u>\$ 177,060</u>
Component Unit					
Children and Families					
Commission of Orange County	<u>\$ 51,722</u>	<u>\$ --</u>	<u>\$ 14</u>	<u>\$ 29,415</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
Extraordinary Item - AB99
Transfers (Note 9)
Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning of Year
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				
Governmental Activities	Business-Type Activities	Total	Component Unit	Functions/Programs
\$ (152,436)	\$ --	\$ (152,436)		Primary Government
(413,555)	--	(413,555)		Governmental Activities
(30,704)	--	(30,704)		General Government
(78,733)	--	(78,733)		Public Protection
(57,808)	--	(57,808)		Public Ways and Facilities
(37,523)	--	(37,523)		Health and Sanitation
20,900	--	20,900		Public Assistance
(53,806)	--	(53,806)		Education
(803,665)	--	(803,665)		Recreation and Cultural Services
				Interest on Long-Term Debt
				Total Governmental Activities
				Business-Type Activities
--	42,934	42,934		Airport
--	9,101	9,101		Waste Management
--	(92)	(92)		Compressed Natural Gas
--	51,943	51,943		Total Business-Type Activities
(803,665)	51,943	(751,722)		Total Primary Government
				Component Unit
			\$ (22,293)	Children and Families
				Commission of Orange County
				General Revenues
				Taxes
298,953	--	298,953	--	Property Taxes, Levied for General Fund
73,260	--	73,260	--	Property Taxes, Levied for Flood Control District
51,554	--	51,554	--	Property Taxes, Levied for OC Parks
37,590	--	37,590	--	Property Taxes, Levied for OC Public Libraries
30,755	--	30,755	--	Property Tax Increments
228,421	--	228,421	--	Property Taxes in-Lieu of Motor Vehicle License Fees
83,938	--	83,938	--	Other Taxes
27,457	--	27,457	--	Grants and Contributions Not Restricted to Specific Programs
49,889	--	49,889	--	State Allocation of Motor Vehicle License Fees
23,703	5,509	29,212	818	Unrestricted Investment Earnings
64,563	1,109	65,672	64	Miscellaneous
--	--	--	(51,369)	Extraordinary Item - AB99
12,681	(12,681)	--	--	Transfers (Note 9)
982,764	(6,063)	976,701	(50,487)	Total General Revenues and Transfers
179,099	45,880	224,979	(72,780)	Change in Net Assets
3,799,900	994,321	4,794,221	102,844	Net Assets - Beginning of Year
<u>\$ 3,978,999</u>	<u>\$ 1,040,201</u>	<u>\$ 5,019,200</u>	<u>\$ 30,064</u>	Net Assets - End of Year

County of Orange
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	General Fund	Roads	Flood Control District
ASSETS			
Pooled Cash/Investments (Notes 1 and 4)	\$ 254,567	\$ 136,443	\$ 335,338
Imprest Cash Funds (Note 4)	1,884	--	--
Restricted Cash and Investments with Trustee (Notes 1 and 4)	1,537	--	--
Investments (Notes 1 and 4)	--	--	--
Deposits In-Lieu of Cash	--	--	--
Receivables			
Accounts	9,355	65	1,535
Taxes (Note 1)	9,217	--	1,405
Interest/Dividends	355	213	476
Deposits	614	--	854
Advances	30	--	--
Loans	--	--	875
Allowance for Uncollectible Receivables	(151)	(7)	(1)
Due from Other Funds (Note 7)	53,354	1,506	1,857
Due from Component Unit (Note 7)	827	--	--
Due from Other Governmental Agencies	334,252	11,604	81,477
Inventory of Materials and Supplies (Note 1)	305	--	323
Prepaid Costs (Note 1)	266,023	3,834	4,035
Land and Improvements Held for Resale (Note 1)	--	--	--
Advances To Other Funds (Note 7)	338	--	--
Notes Receivables	--	--	--
Total Assets	<u>\$ 932,507</u>	<u>\$ 153,658</u>	<u>\$ 428,174</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 48,740	\$ 3,385	\$ 4,337
Retainage payable	990	1,345	1,389
Salaries and Employee Benefits Payable	59,827	833	895
Interest Accretion on Bonds Payable (Note 10)	1,496	--	--
Deposits from Others	1,490	7,034	4,416
Due to Other Funds (Note 7)	22,037	2,799	4,176
Due to Other Governmental Agencies	9,897	646	2,420
Estimated Litigation and Claims (Note 17)	2,951	--	88
Deferred Revenue (Note 1)	165,436	4,821	77,648
Unearned Revenue (Note 1)	36,980	25,605	633
Notes Payable (Note 10)	--	--	--
Bonds Payable (Note 10)	275,920	--	--
Advances from Other Funds (Note 7)	28,149	--	--
Total Liabilities	<u>653,913</u>	<u>46,468</u>	<u>96,002</u>
Fund Balances (Note 1)			
Nonspendable	266,328	3,834	4,358
Restricted	10,872	103,356	327,814
Assigned	1,394	--	--
Unassigned	--	--	--
Total Fund Balances	<u>278,594</u>	<u>107,190</u>	<u>332,172</u>
Total Liabilities and Fund Balances	<u>\$ 932,507</u>	<u>\$ 153,658</u>	<u>\$ 428,174</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
\$ 128,730	\$ 103,260	\$ 685,956	\$ 1,644,294
5	--	61	1,950
--	288	298,358	300,183
--	--	6,295	6,295
--	--	60	60
158	--	2,660	13,773
--	45,184	2,572	58,378
191	141	976	2,352
--	--	--	1,468
--	--	--	30
--	--	2,083	2,958
--	--	(8)	(167)
7,138	--	22,963	86,818
--	--	--	827
6,834	--	9,092	443,259
281	--	--	909
1,570	--	10,581	286,043
--	--	719	719
--	--	--	338
--	--	31,062	31,062
<u>\$ 144,907</u>	<u>\$ 148,873</u>	<u>\$ 1,073,430</u>	<u>\$ 2,881,549</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

LIABILITIES AND FUND BALANCES

\$ 554	\$ 39	\$ 9,465	\$ 66,520
1	--	1,034	4,759
319	--	3,170	65,044
--	--	--	1,496
10,000	--	6,258	29,198
5,392	8	47,817	82,229
5,772	--	12,775	31,510
--	--	113	3,152
3,358	--	3,877	255,140
--	--	9,726	72,944
--	156,900	--	156,900
--	--	--	275,920
--	--	338	28,487
<u>25,396</u>	<u>156,947</u>	<u>94,573</u>	<u>1,073,299</u>
1,851	--	10,759	287,130
117,605	--	933,980	1,493,627
55	--	34,118	35,567
--	(8,074)	--	(8,074)
<u>119,511</u>	<u>(8,074)</u>	<u>978,857</u>	<u>1,808,250</u>
<u>\$ 144,907</u>	<u>\$ 148,873</u>	<u>\$ 1,073,430</u>	<u>\$ 2,881,549</u>

Liabilities

Accounts Payable
Retainage payable
Salaries and Employee Benefits Payable
Interest Accretion on Bonds Payable (Note 10)
Deposits from Others
Due to Other Funds (Note 7)
Due to Other Governmental Agencies
Estimated Litigation and Claims (Note 17)
Deferred Revenue (Note 1)
Unearned Revenue (Note 1)
Notes Payable (Note 10)
Bonds Payable (Note 10)
Advances from Other Funds (Note 7)
Total Liabilities

Fund Balances (Note 1)

Nonspendable
Restricted
Assigned
Unassigned
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 \$2,170,749 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	\$	1,808,250
--	----	-----------

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	773,474	
Structures and Improvements	1,110,680	
Equipment	265,985	
Software	51,743	
Infrastructure	1,299,621	
Land Use Rights	746	
Construction/Software in Progress	314,231	
Accumulated Depreciation/Amortization	<u>(1,140,752)</u>	2,675,728

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

Prepaid Costs	107,807	
Unamortized Bond Issuance Cost	<u>3,912</u>	111,719

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.

11,166

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	247,033	
Allowance for Uncollectible Receivables	<u>(45,518)</u>	201,515

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.

8,107

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 consists of the following:

Bonds and COPs Payable, Net	(422,705)	
Long-Term Notes Payable	(33,999)	
Compensated Employee Absences Payable	(171,780)	
Capital Lease Obligations Payable	(76,074)	
Arbitrage Rebate Payable	(884)	
Interest Payable on Bonds	(5,656)	
Interest Accreted on Capital Appreciation Bonds	(167,358)	
County's Net Pension Obligation for the Extra-Help Employees' Defined Benefit Retirement Plan	(639)	(879,095)

Governmental Accounting Standards Board (GASB) Statement No. 45, *"Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions"* requires an employer to record a net Other Postemployment Benefits (OPEB) obligation (asset) for the difference between the annual required contribution (ARC) and the amounts actually contributed to the OPEB Plan. In FY 2010-11, the County contributed less than the ARC to the Retiree Medical Trust, reducing the net OPEB asset reported on the Statement of Net Assets.

41,609

Net Assets of Governmental Activities

\$ 3,978,999

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	General Fund	Roads	Flood Control District
Revenues			
Taxes	\$ 555,229	\$ --	\$ 66,262
Licenses, Permits, and Franchises	15,121	333	291
Fines, Forfeitures and Penalties	42,442	11	30
Use of Money and Property	6,404	937	3,248
Intergovernmental	1,346,710	48,720	21,528
Charges for Services	418,768	21,693	12,968
Other	19,075	773	4,493
Total Revenues	<u>2,403,749</u>	<u>72,467</u>	<u>108,820</u>
Expenditures			
Current			
General Government	155,629	--	--
Public Protection	975,366	--	68,614
Public Ways and Facilities	41,687	60,685	--
Health and Sanitation	573,531	--	--
Public Assistance	753,177	--	--
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	10,142	30,495	19,577
Debt Service			
Principal Retirement	18,619	--	2,001
Interest	14,220	--	--
Total Expenditures	<u>2,542,371</u>	<u>91,180</u>	<u>90,192</u>
Excess (Deficit) of Revenues Over Expenditures	(138,622)	(18,713)	18,628
Other Financing Sources (Uses)			
Transfers In (Note 9)	231,664	--	--
Transfers Out (Note 9)	(115,029)	--	(3,178)
Bonds Issued (Note 11)	--	--	36,000
Payment to Refunded Bond Escrow Agent	--	--	--
Capital Leases (Note 13)	133	--	--
Total Other Financing Sources (Uses)	<u>116,768</u>	<u>--</u>	<u>32,822</u>
Net Change in Fund Balances	(21,854)	(18,713)	51,450
Fund Balances - Beginning of Year	268,284	125,903	280,722
Adjustment Due to Change in Accounting Principle (Note 2)	32,164	--	--
Fund Balances - Beginning of Year, as Restated	<u>300,448</u>	<u>125,903</u>	<u>280,722</u>
Fund Balances - End of Year	<u>\$ 278,594</u>	<u>\$ 107,190</u>	<u>\$ 332,172</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
\$ --	\$ --	\$ 116,618	\$ 738,109
--	--	1,086	16,831
6,837	24,664	19,477	93,461
3,470	1,015	74,440	89,514
34,315	--	293,793	1,745,066
7,647	--	17,840	478,916
6,820	--	32,964	64,125
<u>59,089</u>	<u>25,679</u>	<u>556,218</u>	<u>3,226,022</u>
--	1,989	49,575	207,193
24,283	--	4	1,068,267
--	--	8,417	110,789
--	--	3,262	576,793
--	--	158,527	911,704
--	--	37,671	37,671
--	--	84,506	84,506
6,159	--	17,938	84,311
--	--	67,065	87,685
--	654	25,760	40,634
<u>30,442</u>	<u>2,643</u>	<u>452,725</u>	<u>3,209,553</u>
28,647	23,036	103,493	16,469
7,692	--	156,396	395,752
(22,750)	(28,000)	(219,317)	(388,274)
--	--	--	36,000
--	--	(710)	(710)
--	--	--	133
<u>(15,058)</u>	<u>(28,000)</u>	<u>(63,631)</u>	<u>42,901</u>
13,589	(4,964)	39,862	59,370
105,922	(3,110)	971,159	1,748,880
--	--	(32,164)	--
<u>105,922</u>	<u>(3,110)</u>	<u>938,995</u>	<u>1,748,880</u>
<u>\$ 119,511</u>	<u>\$ (8,074)</u>	<u>\$ 978,857</u>	<u>\$ 1,808,250</u>

Revenues

Taxes
Licenses, Permits, and Franchises
Fines, Forfeitures and Penalties
Use of Money and Property
Intergovernmental
Charges for Services
Other
Total Revenues

Expenditures

Current
General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services
Capital Outlay
Debt Service
Principal Retirement
Interest
Total Expenditures
Excess (Deficit) of Revenues Over Expenditures

Other Financing Sources (Uses)

Transfers In (Note 9)
Transfers Out (Note 9)
Bonds Issued (Note 11)
Payment to Refunded Bond Escrow Agent
Capital Leases (Note 13)
Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances - Beginning of Year
Adjustment Due to Change in Accounting Principle (Note 2)
Fund Balances - Beginning of Year, as Restated
Fund Balances - End of Year

The Net Change in Fund Balances for governmental funds of \$59,370 in the Statement of Revenues, Expenditures, and Changes in Fund Balances differs from the Change in Net Assets for governmental activities of \$179,099 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 \$ 59,370

When capital assets used in governmental activities are purchased or constructed in the current fiscal year, the resources expended for those assets are reported as expenditures in the governmental funds. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. In addition, donations, transfers, gains or losses from sales and other disposals/acquisitions of capital assets are not reported in governmental funds. These assets, and their associated depreciation/amortization expense, must be reported or removed in the government-wide financial statements. The details of the expenditures of capital outlay, capital contributions, depreciation/amortization and other disposals/acquisitions of capital assets are as follows:

Expenditures for capital outlay:			
Land		310	
Structures and Improvements		65,240	
Equipment		11,540	
Software		20,100	
Land Use Rights		175	
Other Disposals/Acquisitions of Capital Assets, net of Gains/Losses on Sale		(15,653)	
Depreciation/Amortization Expense		(105,601)	
Capital Contributions		87,143	63,254

The issuance of long-term debt (i.e. bonds) is recorded as an other financing source in the governmental funds because it provides current financial resources. Similarly, the repayment of principal on long-term debt or the payment of other long-term liabilities is reported as an expenditure in the governmental funds because current financial resources have been consumed. Bond proceeds, net of payments to escrow agents and principal payments, are reported as financing sources in governmental funds and thus contribute to the change in fund balance. These transactions do not have any effect on net assets in the government-wide financial statements. The details of the principal and other long-term liability payments and other financing sources are as follows:

SARI Line Loan Proceeds		(36,000)	
Principal and Other Long-Term Liability Payments:			
Bonds Payable		81,510	
Notes Payable		2,001	
Capital Lease Obligations		4,040	
Arbitrage Rebate Payable		725	52,276

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	39,754	
Property Tax Revenues	<u>(91)</u>	39,663

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds until paid. The following amounts represent the net effect of these differences in the treatment of long-term liabilities:

Accrued Interest Expense on Bonds Payable	1,297	
Amortization of Deferred Charges	192	
Compensated Employee Absences Expense	(5,360)	
Pension Costs and Amortization of the County's Investment Investment Account with OCERS	7,147	
Interest Accretion on Capital Appreciation Bonds	<u>(14,661)</u>	(11,385)

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	(37,483)	
Consolidation of Nonoperating Revenues/Expenses to Governmental Activities	<u>15,375</u>	(22,108)

For FY 2010-11, the Other Postemployment Benefits (OPEB) cost was \$35,848 and the County contributed \$33,877, which was deposited in to the Retiree Medical Trust. The underfunded amount against annual required contribution reduced the net OPEB asset and was treated as an increase to the employee benefits expense.

		<u>(1,971)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>179,099</u></u>

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		\$ 551,802	\$ 160	\$ 551,962
Licenses, Permits, and Franchises		14,906	250	15,156
Fines, Forfeitures and Penalties		43,862	206	44,068
Use of Money and Property		8,580	--	8,580
Intergovernmental		1,374,460	12,902	1,387,362
Charges for Services		437,856	22,205	460,061
Other		32,380	283	32,663
Transfers In		312,429	25,048	337,477
Premiums on Bonds Issued		2,000	--	2,000
Bond Issuance Proceeds		--	--	--
Principal Payment on Demand Bonds		--	275,923	275,923
Total Revenues and Other Financing Sources		<u>2,778,275</u>	<u>336,977</u>	<u>3,115,252</u>
Expenditures/Encumbrances and Other Financing Uses				
General Government:				
Assessor	\$ 617	32,250	--	32,867
Auditor-Controller	870	14,783	383	16,036
Board of Supervisors - 1st District	3	985	(1)	987
Board of Supervisors - 2nd District	2	940	--	942
Board of Supervisors - 3rd District	2	880	--	882
Board of Supervisors - 4th District	4	922	(1)	925
Board of Supervisors - 5th District	2	948	--	950
Capital Acquisition Financing		7,120	--	7,120
Capital Projects	1,009	10,107	53	11,169
CAPS Program	568	22,470	598	23,636
Clerk of the Board	30	3,172	96	3,298
County Counsel	78	11,030	124	11,232
County Executive Office	1,546	16,242	--	17,788
Data Systems Development Project	1,000	13,562	3,101	17,663
Employee Benefits	2	2,010	--	2,012
Human Resources	224	3,498	--	3,722
Internal Audit	2	2,621	--	2,623
IBM Mainframe	--	4,369	--	4,369
Miscellaneous	38	11,102	(2,860)	8,280
Office of Independent Review	47	476	(1)	522
Prepaid Pension Obligation	--	--	276,074	276,074
Registrar of Voters	1,270	13,647	6,352	21,269
Tax and Revenue Anticipation Notes	--	3,500	--	3,500
The Office of the Performance Audit	27	752	1	780
Treasurer-Tax Collector	413	15,060	(279)	15,194
Utilities	792	24,519	--	25,311
2005 Lease Revenue Refunding Bonds	--	71,796	2,378	74,174
2005 Refunding Recovery Bonds	--	18,435	--	18,435
Public Protection:				
Alternate Defense	712	7,017	(1)	7,728
Building & Safety	--	4,731	774	5,505
Child Support Services	33	59,146	1	59,180
Clerk-Recorder	906	10,488	39	11,433
Detention Release	5	1,368	75	1,448
District Attorney	3,276	117,389	304	120,969
Emergency Management Division	31	2,190	102	2,323
Grand Jury	6	599	--	605
Juvenile Justice Commission	1	176	--	177
Probation	6,433	153,190	26	159,649
Public Administrator/Public Guardian	40	5,745	--	5,785
Public Defender	466	61,432	2,214	64,112
Sheriff-Coroner	8,126	453,032	31,837	492,995
Sheriff-Coroner Communications	222	10,905	171	11,298
Sheriff Court Operations	151	55,854	(969)	55,036
Trial Courts	72	63,353	617	64,042
Public Ways and Facilities:				
OC Public Works	3,793	57,490	1,935	63,218
Health and Sanitation:				
Health Care Agency	620	596,245	4,265	601,130
OC Watersheds	1,663	22,296	--	23,959
Public Assistance:				
Aid to Families with Dependent Children - Foster Care	761	135,727	(7,410)	129,078
Aid to Refugees	--	513	--	513
California Works Opportunities and Responsibility to Kids	--	156,236	--	156,236
OC Community Resources	909	53,245	(109)	54,045
General Relief	--	1,728	396	2,124
In-Home Supportive Services - IHSS	--	36,152	--	36,152
Social Services Agency	10,919	450,028	(4,171)	456,776
Total Expenditures/Encumbrances and Other Financing Uses	<u>47,691</u>	<u>2,823,471</u>	<u>316,114</u>	<u>3,187,276</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(47,691)	(45,196)	20,863	(72,024)
Fund Balances - Beginning of Year				
Cancellation of Reserves/Designations	--	20,000	--	20,000
Fund Balance Reserved for Encumbrances	47,691	25,196	--	25,196
Provisions for Reserves and/or Designations	--	--	(20,863)	47,691
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 (See Note 1)	Variance Positive (Negative)	Variance		
		Open Encumbrances June 30, 2011	Unspent Appropriations	
\$ 554,967	\$ 3,005			Revenues and Other Financing Sources
15,146	(10)			Taxes
41,079	(2,989)			Licenses, Permits, and Franchises
6,242	(2,338)			Fines, Forfeitures and Penalties
1,361,246	(26,116)			Use of Money and Property
421,791	(38,270)			Intergovernmental
35,893	3,230			Charges for Services
262,718	(74,759)			Other
--	(2,000)			Transfers In
720	720			Premiums on Bonds Issued
--	(275,923)			Bond Issuance Proceeds
<u>2,699,802</u>	<u>(415,450)</u>			Principal Payment on Demand Bonds
				Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				General Government:
32,390	477	\$ 327	\$ 150	Assessor
14,816	1,220	726	494	Auditor-Controller
971	16	1	15	Board of Supervisors - 1st District
846	96	1	95	Board of Supervisors - 2nd District
853	29	3	26	Board of Supervisors - 3rd District
789	136	1	135	Board of Supervisors - 4th District
891	59	1	58	Board of Supervisors - 5th District
6,791	329	--	329	Capital Acquisition Financing
4,289	6,880	3,063	3,817	Capital Projects
18,521	5,115	798	4,317	CAPS Program
3,208	90	31	59	Clerk of the Board
10,369	863	265	598	County Counsel
15,210	2,578	2,065	513	County Executive Office
13,168	4,495	1,209	3,286	Data Systems Development Project
565	1,447	2	1,445	Employee Benefits
3,303	419	10	409	Human Resources
2,485	138	23	115	Internal Audit
4,369	--	--	--	IBM Mainframe
3,990	4,290	27	4,263	Miscellaneous
354	168	62	106	Office of Independent Review
151	275,923	--	275,923	Prepaid Pension Obligation
14,187	7,082	717	6,365	Registrar of Voters
2,955	545	--	545	Tax and Revenue Anticipation Notes
640	140	62	78	The Office of the Performance Audit
12,935	2,259	815	1,444	Treasurer-Tax Collector
20,598	4,713	708	4,005	Utilities
74,174	--	--	--	2005 Lease Revenue Refunding Bonds
18,435	--	--	--	2005 Refunding Recovery Bonds
				Public Protection:
6,921	807	250	557	Alternate Defense
5,174	331	2	329	Building & Safety
55,701	3,479	49	3,430	Child Support Services
10,353	1,080	426	654	Clerk-Recorder
1,444	4	--	4	Detention Release
111,662	9,307	4,822	4,485	District Attorney
1,876	447	144	303	Emergency Management Division
560	45	19	26	Grand Jury
154	23	11	12	Juvenile Justice Commission
145,550	14,099	5,961	8,138	Probation
5,181	604	92	512	Public Administrator/Public Guardian
62,388	1,724	494	1,230	Public Defender
459,000	33,995	11,651	22,344	Sheriff-Coroner
9,551	1,747	599	1,148	Sheriff-Coroner Communications
50,736	4,300	543	3,757	Sheriff Court Operations
63,788	254	111	143	Trial Courts
				Public Ways and Facilities:
50,387	12,831	4,307	8,524	OC Public Works
				Health and Sanitation:
568,553	32,577	401	32,176	Health Care Agency
11,579	12,380	769	11,611	OC Watersheds
				Public Assistance:
114,415	14,663	2,289	12,374	Aid to Families with Dependent Children - Foster Care
402	111	--	111	Aid to Refugees
150,426	5,810	--	5,810	California Works Opportunities and Responsibility to Kids
43,584	10,461	954	9,507	OC Community Resources
1,746	378	--	378	General Relief
34,171	1,981	--	1,981	In-Home Supportive Services - IHSS
427,779	28,997	7,663	21,334	Social Services Agency
<u>2,675,334</u>	<u>511,942</u>	<u>\$ 52,474</u>	<u>\$ 459,468</u>	Total Expenditures/Encumbrances and Other Financing Uses
				Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses
24,468	<u>\$ 96,492</u>			
290,378				Fund Balances - Beginning of Year
(273,138)				Cancellation of Reserves/Designations
52,474				Fund Balance Reserved for Encumbrances
212,570				Provisions for Reserves and/or Designations
<u>\$ 306,752</u>				Fund Balances - End of Year

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises		\$ 354	\$ --	\$ 354
Fines, Forfeitures and Penalties		8	--	8
Use of Money and Property		2,625	--	2,625
Intergovernmental		46,867	7,938	54,805
Charges for Services		35,190	--	35,190
Other		1,373	10,161	11,534
Total Revenues and Other Financing Sources		<u>86,417</u>	<u>18,099</u>	<u>104,516</u>
Expenditures/Encumbrances and Other Financing Uses				
Public Ways and Facilities:				
OC Road	\$ 51,540	128,752	--	180,292
Foothill Circulation Phasing Plan	14,037	6,473	--	20,510
Total Expenditures/Encumbrances	<u>65,577</u>	<u>135,225</u>	<u>--</u>	<u>200,802</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(65,577)	(48,808)	18,099	(96,286)
Fund Balances - Beginning of Year	--	67,566	--	67,566
Cancellation of Reserves/Designations	--	--	--	--
Fund Balance Reserved for Encumbrances	65,577	--	--	65,577
Provisions for Reserves and/or Designations	--	(18,758)	(18,099)	(36,857)
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 (See Note 1)	Variance Positive (Negative)	Variance																													
		Open Encumbrances June 30, 2011	Unspent Appropriations																												
<table border="0" style="width: 100%;"> <tr><td style="width: 10px;">\$</td><td style="text-align: right;">333</td><td style="width: 10px;">\$</td><td style="text-align: right;">(21)</td></tr> <tr><td></td><td style="text-align: right;">11</td><td></td><td style="text-align: right;">3</td></tr> <tr><td></td><td style="text-align: right;">799</td><td></td><td style="text-align: right;">(1,826)</td></tr> <tr><td></td><td style="text-align: right;">48,193</td><td></td><td style="text-align: right;">(6,612)</td></tr> <tr><td></td><td style="text-align: right;">21,912</td><td></td><td style="text-align: right;">(13,278)</td></tr> <tr><td></td><td style="text-align: right;">773</td><td></td><td style="text-align: right;">(10,761)</td></tr> <tr><td></td><td style="text-align: right;"><u>72,021</u></td><td></td><td style="text-align: right;"><u>(32,495)</u></td></tr> </table>	\$	333	\$	(21)		11		3		799		(1,826)		48,193		(6,612)		21,912		(13,278)		773		(10,761)		<u>72,021</u>		<u>(32,495)</u>			
\$	333	\$	(21)																												
	11		3																												
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	<u>72,021</u>		<u>(32,495)</u>																												
<table border="0" style="width: 100%;"> <tr><td style="width: 10px;"></td><td style="text-align: right;">88,416</td><td style="width: 10px;"></td><td style="text-align: right;">91,876</td><td style="width: 10px;">\$</td><td style="text-align: right;">53,867</td><td style="width: 10px;">\$</td><td style="text-align: right;">38,009</td></tr> <tr><td></td><td style="text-align: right;">4,257</td><td></td><td style="text-align: right;">16,253</td><td></td><td style="text-align: right;">13,924</td><td></td><td style="text-align: right;">2,329</td></tr> <tr><td></td><td style="text-align: right;"><u>92,673</u></td><td></td><td style="text-align: right;"><u>108,129</u></td><td></td><td style="text-align: right;"><u>\$ 67,791</u></td><td></td><td style="text-align: right;"><u>\$ 40,338</u></td></tr> </table>		88,416		91,876	\$	53,867	\$	38,009		4,257		16,253		13,924		2,329		<u>92,673</u>		<u>108,129</u>		<u>\$ 67,791</u>		<u>\$ 40,338</u>							
	88,416		91,876	\$	53,867	\$	38,009																								
	4,257		16,253		13,924		2,329																								
	<u>92,673</u>		<u>108,129</u>		<u>\$ 67,791</u>		<u>\$ 40,338</u>																								
<table border="0" style="width: 100%;"> <tr><td style="width: 10px;"></td><td style="text-align: right;">(20,652)</td><td style="width: 10px;">\$</td><td style="text-align: right;"><u>75,634</u></td></tr> </table>		(20,652)	\$	<u>75,634</u>																											
	(20,652)	\$	<u>75,634</u>																												
<table border="0" style="width: 100%;"> <tr><td style="width: 10px;"></td><td style="text-align: right;">119,362</td></tr> <tr><td></td><td style="text-align: right;">(90,794)</td></tr> <tr><td></td><td style="text-align: right;">67,791</td></tr> <tr><td></td><td style="text-align: right;">23,001</td></tr> <tr><td></td><td style="text-align: right;"><u>\$ 98,708</u></td></tr> </table>		119,362		(90,794)		67,791		23,001		<u>\$ 98,708</u>																					
	119,362																														
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	<u>\$ 98,708</u>																														

Revenues and Other Financing Sources
 Licenses, Permits, and Franchises
 Fines, Forfeitures and Penalties
 Use of Money and Property
 Intergovernmental
 Charges for Services
 Other
 Total Revenues and Other Financing Sources

**Expenditures/Encumbrances
and Other Financing Uses**
 Public Ways and Facilities:
 OC Road
 Foothill Circulation Phasing Plan
 Total Expenditures/Encumbrances
 Excess (Deficit) of Revenues
 and Other Financing Sources
 Over Expenditures/Encumbrances
 and Other Financing Uses
 Fund Balances - Beginning of Year
 Cancellation of Reserves/Designations
 Fund Balance Reserved for Encumbrances
 Provisions for Reserves and/or Designations
 Fund Balances - End of Year

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Taxes		\$ 68,775	\$ --	\$ 68,775
Licenses, Permits, and Franchises		419	--	419
Fines, Forfeitures and Penalties		7	--	7
Use of Money and Property		5,269	--	5,269
Intergovernmental		17,032	--	17,032
Charges for Services		13,470	--	13,470
Other		59,980	--	59,980
Transfers In		48,000	--	48,000
Total Revenues and Other Financing Sources		<u>212,952</u>	<u>--</u>	<u>212,952</u>
Expenditures/Encumbrances and Other Financing Uses				
Public Protection:				
OC Flood	\$ 24,460	174,206	7,814	206,480
OC Santa Ana River	--	64	(2)	62
OC Flood - Capital	8,627	120,073	9,932	138,632
Total Expenditures/Encumbrances and Other Financing Uses	<u>33,087</u>	<u>294,343</u>	<u>17,744</u>	<u>345,174</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(33,087)	(81,391)	(17,744)	(132,222)
Fund Balances - Beginning of Year	--	36,569	--	36,569
Cancellation of Reserves/Designations	--	44,822	17,744	62,566
Fund Balance Reserved for Encumbrances	33,087	--	--	33,087
Provisions for Reserves and/or Designations	--	--	--	--
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 (See Note 1)	Variance Positive (Negative)	Variance	
		Open Encumbrances June 30, 2011	Unspent Appropriations
\$ 66,245	\$ (2,530)		
291	(128)		
30	23		
2,823	(2,446)		
58,687	41,655		
13,009	(461)		
4,494	(55,486)		
--	(48,000)		
<u>145,579</u>	<u>(67,373)</u>		
81,200	125,280	\$ 17,643	\$ 107,637
--	62	--	62
<u>13,988</u>	<u>124,644</u>	<u>13,052</u>	<u>111,592</u>
<u>95,188</u>	<u>249,986</u>	<u>\$ 30,695</u>	<u>\$ 219,291</u>
50,391	<u>\$ 182,613</u>		
282,097			
(181,454)			
30,695			
150,757			
<u>\$ 332,486</u>			

Revenues and Other Financing Sources

Taxes
Licenses, Permits, and Franchises
Fines, Forfeitures and Penalties
Use of Money and Property
Intergovernmental
Charges for Services
Other
Transfers In
Total Revenues and Other Financing Sources

Expenditures/Encumbrances and Other Financing Uses

Public Protection:
OC Flood
OC Santa Ana River
OC Flood - Capital
Total Expenditures/Encumbrances
and Other Financing Uses
Excess (Deficit) of Revenues
and Other Financing Sources
Over Expenditures/Encumbrances
and Other Financing Uses

Fund Balances - Beginning of Year
Cancellation of Reserves/Designations
Fund Balance Reserved for Encumbrances
Provisions for Reserves and/or Designations
Fund Balances - End of Year

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Budget Adjustments	Final Budget
Revenues and Other Financing Sources				
Licenses, Permits, and Franchises		--	--	--
Fines, Forfeitures and Penalties		3,582	350	3,932
Use of Money and Property		4,264	2	4,266
Intergovernmental		29,383	3,168	32,551
Charges for Services		7,401	--	7,401
Other		8,538	667	9,205
Transfers In		6,131	938	7,069
Total Revenues and Other Financing Sources		<u>59,299</u>	<u>5,125</u>	<u>64,424</u>
Expenditures/Encumbrances and Other Financing Uses				
Public Protection:				
Orange County Methamphetamine Lab				
Investigation Team	\$ --	919	689	1,608
County Automated Fingerprint Identification	3	1,560	49	1,612
Building and Safety	1	430	87	518
Narcotic Forfeiture and Seizure	14	1,039	109	1,162
Sheriff-Regional Narcotics Suppression Program	292	9,893	1,262	11,447
Motor Vehicle Theft Task Force	58	3,213	--	3,271
Clerk Recorder Special Revenue	--	12,653	734	13,387
Real Estate Prosecution Fund	--	1,211	338	1,549
Proposition 64 - Consumer Protection	--	4,175	(1,152)	3,023
Proposition 69 - DNA Identification	--	2,816	85	2,901
Juvenile Justice Reform	161	7,144	2,305	9,610
Traffic Violator	--	1,693	(46)	1,647
Sheriff Narcotics Program	111	6,089	405	6,605
Orange County Jail	--	3,085	163	3,248
Sheriff's State Criminal Alien Assistance Program	18	6,956	191	7,165
Substance Abuse/Crime Prevention	--	--	97	97
California Automated Fingerprint				
Identification Operational Costs	--	1,370	1	1,371
California Automated Fingerprint				
Identification Systems Costs	60	24,403	287	24,750
Sheriff's Supplemental Law Enforcement Services	--	1,226	5	1,231
District Attorney's Supplemental				
Law Enforcement Services	--	816	5	821
Excess Public Safety Sales Tax	--	--	173	173
Equitable Sharing Forfeiture Program Fund	--	--	24	24
Sheriff-Coroner Replacement and Maintenance	123	10,702	216	11,041
Ward Welfare	--	509	93	602
Court Facilities	57	1,419	57	1,533
Sheriff's Substations Fee Program	--	8,424	7	8,431
Jail Commissary	1,157	6,961	(569)	7,549
Inmate Welfare	108	9,594	763	10,465
Child Support Program Development	--	7,763	423	8,186
800 MHz County-Wide Coordinated				
Communications System	99	7,262	2,733	10,094
Delta Special Revenue	7	206	(16)	197
Total Expenditures/Encumbrances	<u>2,269</u>	<u>143,531</u>	<u>9,518</u>	<u>155,318</u>
and Other Financing Uses				
Excess (Deficit) of Revenues				
and Other Financing Sources				
Over Expenditures/Encumbrances				
and Other Financing Uses	(2,269)	(84,232)	(4,393)	(90,894)
Fund Balances - Beginning of Year	--	80,871	--	80,871
Cancellation of Reserves/Designations	--	3,731	4,393	8,124
Fund Balance Reserved for Encumbrances	2,269	--	--	2,269
Provisions for Reserves and/or Designations	--	(370)	--	(370)
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 (See Note 1)	Variance Positive (Negative)	Variance		
		Open Encumbrances June 30, 2011	Unspent Appropriations	
1	1			Revenues and Other Financing Sources
6,845	2,913			Licenses, Permits, and Franchises
3,201	(1,065)			Fines, Forfeitures and Penalties
36,557	4,006			Use of Money and Property
7,647	246			Intergovernmental
6,813	(2,392)			Charges for Services
8,177	1,108			Other
<u>69,241</u>	<u>4,817</u>			Transfers In
				Total Revenues and Other Financing Sources
				Expenditures/Encumbrances and Other Financing Uses
				Public Protection:
				Orange County Methamphetamine Lab
1,276	332	\$ --	\$ 332	Investigation Team
870	742	10	732	County Automated Fingerprint Identification
--	518	5	513	Building and Safety
638	524	24	500	Narcotic Forfeiture and Seizure
7,212	4,235	434	3,801	Sheriff-Regional Narcotics Suppression Program
2,647	624	99	525	Motor Vehicle Theft Task Force
1,350	12,037	--	12,037	Clerk Recorder Special Revenue
1,549	--	--	--	Real Estate Prosecution Fund
1,229	1,794	--	1,794	Proposition 64 - Consumer Protection
1,268	1,633	--	1,633	Proposition 69 - DNA Identification
5,993	3,617	129	3,488	Juvenile Justice Reform
410	1,237	--	1,237	Traffic Violator
2,092	4,513	538	3,975	Sheriff Narcotics Program
2,381	867	--	867	Orange County Jail
5,301	1,864	18	1,846	Sheriff's State Criminal Alien Assistance Program
88	9	--	9	Substance Abuse/Crime Prevention
				California Automated Fingerprint
				Identification Operational Costs
				California Automated Fingerprint
				Identification Systems Costs
417	24,333	425	23,908	Sheriff's Supplemental Law Enforcement Services
854	377	--	377	District Attorney's Supplemental
				Law Enforcement Services
596	225	--	225	Excess Public Safety Sales Tax
--	173	--	173	Equitable Sharing Forfeiture Program Fund
--	24	--	24	Sheriff-Coroner Replacement and Maintenance
37	11,004	310	10,694	Ward Welfare
131	471	--	471	Court Facilities
37	1,496	166	1,330	Sheriff's Substations Fee Program
4	8,427	--	8,427	Jail Commissary
6,371	1,178	469	709	Inmate Welfare
4,524	5,941	181	5,760	Child Support Program Development
704	7,482	--	7,482	800 MHz County-Wide Coordinated
				Communications System
4,836	5,258	451	4,807	Delta Special Revenue
8	189	8	181	Total Expenditures/Encumbrances
<u>52,825</u>	<u>102,493</u>	<u>\$ 3,267</u>	<u>\$ 99,226</u>	and Other Financing Uses
				Excess (Deficit) of Revenues
				and Other Financing Sources
				Over Expenditures/Encumbrances
				and Other Financing Uses
16,416	<u>\$ 107,310</u>			Fund Balances - Beginning of Year
102,359				Cancellation of Reserves/Designations
(14,731)				Fund Balance Reserved for Encumbrances
3,267				Provisions for Reserves and/or Designations
11,466				Fund Balances - End of Year
<u>\$ 118,777</u>				

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	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	Waste Management	Compressed Natural Gas (Non-Major)	Total	
ASSETS					
Current Assets					
Pooled Cash/Investments (Notes 1 and 4)	\$ 73,113	\$ 295,062	\$ 818	\$ 368,993	\$ 170,035
Cash Equivalents/Specific Investments (Notes 1 and 4)	36,297	--	--	36,297	--
Cash/Cash Equivalents (Notes 1 and 4)	5,475	--	--	5,475	--
Imprest Cash Funds (Note 4)	14	35	--	49	133
Restricted Cash and Investments with Trustee (Note 4)	14,635	7,412	--	22,047	398
Restricted Pooled Cash/Investments (Note 4)	121,104	701	--	121,805	--
Deposits In-Lieu of Cash	28,312	16,567	--	44,879	--
Receivables					
Accounts	4,057	8,557	3	12,617	73
Passenger Facility Charges	2,012	--	--	2,012	--
Interest/Dividends	458	611	2	1,071	234
Pollution Remediation Obligation Recoveries	393	--	--	393	--
Allowance for Uncollectible Receivables	--	(1)	--	(1)	(1)
Due from Other Funds (Note 7)	--	26	2	28	2,405
Due from Other Governmental Agencies	4,066	468	--	4,534	751
Inventory of Materials and Supplies (Note 1)	--	--	--	--	389
Prepaid Costs (Note 1)	3,375	5,014	--	8,389	3,161
Bond Issuance Costs	197	13	--	210	--
Total Current Assets	293,508	334,465	825	628,798	177,578
Noncurrent Assets					
Restricted Cash and Investments with Trustee (Note 4)	18,451	3,979	--	22,430	--
Restricted Pooled Cash/Investments (Note 4)	--	37,159	--	37,159	--
Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs (Notes 1, 4, and 14)	--	89,543	--	89,543	--
Investments (Notes 1 and 4)	13,285	--	--	13,285	--
Prepaid Costs (Note 1)	--	1,571	--	1,571	--
Advances To Other Funds (Note 7)	--	28,149	--	28,149	--
Capital Assets: (Notes 1 and 5)					
Land	15,678	22,405	--	38,083	--
Construction in Progress	311,392	11,902	--	323,294	552
Structures and Improvements	342,728	18,514	--	361,242	10,572
Accumulated Depreciation	(170,088)	(6,923)	--	(177,011)	(4,716)
Equipment	11,549	70,252	--	81,801	80,456
Accumulated Depreciation	(8,893)	(42,460)	--	(51,353)	(68,818)
Infrastructure	215,607	279,677	--	495,284	--
Accumulated Depreciation	(152,266)	(129,485)	--	(281,751)	--
Total Capital Assets	565,707	223,882	--	789,589	18,046
Bond Issuance Costs	1,785	3	--	1,788	--
Total Noncurrent Assets	599,228	384,286	--	983,514	18,046
Total Assets	892,736	718,751	825	1,612,312	195,624

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	Compressed Natural Gas (Non-Major)	Total	
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 23,427	\$ 6,076	\$ --	\$ 29,503	\$ 5,442
Retainage Payable	1,183	175	--	1,358	--
Salaries and Employee Benefits Payable	707	898	--	1,605	690
Unearned Revenue	6,878	134	--	7,012	--
Due to Other Funds (Note 7)	2,129	2,307	22	4,458	2,564
Due to Other Governmental Agencies	--	1,398	--	1,398	3
Insurance Claims Payable (Notes 1 and 16)	--	--	--	--	51,746
Compensated Employee Absences Payable (Notes 1 and 11)	1,106	1,345	--	2,451	1,059
Pollution Remediation Obligation (Notes 11 and 17)	17	831	--	848	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	1,615	--	1,615	--
Bonds Payable (Note 11)	7,782	6,256	--	14,038	--
Interest Payable	6,382	90	--	6,472	--
Deposits from Others	29,468	17,339	--	46,807	--
Total Current Liabilities	79,079	38,464	22	117,565	61,504
Noncurrent Liabilities					
Insurance Claims Payable (Notes 1 and 16)	--	--	--	--	136,647
Compensated Employee Absences Payable (Notes 1 and 11)	1,296	1,471	--	2,767	985
Pollution Remediation Obligation (Notes 11 and 17)	1,357	11,143	--	12,500	--
Landfill Site Closure/Postclosure Liability (Notes 11 and 14)	--	161,713	--	161,713	--
Bonds Payable (Note 11)	248,901	13,665	--	262,566	--
Arbitrage Rebate Payable (Note 11)	107	215	--	322	--
Total Noncurrent Liabilities	251,661	188,207	--	439,868	137,632
Total Liabilities	330,740	226,671	22	557,433	199,136
NET ASSETS					
Invested in Capital Assets, Net of Related Debt (Note 1)	387,687	203,977	--	591,664	18,048
Restricted for (Note 1)					
Debt Service	8,253	33,128	--	41,381	--
Passenger Facility Charges Approved Capital Projects (Note 1)	41,646	--	--	41,646	--
Replacements and Renewals	1,000	--	--	1,000	--
Landfill Closure/Postclosure	--	41,754	--	41,754	--
Landfill Corrective Action	--	6,068	--	6,068	--
San Joaquin Restoration Project	--	3,120	--	3,120	--
Unrestricted (Note 1)	123,410	204,033	803	328,246	(21,560)
Total Net Assets	\$ 561,996	\$ 492,080	\$ 803	\$ 1,054,879	\$ (3,512)
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				(1,903)	
Cumulative Effect of Prior Years' Internal Service Funds Allocation				(12,775)	
Net Assets of Business-type Activities				\$ 1,040,201	

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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	Compressed Natural Gas (Non-Major)		Total
Operating Revenues					
Use of Property	\$ 91,375	\$ 1,557	\$ --	\$ 92,932	\$ 3,147
Licenses, Permits, and Franchises	--	106	--	106	--
Charges for Services	15,082	100,918	242	116,242	60,575
Insurance Premiums	--	--	--	--	229,688
Total Operating Revenues	<u>106,457</u>	<u>102,581</u>	<u>242</u>	<u>209,280</u>	<u>293,410</u>
Operating Expenses					
Salaries and Employee Benefits	18,118	24,830	--	42,948	18,095
Services and Supplies	18,663	20,112	251	39,026	29,630
Professional Services	33,444	11,942	98	45,484	31,467
Operating Leases	447	808	--	1,255	3,119
Insurance Claims and Premiums (Note 16)	--	--	--	--	245,660
Pollution Remediation Expense	--	6,896	--	6,896	--
Other Charges	--	--	--	--	393
Taxes and Other Fees	--	6,729	--	6,729	8
Landfill Site Closure/Postclosure Costs (Note 14)	--	1,058	--	1,058	--
Depreciation (Note 5)	15,830	19,446	--	35,276	4,424
Total Operating Expenses	<u>86,502</u>	<u>91,821</u>	<u>349</u>	<u>178,672</u>	<u>332,796</u>
Operating Income (Loss)	<u>19,955</u>	<u>10,760</u>	<u>(107)</u>	<u>30,608</u>	<u>(39,386)</u>
Nonoperating Revenues (Expenses)					
Fines, Forfeitures and Penalties	242	14	--	256	--
Intergovernmental Revenues	151	491	15	657	3,903
Interest Revenue	1,857	3,645	7	5,509	1,279
Interest Expense	(292)	(1,356)	--	(1,648)	--
Gain (Loss) on Disposition of Capital Assets	(10)	7	--	(3)	77
Passenger Facility Charges Revenue	17,599	--	--	17,599	--
Other Revenue	487	452	3	942	4,913
Total Nonoperating Revenues	<u>20,034</u>	<u>3,253</u>	<u>25</u>	<u>23,312</u>	<u>10,172</u>
Income (Loss) Before Contributions and Transfers	<u>39,989</u>	<u>14,013</u>	<u>(82)</u>	<u>53,920</u>	<u>(29,214)</u>
Capital Grant Contributions	6,544	--	--	6,544	--
Transfers In (Note 9)	--	113	350	463	5,707
Transfers Out (Note 9)	--	(13,094)	(50)	(13,144)	(504)
Increase/Decrease in Net Assets	<u>46,533</u>	<u>1,032</u>	<u>218</u>	<u>47,783</u>	<u>(24,011)</u>
Net Assets - Beginning of Year	<u>515,463</u>	<u>491,048</u>	<u>585</u>		<u>20,499</u>
Net Assets - End of Year	<u>\$ 561,996</u>	<u>\$ 492,080</u>	<u>\$ 803</u>		<u>\$ (3,512)</u>
Adjustment to Reflect the Consolidation of Internal Service Funds' Activities Related to Enterprise Funds				<u>(1,903)</u>	
Increase in Net Assets of Business-Type Activities				<u>\$ 45,880</u>	

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



County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	Waste Management	Compressed Natural Gas (Non-Major)	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 107,268	\$ 102,004	\$ 238	\$ 209,510	\$ 63,628
Cash Received for Premiums within the County's Entity	--	--	--	--	229,688
Payments to Suppliers for Goods and Services	(52,211)	(33,448)	(349)	(86,008)	(301,448)
Payments to Employees for Services	(21,127)	(24,700)	--	(45,827)	(17,814)
Payments for Interfund Services Provided	--	(683)	(38)	(721)	(393)
Cash Receipts for Interfund Services Provided	181	--	--	181	1,950
Landfill Site Closure/Postclosure Care Costs	--	(1,615)	--	(1,615)	--
Taxes and Other Fees	--	(6,729)	--	(6,729)	(8)
Other Operating Receipts (Payments) - Net	789	(4,452)	3	(3,660)	1,392
Net Cash Provided (Used) by Operating Activities	34,900	30,377	(146)	65,131	(23,005)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	--	113	350	463	5,707
Transfers Out	--	(13,094)	(50)	(13,144)	(504)
Intergovernmental Revenues	68	491	15	574	3,903
Advances to Other Funds	--	(12,543)	--	(12,543)	--
Net Cash Provided (Used) by Noncapital Financing Activities	68	(25,033)	315	(24,650)	9,106
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(147,725)	(6,491)	--	(154,216)	(758)
Principal Paid on Bonds	(7,460)	(5,950)	--	(13,410)	--
Interest Paid on Long-Term Debt	(12,906)	(1,217)	--	(14,123)	--
Capital Grant Contributions	7,626	--	--	7,626	--
Reimbursement of Capital Expenses	5,593	--	--	5,593	--
Passenger Facility Charges Revenue	18,031	--	--	18,031	--
Proceeds from Sale of Capital Assets	11	10	--	21	--
Net Cash Used by Capital and Related Financing Activities	(136,830)	(13,648)	--	(150,478)	(758)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	3,116	3,971	7	7,094	1,435
Proceed from Sales and Maturities	4,679	--	--	4,679	--
Decrease in Restricted Investments with Trustee	--	(183)	--	(183)	--
Net Cash Provided by Investing Activities	7,795	3,788	7	11,590	1,435
Net Increase (Decrease) in Cash and Cash Equivalents	(94,067)	(4,516)	176	(98,407)	(13,222)
Cash and Cash Equivalents - Beginning of Year	344,705	427,016	642	772,363	183,788
Cash and Cash Equivalents - End of Year	\$ 250,638	\$ 422,500	\$ 818	\$ 673,956	\$ 170,566

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	Compressed Natural Gas (Non-Major)	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 19,955	\$ 10,760	\$ (107)	\$ 30,608	\$ (39,386)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	15,830	19,446	--	35,276	4,424
Provision for Landfill Site Closure/Postclosure Costs	--	1,058	--	1,058	--
Fines, Forfeitures and Penalties	242	14	--	256	--
Other Revenue	477	452	3	932	4,913
Landfill Site Closure Disbursements	--	(1,615)	--	(1,615)	--
(Increases) Decreases In:					
Deposits In-Lieu of Cash	2,410	226	--	2,636	--
Accounts Receivable (Net of Allowances)	823	(292)	(4)	527	90
Due from Other Funds	1	(10)	--	(9)	(547)
Due from Other Governmental Agencies	--	(230)	--	(230)	(192)
Inventory of Materials and Supplies	--	--	--	--	(76)
Prepaid Costs	(3,266)	(3,441)	--	(6,707)	(3,161)
Increases (Decreases) In:					
Accounts Payable	(564)	(1,294)	--	(1,858)	(734)
Retainage Payable	909	55	--	964	--
Salaries and Employee Benefits Payable	92	67	--	159	123
Unearned Revenue	(224)	134	--	(90)	--
Due to Other Funds	43	(673)	(38)	(668)	2,103
Due to Other Governmental Agencies	(2)	(155)	--	(157)	1
Insurance Claims Payable	--	--	--	--	9,279
Compensated Employee Absences Payable	164	63	--	227	158
Pollution Remediation Obligation	(108)	6,030	--	5,922	--
Deposits from Others	(1,924)	(281)	--	(2,205)	--
Arbitrage Rebate Payable	42	63	--	105	--
Total Adjustments	14,945	19,617	(39)	34,523	16,381
Net Cash Provided (Used) by Operating Activities	<u>\$ 34,900</u>	<u>\$ 30,377</u>	<u>\$ (146)</u>	<u>\$ 65,131</u>	<u>\$ (23,005)</u>
Reconciliation of Cash and Cash Equivalents to Statement of Fund Net Assets Accounts					
Pooled Cash/Investments	\$ 73,113	\$ 295,062	\$ 818	\$ 368,993	\$ 170,035
Cash Equivalents/Specific Investments	36,297	--	--	36,297	--
Cash/Cash Equivalents	5,475	--	--	5,475	--
Imprest Cash Funds	14	35	--	49	133
Restricted Cash and Investments with Trustee	14,635 (1)	-- (2)	--	14,635	398
Restricted Pooled Cash/Investments	121,104	37,860	--	158,964	--
Restricted Pooled Cash/Investments - Closure and Postclosure Care Costs	--	89,543	--	89,543	--
Total Cash and Cash Equivalents	<u>\$ 250,638</u>	<u>\$ 422,500</u>	<u>\$ 818</u>	<u>\$ 673,956</u>	<u>\$ 170,566</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

- The Transportation Internal Service Fund gain \$96 on disposition of capital assets.
- The Publishing Services Internal Service Fund lost \$2 on disposition of capital assets.
- The Information and Technology Internal Service Fund lost \$17 on disposition of capital assets.
- John Wayne Airport lost \$10 on disposition of capital assets.
- Waste Management gain \$7 on disposition of capital assets.

(1) Does not include \$18,451 from Airport's nonliquid Restricted Cash and Investment with Trustee.

(2) Does not include \$11,391 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)	\$ 48,401	\$ 3,120,296	\$ 21,597	\$ 299,516
Restricted Cash and Investments (Notes 1 and 4)				
Restricted Cash	15	--	--	--
Restricted Investments with Trustee				
Guaranteed Investment Contracts	--	--	--	1,938
Money Market Mutual Funds	--	--	39,866	54,804
Stable Value Fund	--	--	5,121	--
Restricted Cash with Orange County				
Employees Retirement System (OCERS)	--	--	96,098	--
Restricted Cash with Local Agency Investment				
Fund (LAIF)	--	--	--	5,044
Total Restricted Cash and Investments	<u>15</u>	<u>--</u>	<u>141,085</u>	<u>61,786</u>
Investments (Notes 1 and 4)	--	--	--	9,124
Deposits In-Lieu of Cash	--	--	--	11,348
Receivables				
Accounts	--	--	--	12
Taxes (Note 1)	--	--	--	288,029
Interest/Dividends	108	6,700	91	6,888
Allowance for Uncollectible Receivables	--	--	--	(5)
Due from Other Governmental Agencies	--	2	2,236	8,298
Notes Receivable	--	--	--	17,828
Total Assets	<u>48,524</u>	<u>3,126,998</u>	<u>165,009</u>	<u>702,824</u>
LIABILITIES				
Interest Payable	--	--	--	5,125
Deposits from Others	--	--	--	12,620
Monies Held for Others	--	--	--	250,991
Due to Other Governmental Agencies	8	340	3	23,308
Unapportioned Taxes	--	--	--	410,780
Total Liabilities	<u>8</u>	<u>340</u>	<u>3</u>	<u>702,824</u>
NET ASSETS				
Held in Trust	48,516	3,126,658	165,006	
Total Net Assets	<u>\$ 48,516</u>	<u>\$ 3,126,658</u>	<u>\$ 165,006</u>	

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	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)	\$ --	\$ --	\$ 43,069
Employee (Note 18)	--	--	1,072
Contributions to Pooled Investments (Note 4)	--	6,842,220	--
Contributions to Private-Purpose Trust	65,909	--	--
Interest and Investment Income (Note 4)	428	23,068	16,812
Less: Investment Expense (Note 4)	(48)	(3,358)	(62)
Total Additions	<u>66,289</u>	<u>6,861,930</u>	<u>60,891</u>
Deductions:			
Benefits Paid to Participants (Notes 18 and 19)	--	--	28,642
Distributions from Pooled Investments (Note 4)	--	6,526,110	--
Distributions from Private-Purpose Trust	67,941	--	--
Total Deductions	<u>67,941</u>	<u>6,526,110</u>	<u>28,642</u>
Change in Net Assets Held in Trust For:			
Private-Purpose Trust	(1,652)	--	--
External Investment Pool (Note 4)	--	335,820	--
Employees' Pension and Other Employee Benefits (Notes 18 and 19)	--	--	32,249
Net Assets Held in Trust, Beginning of Year	50,168	2,790,838	132,757
Net Assets Held in Trust, End of Year	<u>\$ 48,516</u>	<u>\$ 3,126,658</u>	<u>\$ 165,006</u>





Illustration by Sandra Heaton, Orange County Parks

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. For details regarding Assembly Bills 1X 26 and 1X 27 and the status of the related litigation and future operations of redevelopment agencies, refer to OCDA's separate financial statements. 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

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. For details regarding the Commission's extraordinary item and impact of AB99, refer to the Commission's separate financial statements. A separate stand-alone annual financial report can be obtained by writing to the Children and Families Commission of Orange County, 17320 Redhill Avenue, Suite 200, Irvine, CA 92614, or by accessing Orange County's website at the following address: <http://egov.ocgov.com/ocgov/Auditor-Controller - David Sundstrom/Financial Statements>

B. Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide and fund financial statements. The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. The government-wide financial statements report long-term liabilities and capital assets. Depreciation expense, accumulated depreciation, amortization and accumulated amortization are displayed on the government-wide financial statements. The capital assets and related depreciation include the costs and depreciation of infrastructure assets.

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*" (GASB Statement No. 34), 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, 2011, the County’s governmental activities reported restricted net assets of \$1,426,459 restricted for other postemployment benefits, pension benefits related to the Orange County Retirement System (OCERS) Investment Account, capital projects, debt service, legally segregated funds restricted for grants and other purpose, and regional park endowment. Restricted Net Assets for business-type activities amounted to \$134,969 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, 2011, the County reported \$41,646 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, education, recreation and cultural services, capital outlay, and debt service.

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

Flood Control District This fund accounts for the planning, construction, operation, and maintenance of regional flood protection and water conservation works, such as dams, control channels, retarding basins and other flood control infrastructure. Property taxes restricted for flood control activities provide most of this fund's revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

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

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

The County reports the following proprietary enterprise funds:

Airport This major fund accounts for major construction and for self-supporting aviation-related activities rendered at John Wayne Airport, Orange County. The airport's staff coordinates and administers general business activities related to the airport, including concessions, commercial and general aviation operations, leased property, auto parking, and aircraft tie-down facilities.

Waste Management This major fund accounts for the operation, expansion, and closing of existing landfills and the opening of new landfills. Monies are collected through gate tipping fees, which users pay based primarily on tonnage.

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

Additionally, the County reports the following fund types:

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

Fiduciary Fund Types The County has a total of 293 individual trust and agency funds for FY 2010-11. These trust and agency funds are used to account for assets held on behalf of outside parties or employees, including other governments. When these assets are held under the terms of a formal trust agreement, a private-purpose trust, pension trust, or investment trust fund is used. Agency funds are used to account for assets that the County holds on behalf of others as their agent.

The County reports the following trust and agency funds:

Private-Purpose Trust These funds are used to account for trust arrangements where the principal and income benefit individuals, private organizations, or other governments. Examples of private-purpose trusts include unidentified funds, unclaimed prisoner funds and decedents' property held for escheatment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

Investment Trust

Orange County Investment Pool

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

Orange County Educational Investment Pool

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

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

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

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Governmental Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

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

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

Revenues that are accrued include real and personal property taxes, sales taxes, property taxes in-lieu of motor vehicle license fees, fines, forfeitures and penalties, interest, federal and state grants and subventions, charges for current services, and the portion of long-term sales contracts and leases receivable that are measurable and available and where collectability is assured. Revenues that are not considered susceptible to accrual include penalties on delinquent property taxes and minor licenses and permits. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, provided that the revenues are also available. If intergovernmental revenues are expected to be received later than 60 days following the end of the fiscal year, then a receivable is recorded, along with deferred revenue. Once the grant reimbursement is received, revenue and cash are recorded, and the receivable and deferred revenue are eliminated. Receipts that have not met all of the earning requirements are reported as unearned revenue. As of June 30, 2011, the County reported \$255,140 of deferred revenue, and \$72,944 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.

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

Proprietary Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund Financial Statements (Continued)

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the County has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 when preparing the government-wide and enterprise fund financial statements.

There are two types of proprietary funds:

- *Enterprise Funds*
- *Internal Service Funds*

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

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

Fiduciary Fund Financial Statements

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

D. Budget Adoption and Revision

No later than October 2nd of each year, after conducting public hearings concerning the 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 "Adopted Budget," which specifies all accounts established within each fund/department/budget control (a collection of account numbers necessary to fund a certain division or set of goal-related activities).

Throughout the year, the original budget is adjusted to reflect increases or decreases in revenues and changes in fund balance, offset by an equal amount of adjustments to appropriations. Department heads are authorized to approve appropriation transfers within a fund/department/budget control. However, appropriation transfers between fund/department/budget control require approval of the Board. Accordingly, the lowest level of budgetary control exercised by the County's governing body is the fund/department/budget control level.

Annual budgets are adopted on a basis consistent with GAAP except for the general fund and major special revenue funds as detailed below in the Budgetary Comparison Statement reconciliation between the budgetary basis and GAAP basis. Budgeted governmental funds consist of the general fund, major funds, and other nonmajor governmental funds. Budgetary comparison statements are prepared only for the general fund and major special revenue funds (listed below) for which the County legally adopts annual budgets, and are presented as part of the basic financial statements. The budgetary comparison statements provide three separate types of information: (1) the original budget, which is the first complete appropriated budget; (2) the final amended budget which includes all legally authorized changes regardless of when they occurred; and (3) the actual revenues and expenditures during the year for budget-to-actual comparisons.

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*
- *Other Public Protection*

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

- Under a budgetary basis, investment income is recognized on an amortized cost basis. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pool*," all investment income, including changes in fair value (gains/losses) of investments, are recognized as interest revenue.
- Under a budgetary basis, redirected investment income is recognized as investment income in the recipient fund. In accordance with GASB Statement No. 31, investment income assigned to another fund due to management decision is recognized in the fund that reports the investment and reported as a transfer to the recipient fund in the GAAP financial statements.
- GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*," states that all nonexchange transactions, such as government-mandated nonexchange transactions and voluntary nonexchange transactions, can be accrued only if they are measurable and "available." "Available" has been defined by GASB Statement No. 33 as "collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period." The County has established the availability period as 60 days after the end of the fiscal year or August 31. In order to ensure all transactions for the current fiscal year meet this criterion, the County analyzes revenue receipts through August 31, and records adjustments to revenue for any significant variances.
- GASB Statement No. 34, "*Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*," states, "fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs." For the GAAP financial statements, an adjustment to record public purpose trust monies as revenue in the benefitting funds is recorded for funds which continue to be accounted for as fiduciary funds on a budgetary basis but no longer meet the definition of a fiduciary fund.
- Under a budgetary basis, intrafund transfers are recognized as other financing sources (uses). For the GAAP financial statements, intrafund transfers are eliminated to minimize the "grossing-up" of interfund transfers.
- Under a budgetary basis, the loan repayment from OC Public Library to the General Fund was recognized as other revenue within the General Fund. In accordance with GASB Statement No. 34, other revenue was adjusted and the loan payment was recorded as a reduction to the interfund receivable in the lender fund and a reduction to the interfund payable in the borrower fund for the GAAP financial statements.
- Under a budgetary basis, there are no inflows and outflows of resources at the inception of a capital lease. However, GAAP requires that governmental funds report at the inception of a capital lease both an other financing source and an expenditure equal to the net present value of the minimum lease payments.
- The County reclassified to the General Fund all the activities of certain special revenue funds which no longer meet the definition of a special revenue fund in accordance with GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" (GASB 54).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

- For budgetary purposes, the loan from Waste Management to the General Fund was recognized as other financing sources (uses). In accordance with GASB Statement No. 34, an adjustment to record the interfund loan as an interfund receivable in the lender fund and interfund payable in the borrower fund was recorded for the GAAP financial statements.
- Under the budgetary basis, interfund reimbursements or repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are recorded as revenues in the payer fund. In accordance with GASB Statement No. 34, an adjustment to eliminate interfund reimbursements is recorded for the GAAP financial statements.
- Under a budgetary basis, the County bills department for their portion of the annual required contribution (ARC) to Orange County Employees Retirement System (OCERS) and recognizes the portion that is not forwarded to OCERS as revenue because the County Investment Account at OCERS funded this portion of the ARC. For the GAAP financial statements, the County reclassified the budgeted revenue for the portion of the ARC funded by the County Investment Account to reduce expenditures.
- In accordance with GAAP, the County has established guidelines for recording accruals for incurred expenditures for which outflows of cash or other assets will not occur until after the end of each fiscal year. In order to reasonably ensure that accruals for current fiscal year transactions are materially accurate, the County performs a look-back analysis to identify and adjust expenditure accruals for the GAAP financial statements.

The following schedule shows the Budgetary Comparison Statement reconciliation between the budgetary basis and GAAP basis for the General Fund and major special revenue funds:

Revenues and Other Financing Sources	General Fund	Roads	Flood Control District	Other Public Protection
Total Revenues and Other Financing Sources from the Budgetary Comparison Statements	\$ 2,699,802	\$ 72,021	\$ 145,579	\$ 69,241
Differences-budget to GAAP:				
Change in unrealized gain/(loss) on investment (Note 4)	413	138	418	116
GASB 31 adjustment to report redirected investment income as transfers (Note 4)	-	-	-	133
GASB 33 adjustment of revenue accruals for 60 day recognition period	(19,432)	527	(1,124)	(2,242)
GASB 34 adjustment to record Public Purpose Trust Fund's monies as revenue in benefitting fund	2,303	-	(17)	-
Adjustment to eliminate intrafund transfers	(16,420)	-	-	(500)
Reclassification of loan repayment from OC Public Library to the General Fund (Note 7)	(720)	-	-	-
Reclassification of loan from Waste Management to the General Fund (Note 7)	(15,667)	-	-	-
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(3,990)	(219)	(36)	-
Reclassification of other revenues to an expenditure for portion of ARC funded by the County Investment Account with OCERS	(11,000)	-	-	-
Other Financing Sources in connection with the inception of a capital lease (Note 13)	133	-	-	-
Revenues and Other Financing Sources for non-budgeted funds are excluded in the Budgetary Comparison Statements	-	-	-	33
Reclassification of Special Revenue Funds to General Fund in accordance with GASB 54.	124	-	-	-
Total Revenues and Other Financing Sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances.	<u>\$ 2,635,546</u>	<u>\$ 72,467</u>	<u>\$ 144,820</u>	<u>\$ 66,781</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget Adoption and Revision (Continued)

Expenditures/Encumbrances and Other Financing Uses	General Fund	Roads	Flood Control District	Other Public Protection
Actual expenditures and Other Financing Uses from the Budgetary Comparison Statements	\$ 2,675,334	\$ 92,673	\$ 95,188	\$ 52,825
Differences-budget to GAAP:				
GASB 31 adjustment to report redirected investment income as transfers (Note 4)	-	-	-	133
Adjustment of expenditure accruals for timing	4,599	(1,274)	(1,782)	(224)
Adjustment to eliminate intrafund transfers	-	-	-	(500)
Reclassification of direct billing reimbursements paid by fund for the benefit of other funds	(8,560)	(219)	(36)	-
Reclassification of loan repayment from Waste Management to the General Fund (Note 9)	(3,124)	-	-	-
Reclassification of other revenues to an expenditure for portion of ARC funded by the County Investment Account with OCERS	(11,000)	-	-	-
Capital outlay in connection with the inception of capital lease (Note 13)	133	-	-	-
Reclassification of Special Revenue Funds to General Fund in accordance with GASB 54.	18	-	-	-
Expenditures/Encumbrances and Other Financing Uses for non-budgeted funds are excluded in the Budgetary Comparison Statements	-	-	-	958
Total Expenditures and Other Financing Uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances.	<u>\$ 2,657,400</u>	<u>\$ 91,180</u>	<u>\$ 93,370</u>	<u>\$ 53,192</u>

E. Fund Balance

Effective for this fiscal year, the County has implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) for financial statement purposes. The intent of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The balance sheet reports the following five different classifications of fund balance:

Nonspendable Fund Balance Amounts that are not in a spendable form, such as long-term receivables, inventory or prepaid costs, or that are required to be maintained intact, such as the corpus of an endowment fund. The County’s Regional Park Endowment Permanent Fund reports the original donation as nonspendable in accordance with donor requirements.

Restricted Fund Balance Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance Amounts constrained to specific purposes by a formal action of the highest level of decision making authority. The constraint remains binding unless the government takes the same highest-level action to remove or change the constraint. The Board of Supervisors (the Board) is the County’s highest level of decision-making authority. The highest levels of formal action to commit resources are resolutions or ordinances.

Assigned Fund Balance Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Assigned fund balance includes fund balance appropriated at the end of the fiscal year to fund a projected excess of expected expenditures over expected revenues, approved unexpended contract amounts that will be liquidated with existing resources and resources constrained by the County for a specific purpose that are neither restricted nor committed. In June 2011, the Board approved the fiscal year 2011-12 budget. The General Fund budget utilized \$20,000 of fund balance to eliminate a projected budgetary deficit, of which \$1,394 has been classified as assigned fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

Unassigned Fund Balance Residual amounts within the General Fund in excess of what can be properly classified in one of the four other fund balance classifications. Within all other governmental funds, unassigned fund balance is comprised of the negative residual in excess of what can be properly classified as nonspendable, restricted or committed.

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

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

	General Fund	Roads	Flood Control District	Other Public Protection	Teeter Plan Obligation Commercial Paper Program Note	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventory	\$ 305	\$ -	\$ 323	\$ 281	\$ -	\$ -	\$ 909
Prepaid costs	266,023	3,834	4,035	1,570	-	10,581	286,043
Endowment	-	-	-	-	-	178	178
Total Nonspendable							
Fund Balance	<u>\$ 266,328</u>	<u>\$ 3,834</u>	<u>\$ 4,358</u>	<u>\$ 1,851</u>	<u>\$ -</u>	<u>\$ 10,759</u>	<u>\$ 287,130</u>
Restricted for:							
General Government	-	-	-	-	-	394,166	394,166
Public Protection	10,557	-	327,814	117,605	-	28,715	484,691
Public Ways and Facilities	-	103,356	-	-	-	65,777	169,133
Health and Sanitation	315	-	-	-	-	200,442	200,757
Public Assistance	-	-	-	-	-	100,582	100,582
Education	-	-	-	-	-	6,516	6,516
Recreation and Cultural Services	-	-	-	-	-	137,782	137,782
Total Restricted							
Fund Balance	<u>\$ 10,872</u>	<u>\$ 103,356</u>	<u>\$ 327,814</u>	<u>\$ 117,605</u>	<u>\$ -</u>	<u>\$ 933,980</u>	<u>\$ 1,493,627</u>
Assigned to:							
General Government	-	-	-	-	-	567	567
Public Protection	-	-	-	55	-	-	55
Public Ways and Facilities	-	-	-	-	-	1,425	1,425
Health and Sanitation	-	-	-	-	-	4,500	4,500
Public Assistance	-	-	-	-	-	19,910	19,910
Recreation and Cultural Services	-	-	-	-	-	7,716	7,716
FY 2011-12 Appropriation	1,394	-	-	-	-	-	1,394
Total Assigned							
Fund Balance	<u>\$ 1,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 34,118</u>	<u>\$ 35,567</u>
Unassigned							
Fund Balance:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,074)</u>	<u>\$ -</u>	<u>\$ (8,074)</u>
Total Fund Balances	<u><u>\$ 278,594</u></u>	<u><u>\$ 107,190</u></u>	<u><u>\$ 332,172</u></u>	<u><u>\$ 119,511</u></u>	<u><u>\$ (8,074)</u></u>	<u><u>\$ 978,857</u></u>	<u><u>\$ 1,808,250</u></u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

Annually, the Board adopts a five-year Strategic Financial Plan (SFP). The County of Orange 2011 Strategic Financial Plan includes a policy for Fund Balance Available (FBA) that eliminates FBA as a funding source for the next year's budget as a significant step toward reducing structural reliance on one-time funds. Positive variances in estimated FBA are to be added to Strategic Reserves, consistent with the Board policy, and necessary to improve cash position.

The SFP also includes a General Fund Reserves Policy (GFRP) that provides guidance in the creation, maintenance and use of reserves. The GFRP is designed to provide flexibility to the County and provide:

- Resources to address unanticipated or cyclical economic conditions
- Resources for emergencies and/or catastrophic events
- Mitigation of the volatility of revenues and expenditures in managing temporary cash flow shortages
- Capacity to cover unexpected large one-time expenses and opportunities
- Capacity to fund capital investments
- Capacity to minimize borrowing costs and
- Capacity to provide some level of protection against statutory changes to County revenues and impacts from Federal and State actions

F. 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.

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. 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 gains. The investments in the Retiree Medical Defined Benefit Trust are managed by OCERS and are reported at fair value. Refer to Note 18, Retirement Plans, on how to obtain OCERS stand-alone annual financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory of Materials and Supplies

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

H. Prepaid Costs

The County pays for certain types of services in advance, such as pension cost and rents, and recognizes these costs in the period during which services are provided. Prepaid costs in the fund financial statements primarily consist of the FY 2011-12 Annual Required Contribution pre-payment of \$286,043 for governmental funds and \$10,657 for proprietary funds. Other prepaid costs in the enterprise funds include insurance of \$106 for John Wayne Airport and a deferred charge of \$2,358 reported for OC Waste and Recycling, representing the agreement with the City of Irvine to prepay community amenities and transportation improvement costs associated with operating the Frank R. Bowerman Landfill for the period of 2008 through 2014. In accordance with GASB Statement No. 54, fund balances are classified as nonspendable for amounts equal to the prepaid cost at the end of the fiscal year in the governmental funds.

Prepaid costs in the government-wide financial statements also include the prepaid costs reported in the fund financial statements, as well as the County's Investment Account with OCERS for future pension costs of \$107,807 (see Note 18 for additional information regarding this pension investment asset for the OCERS Pension Plan).

I. Land and Improvements Held for Resale

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

J. Capital Assets

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

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

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

K. Self-Insurance

The County is self-insured for general and automobile liability and workers' compensation claims, for claims arising under the County self-insured PPO health plans, short-term disability plans, dental plan, reserve deputy sheriff accidental death and dismemberment plan and unemployment benefits program. Liabilities are accrued based upon case reserves, development of known claims, incurred but not reported claims and allocated and unallocated loss adjustment expenses. For additional information, refer to Note 16, Self-Insurance.

L. Property Taxes

The provisions of the California Constitution and Revenue and Taxation Code govern assessment, collection, and apportionment of real and personal property taxes. Real and personal property taxes are computed by applying approved property tax rates to the assessed value of properties as determined by the County Assessor, in the case of locally assessed property, and as determined by the State Board of Equalization, in the case of state-assessed properties. Property taxes are levied annually, with the exception of the supplemental property taxes, which are levied when supplemental assessment events, such as sales of property or new construction, take place.

The County collects property taxes on behalf of all property tax-receiving agencies in Orange County. Property tax-receiving agencies include the school districts, cities, community redevelopment 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes (Continued)

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, 2011 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, 2011, tax refunds and assessed value tax roll corrections resulting from property tax appeals and other disputes represented approximately 1.5% of the combined beginning secured and unsecured property tax roll charge.

The following are significant dates on the property tax calendar:

	California Revenue & Taxation Code Section
Supplemental assessments are effective on the 1st day of the month following the new construction or ownership change.	75.41
Property tax lien date is January 1.	2192
Unsecured taxes on the roll as of July 31 are delinquent August 31.	2922
Assessor delivers roll to Auditor-Controller July 1.	616, 617
Tax roll is delivered to the Tax Collector on or before the levy date (the 4th Monday in September).	2601
Secured tax payment due dates are:	
1st Installment - November 1, and	2605
2nd Installment - February 1.	2606
Secured tax delinquent dates (last day to pay without a penalty) are:	
1st Installment - December 10, and	2617
2nd Installment - April 10.	2618
Declaration of default for unpaid taxes occurs July 1.	3436
Power to sell is effective five years after tax default.	3691

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Employee Absences

Compensated employee absences (vacation, compensatory time off, performance incentive plan time off, annual leave and sick leave) are accrued as an expense and liability in the proprietary funds when incurred. In the governmental funds, only those amounts that are due and payable at year-end are accrued. Compensated employee absences that exceed this amount represent a reconciling item between the fund and government-wide presentations.

N. Statement of Cash Flows

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

O. Indirect Costs

County indirect costs are allocated to benefiting departments in the "Indirect Expenses Allocation" column of the government-wide Statement of Activities. Allocated costs are from the County's FY 2010-11 County-Wide Cost Allocation Plan (CWCAP), which was prepared in accordance with the Code of Federal Regulation, Title 2, Part 225. The County has elected to allocate indirect costs to agencies within the General Fund that are not charged CWCAP in order to match the reimbursement of indirect costs recorded as program revenues to the same function that the related expense is recorded in.

P. Effects of New Pronouncements

The following lists recent GASB pronouncements implemented or are effective in FY 2010-11:

In February 2009, GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Reference Note 2 for additional information.

In June 2010, GASB issued statement No. 59, "*Financial Instruments Omnibus*." This statement updates and improves the existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The statement was implemented without a material impact to the County.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Effects of New Pronouncements (Continued)

In November 2010, GASB issued Statement No. 60, *“Accounting and Financial Reporting for Service Concession Arrangements.”* This statement addresses issues related to service concession arrangements (SCA), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which 1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and 2) the operator collects and is compensated by fees from third parties. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011, which requires the County to implement this statement in FY 2012-13.

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

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

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

In June 2011, GASB issued Statement No. 64, *“Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53.”* This statement enhances comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2011. 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 instruments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Use of Estimates

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

R. Consolidation of Governmental Funds' Balance Sheet and Proprietary Funds' Statement of Net 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 Depreciable/Amortizable	Land, Land Use Rights (Permanent), Software in Development and Construction in Progress
Capital Assets – Depreciable/Amortizable	Structures and Improvements and Accumulated Depreciation; Equipment and Accumulated Depreciation; Software and Accumulated Amortization; Infrastructure and Accumulated Depreciation; and Land Use Rights (Amortizable)

2. CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” 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. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Provisions of this statement also clarify the definitions of the general and special revenue funds which affect the activities the County reports in these funds. Definitions of other governmental fund types also have been modified for clarity and consistency. The requirements of this statement are effective for the FY 2010-11 financial statements. The implementation of GASB Statement No. 54 impacted the County’s fund-level General Fund and Other Governmental Fund activities. Fund balances were restated as of the effective date of this statement, with the adjustments reflected in the Fund Balances - Beginning of the Year for the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Other Governmental Funds:

	General Fund	Other Governmental Funds
Fund Balances at June 30, 2010	\$ 268,284	\$ 971,159
GASB Statement No. 54 Adjustment	32,164	(32,164)
Fund Balances at June 30, 2010 as Restated	\$ 300,448	\$ 938,995

Refer to Note 1, Summary of Significant Accounting Policies, for additional information.

3. DEFICIT FUND EQUITY

The Teeter Plan Obligation Commercial Paper Program Note Fund reported a deficit fund balance of \$8,074. The deficit fund balance increased by \$4,964 from the previous year. The County implemented its Teeter Commercial Paper (CP) Program on August 26, 2008, for the purpose of refunding the outstanding Teeter Bonds and to provide a continuing source of funding for the County’s annual obligation to make distributions to the taxing agencies participating in the Teeter Plan. The deficit results from additional costs and interest expense of the CP Notes incurred in the first year of the CP Program, and insufficient delinquent tax collection to retire the CP principal. The increased deficit is a result of decreased delinquent tax collection to retire additional CP principal. The County will continue to monitor and manage the collection of delinquent base tax receipts, penalties, and interest in order to eliminate the deficit fund balance.

The Workers’ Compensation Internal Service Fund (ISF) and the Property and Casualty Risk ISF reported deficit net asset balances of \$54,936 and \$18,679, respectively. The deficits result from the amount calculated in the annual actuarial study which includes case reserves, development of known claims, incurred but not reported claims, allocated and unallocated loss adjustment expenses, and a discount for anticipated investment income. The deficit for the Workers’ Compensation increased by \$19,143 from the previous fiscal year due to an increase in the actuarial determined liability amount and lower investment earnings in the program. The deficit for the Property and Casualty Risk increased by \$7,271 from the previous year due to higher than anticipated claim payments and an increase in case reserves. Charges to County departments have not provided sufficient cash flows to entirely fund the deficits in these ISFs. The County will continue to review charges to departments and manage the funding status of the Workers’ Compensation Program and the Property and Casualty Risk Program to the most efficient levels.

4. DEPOSITS AND INVESTMENTS

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

The Treasurer further invests pooled funds from the OCIP and OCEIP into the Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF) and the Extended Fund. On January 10, 2011, Standard & Poor's (S&P) affirmed an AAA Principal Stability Fund Rating (AAAm) for the OCMMF and the OCEMMF. The two money market funds are required to maintain a Net Asset Value (NAV) of between \$0.995 and \$1.005 to maintain an AAAM rating. Neither the Money Market nor the Extended Fund has any legally binding guarantees of share values.

The maximum maturity of investments for the two Money Market Funds is 13 months with a maximum weighted average maturity (WAM) of 60 days. The maximum maturity of the Extended Fund is 5 years. The Extended Fund shall have duration not to exceed a leading 1-3 Year index +25%.

Pursuant to Sections 27130-27137 of the California Government Code, the Board has established a Treasurer's Oversight Committee (TOC) that monitors and reviews the Investment Policy Statement (IPS) and ensures that the Treasurer has an audit annually, which includes limited tests of compliance with laws and regulations. The TOC consists of the County Executive Officer, the elected County Auditor-Controller, the County Superintendent of Schools and two public members.

It is the policy of the Treasurer to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants, achieving the highest possible yield and attempt to stabilize the NAV at \$1.00 for the Money Market Funds, while conforming to all applicable State statutes and Board actions regarding the investment of public funds. Interest is allocated to individual funds monthly based on the average daily balances on deposit with the Treasurer's office. Interest assigned to another fund due to management decision is recognized in the fund that reports the investments and reported as a transfer to the recipient fund.

Investments with the Treasurer totaled \$6,168,069 as of June 30, 2011 consisting of \$3,113,467 for the OCIP, \$2,989,602 for the OCEIP, \$65,000 for Specific Investments.

A. Deposits

Government Code Section 53652 et. seq. and the IPS prescribe the amount of collateral that is required to secure the deposit of public funds. The pledge to secure deposits is administered by the California Superintendent of Banks. Collateral is required for demand deposits at 110% of all deposits not covered by federal depository insurance 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 and confirmed as part of the annual audit of the Statement of Assets held by the County Treasury. 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. Federal depository insurance is available for funds deposited at any one financial institution up to a maximum of \$250 for demand deposits and time and savings deposits. The County

4. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Treasurer's Pool has established separate bank and investment custody accounts for the public school and community college district participants.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. The County's deposits are not exposed to custodial credit risk, since all of its deposits are either covered by federal depository insurance or collateralized with securities held by the pledging financial institutions' trust department or agents, or County's agent, in the County's name, in accordance with California Government Code Section 53652.

Total County deposits and investments at fair value as of June 30, 2011, are reported as follows:

Deposits:	
Imprest Cash	\$ 2,146
Deposit Overdraft	(70,848)
Total Cash Overdrafts	(68,702)
Investments:	
With Treasurer	6,168,069
With Trustee	532,940
Total Investments	6,701,009
Total Deposits and Investments	\$ 6,632,307

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

Governmental Funds	\$ 1,952,722
Component Unit	90,116
Fiduciary Funds	3,701,820
Proprietary Funds	887,649
Total Deposits and Investments	\$ 6,632,307

B. Investments

The Government Code Section 53601, Board ordinances and resolutions, the County's IPS, the bond indenture documents, trust agreements, and other contractual agreements govern the investments that may be purchased and may include certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality, and timing to minimize the risk of loss. The IPS adds further restrictions to permitted investments from the Government Code. As of June 30, 2011, the Treasurer was in full compliance with the more restrictive IPS and therefore, was also in compliance with California Government Code. The following table provides a summary listing of the authorized investments.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

Additional Restrictions

No investment may be purchased from an issuer that has been placed on credit watch-negative by any of the NRSROs, or whose credit rating by any of the NRSROs is less than the minimum rating required by the IPS for that class of security unless the issuer has a short-term rating of "A-1+" or "F1+" or a long-term rating of at least a "AA" or "Aa2" by S&P and Fitch or Moody's.

Repurchase agreements are limited to a one year maturity and can only be entered into with entities prescribed in California Government Code Section 53601. The securities underlying the agreements must be delivered to the County's custodial banks.

Under the IPS, no more than 5% of the total market value of the pooled funds may be invested in securities of any one issuer, except for obligations of the United States government, U.S. government agencies or government-sponsored enterprises. No more than 10% may be invested in one money market mutual fund. All investments must be United States dollar denominated.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

The current IPS expressly prohibits leverage, reverse repurchase agreements, structured notes, structured investment vehicles, and derivatives. Investments by the Treasurer are stated at fair value. Investments in the County Pool are marked to market on a daily basis. If the net asset value of the Money Market Fund for either the OCIP or the OCEIP is less than \$0.995 or greater than \$1.005, portfolio holdings may be sold as necessary to maintain the ratio between \$0.995 and \$1.005.

Unless otherwise required in a trust agreement or other financing document, assessment districts and public school and community college districts are required by legal provisions to deposit their funds with the County Treasurer. The OCEIP consists entirely of public school and community college districts' funds and therefore includes 100% involuntary participants. At June 30, 2011, the OCIP includes approximately 8.92% of involuntary participant deposits including funds for the Superior Court, certain assessment districts, and certain bond related funds for public school districts.

Investment Disclosures

The following table presents a summary of the County's investments and the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2011 (NR means Not Rated).

<u>With Treasurer:</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate</u> <u>Range (%)</u>	<u>Maturity Range</u>	<u>Weighted</u> <u>Average</u> <u>Maturity</u> <u>(Years)</u>	<u>Rating (1)</u>	<u>% of</u> <u>Portfolio</u>
<u>County Investment Pool (2)</u>							
U.S. Government Agencies							
FNMA Discount Notes	\$ 167,834	\$ 167,840	0.01-0.15%	07/06/11-11/23/11	0.009	AAA	5.39%
FNMA Bonds	373,210	372,239	0.05-2.44%	07/27/11-10/21/15	0.321	AAA	11.99%
Federal Farm Credit Bank	210,090	208,472	0.12-2.25%	09/16/11-02/21/13	0.048	AAA	6.75%
FHLB Discount Notes	20,146	20,146	0.02-0.07%	08/05/11-08/12/11	0.001	AAA	0.65%
FHLB Bonds	766,852	765,774	0.08-1.76%	07/27/11-12/09/14	0.280	AAA	24.63%
FHLMC Discount Notes	96,299	96,300	0.03-0.08%	07/11/11-08/29/11	0.004	AAA	3.09%
FHLMC Bonds	526,192	524,636	0.08-2.92%	07/18/11-03/02/16	0.396	AAA	16.90%
Commercial Paper	104,982	105,000	0.03-0.18%	07/05/11-12/01/11	0.088	A-1	3.37%
Negotiable Certificates of Deposit	205,587	205,559	0.11-0.57%	07/28/11-05/15/12	0.195	A-1	6.60%
Medium-Term Corporate Notes							
Corporate Notes	88,252	87,106	0.29-2.14%	08/15/11-02/11/13	0.254	A	2.83%
Corporate Notes	123,172	120,250	0.33-2.16%	08/22/11-06/01/14	0.354	AA	3.96%
Corporate Notes	92,483	91,590	0.16-2.22%	12/01/11-06/01/14	0.125	AAA	2.97%
Municipal Debt	204,134	204,134	1.55-1.82%	04/03/12-08/15/13	1.158	A	6.56%
U.S. Treasuries	105,865	105,332	0.26-0.83%	01/31/12-03/31/13	1.165	AAA	3.40%
Money Market Mutual Funds	28,369	28,369	0.01-0.08%	07/01/11	0.003	AAA	0.91%
	<u>\$ 3,113,467</u>	<u>\$ 3,102,747</u>			<u>0.937 (5)</u>		<u>100.00%</u>

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

<u>With Treasurer:</u>	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>Educational Pool (2)</u>							
U.S. Government Agencies							
FNMA Discount Notes	\$ 111,058	\$ 111,065	0.01-0.13%	07/20/11-11/14/11	0.011	AAA	3.71%
FNMA Bonds	302,972	302,209	0.09-2.44%	07/27/11-10/21/15	0.289	AAA	10.13%
Federal Farm Credit Bank	171,262	170,003	0.04-2.25%	07/08/11-02/21/13	0.042	AAA	5.73%
FHLB Discount Notes	100,999	101,000	0.01-0.10%	07/05/11-07/27/11	0.003	AAA	3.38%
FHLB Bonds	624,520	623,571	0.05-1.76%	07/01/11-12/09/14	0.262	AAA	20.89%
FHLMC Discount Notes	109,565	109,569	0.01-0.12%	07/05/11-11/21/11	0.006	AAA	3.66%
FHLMC Bonds	462,089	460,766	0.05-2.92%	07/18/11-03/02/16	0.361	AAA	15.46%
Commercial Paper	149,543	149,550	0.01-0.06%	07/01/11-07/29/11	0.032	A-1	5.00%
Negotiable Certificates of Deposit	224,472	224,441	0.13-0.57%	07/25/11-04/24/12	0.109	A-1	7.51%
Medium-Term Corporate Notes							
Corporate Notes	155,263	153,989	0.26-2.14%	08/15/11-02/11/13	0.226	A	5.20%
Corporate Notes	102,398	100,123	0.03-2.16%	08/22/11-06/01/14	0.233	AA	3.43%
Corporate Notes	99,353	98,344	0.14-2.22%	12/01/11-06/15/12	0.115	AAA	3.32%
Municipal Debt	190,404	190,337	1.55-1.82%	12/01/11-08/15/13	1.064	A	6.37%
U.S. Treasuries	82,583	82,168	0.26-0.83%	01/31/12-03/31/13	1.165	AAA	2.76%
Money Market Mutual Funds	103,121	103,121	0.01-0.08%	07/01/11	0.003	AAA	3.45%
	\$ 2,989,602	\$ 2,980,256			0.792 (5)		100.00%
<u>Specific Investments (2)</u>							
U.S. Government Agencies							
FNMA Discount Notes	\$ 2,797	\$ 2,797	0.06-0.13%	08/24/11-12/07/11	0.032	AAA	4.30%
FNMA Bonds	3,313	3,300	0.08-0.43%	10/15/11-04/10/12	0.052	AAA	5.10%
Federal Farm Credit Bank	10,045	10,045	0.12-3.39%	07/05/11-03/05/12	0.022	AAA	15.45%
FHLB Bonds	8,215	8,210	0.05-0.27%	07/27/11-02/02/12	0.017	AAA	12.64%
FHLMC Bonds	6,402	6,395	0.05-0.13%	07/18/11-02/02/12	0.012	AAA	9.85%
GNMA Bonds	123	123	6.25%	09/20/29	0.073	AAA	0.19%
Bankers Acceptance	1,227	1,227	0.12-0.18%	07/08/11-09/28/11	0.142	A-1	1.89%
Commercial Paper	5,813	5,814	0.02-0.21%	07/01/11-10/24/11	0.127	A-1	8.94%
Negotiable Certificates of Deposit	6,352	6,351	0.21-0.28%	10/04/11-04/24/12	0.060	AA	9.77%
Medium-Term Corporate Notes							
Corporate Notes	2,013	2,000	0.39-0.41%	02/10/12	0.306	A	3.10%
Corporate Notes	1,034	1,000	0.75%	02/15/12	0.161	AA	1.59%
Corporate Notes	1,011	1,000	0.20%	12/01/11	0.105	AAA	1.56%
Repurchase Agreements	1,082	1,082	6.20%	08/15/19	8.132	NR	1.66%
Money Market Mutual Funds	15,573	15,573	0.01-0.08%	07/01/11	0.003	AAA	23.96%
	\$ 65,000	\$ 64,917			0.291 (5)		100.00%
<u>With Trustees:</u>							
<u>Restricted Investments with Trustees (2)</u>							
U.S. Government Agencies							
FNMA Medium-Term Notes	\$ 186,620	\$ 109,718	Variable	09/01/16-09/01/21	6.770	AA	43.22%
FHLMC Discount Notes	14,742	14,378	Variable	11/21/11-12/01/11	0.030	NR	3.41%
U.S. Treasuries							
U.S. Treasuries	13,779	13,775	0.75%	10/20/11-05/31/12	0.590	AAA	3.19%
U.S. Treasuries	3,243	2,558	9.00%	11/15/18	1.410	AA	0.75%
U.S. Treasury Strips	298	54	Variable	11/15/18	7.390	AA	0.07%
Guaranteed Investment Contracts	30,575	30,575	4.27-5.01%	07/01/13-09/02/18	4.590	NR	7.08%

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

<u>With Trustees:</u>	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
<u>Restricted Investments with Trustees (2)</u> <u>(Continued)</u>							
Money Market Deposit Accounts	\$ 10,524	\$ 10,524	Variable	07/01/11	0.000	NR	2.44%
Money Market Mutual Funds							
Money Market Mutual Funds	127,028	127,028	Variable	07/01/11	0.000	AAA	29.42%
Money Market Mutual Funds	2	2	Variable	07/01/11	0.000	AA	0.00%
Money Market Mutual Funds	39,866	39,866	Variable	07/01/11	0.000	NR	9.23%
Stable Value Fund	5,121	5,121	Variable	07/01/11	0.000	NR	1.19%
	<u>\$ 431,798</u>	<u>\$ 353,599</u>			<u>3.580 (5)</u>		<u>100.00%</u>
<u>With External Orange County Retirement System (OCERS):</u>							
Restricted Investments (3)		<u>\$ 96,098</u>					
<u>With State's Local Agency Investment Fund (LAIF):</u>							
Restricted Investment (4)		<u>\$ 5,044</u>					

(1) The County obtains credit ratings from S&P, Moody's, and Fitch. The ratings indicative of the greatest degree of risk have been disclosed at a minimum.

(2) Legend:

FNMA – Federal National Mortgage Association
FHLB – Federal Home Loan Bank
FHLMC – Federal Home Loan Mortgage Corporation
GNMA – Government National Mortgage Association

(3) The Retiree Medical Trust Reports \$96,098 of restricted investments with OCERS. Refer to Note 18 on obtaining OCERS Financial Statements. For the ratings of the restricted investments held with OCERS, refer to their most recently issued financial statements available at <http://www.ocers.org/finance/finance.htm>

(4) The Law Library fund reports \$5,044 of restricted investments with LAIF. 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>

(5) Portfolio weighted average maturity

Investment in County of Orange Taxable Pension Obligation Bonds 2011, Series A

On March 15, 2011, the OCMMF, OCEMMF and Extended Fund purchased all of the County issued Taxable Pension Obligation Bonds 2011, Series A (2011 POBs) in the principal amount of \$275,920. The 2011 POBs were issued as convertible capital appreciation bonds, with a fixed rate of 1.82%, and a maturity date of June 27, 2012. The terms of the sale of the 2011 POBs from the County to the County Treasurer on behalf of the OCIP and OCEIP were negotiated at arm's length. The obligation of the County to pay principal and interest on the 2011 POBs is an obligation imposed by law and is absolute and unconditional. As of June 30, 2011, the outstanding principal amount of the 2011 POBs is \$275,920 and the accreted interest on the outstanding POBs is \$1,496. The bonds are rated A-1+ by S&P. The County's investment in the 2011 POBs is disclosed herein as Municipal Debt.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk

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

The OCIP funds of \$3,113,467 and the OCEIP funds of \$2,989,602 portfolio at June 30, 2011, have over 48.47% and 55.98%, respectively of the investments maturing in six months or less, 46.64% and 40.04% respectively, maturing between one and three years and 4.89% and 3.98% respectively, maturing from three to five years.

As of June 30, 2011, variable-rate notes comprised 24% of both the OCIP and OCEIP. 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 re-prices back to par value, eliminating interest rate risk at each periodic reset. For purposes of computing WAM, the maturity date of variable-rate notes is the length of time until the next reset date rather than the stated maturity.

The annual average daily investment balance of the OCIP and the OCEIP was \$3,316,704 and \$2,959,950, respectively with an average gross effective yield of 0.67% and 0.63%, respectively for the year ended June 30, 2011.

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

At June 30, 2011, the OCMMF and OCEMMF amounted to \$1,380,571 and \$1,637,794, respectively. In accordance with the Board formally approved IPS, the County Treasurer manages investment related risk for deposits and investments by limiting the WAM to 60 days in the Money Market Funds. At June 30, 2011, the WAM of both the OCMMF and the OCEMMF was 59 days. At the same date, the NAV of the Money Market Funds for both pools was \$1.00 (in absolute dollar amounts).

Interest Rate Risk-Duration (Extended Fund)

At June 30, 2011, the Extended Fund (which includes funds from both OCIP and OCEIP) balance was \$3,084,704. Of this amount, the OCIP owned 56.18% and the OCEIP owned 43.82%. In accordance with the IPS, the Treasurer manages investment related risk for deposits and investments by limiting duration to +25% of a leading 1-3 Year index. The portfolio duration for the Extended Fund as of June 30, 2011, was 1.53 years. This was computed using the Macaulay duration method. For purposes of computing duration, the maturity date of callable bonds is the length of time until the final maturity.

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of June 30, 2011, the Extended Fund consisted of the following investments:

Investment Type	Fair Value (Amounts in Thousands)	Macaulay Duration (In Years)
Certificate of Deposits	\$ 90,030	0.16
Medium-Term Corporate Notes	360,001	0.96
Municipal Debt	249,727	1.29
Treasuries	188,449	1.16
U.S. Government Agencies	2,196,497	1.74
Total Fair Value	<u>\$ 3,084,704</u>	
Portfolio Duration		1.53

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The IPS does not permit investments in uninsured and unregistered securities not held by the County. The Treasurer utilizes third party delivery versus payment (DVP), which mitigates any custodial credit risk. Securities purchased by the Treasurer are held by a third party custodian, Northern Trust, in their trust department to mitigate custodial credit risk. At year-end, in accordance with the IPS, the County's external investment pools and specific investments did not have any securities exposed to custodial credit risk and there was no securities lending.

Credit Risk

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. The IPS sets forth the minimum acceptable credit ratings for investments from any two of the 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. A further restriction is that only 50% of the Extended Fund can be rated as AA, the remaining must be AAA rated. As of June 30, 2011, the County's investments were in compliance with the IPS limits. Subsequent to June 30, 2011, the U.S. Government Debt was downgraded to AA from AAA. On September 13, 2011, the Board approved an amended IPS which exempts U.S. Government Debt from any ratings restrictions.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As June 30, 2011, all investments were in compliance with State law and with the IPS. See the preceding table for concentrations of holdings in U.S. government agencies.

Foreign Currency Risk

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

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, 2011:

Entire Pool

Statements of Net Assets

	County Investment Pool	Educational Investment Pool	Total
Net Assets Held for Pool Participants	\$ 3,144,765	\$ 2,949,280	\$ 6,094,045
Equity of Internal Pool Participants	\$ 2,965,911	\$ -	\$ 2,965,911
Equity of External Pool Participants	177,378	2,948,350	3,125,728
Undistributed and Unrealized Gain	1,476	930	2,406
Total Net Assets	<u>\$ 3,144,765</u>	<u>\$ 2,949,280</u>	<u>\$ 6,094,045</u>

Statements of Changes in Net Assets

Net Assets at July 1, 2010	\$ 3,212,675	\$ 2,645,919	\$ 5,858,594
Net Changes in Investments by Pool Participants	(67,910)	303,361	235,451
Net Assets at June 30, 2011	<u>\$ 3,144,765</u>	<u>\$ 2,949,280</u>	<u>\$ 6,094,045</u>

External Pool Portion

**Combining Statement of
Fiduciary Net Assets**

	County Investment Pool	Educational Investment Pool	Total
<u>Assets</u>			
Pooled Cash/Investments	\$ 177,024	\$ 2,943,272	\$ 3,120,296
Receivables			
Interest/Dividends	422	6,278	6,700
Due from Other Governmental Agencies	2	--	2
Total Assets	<u>177,448</u>	<u>2,949,550</u>	<u>3,126,998</u>
<u>Liabilities</u>			
Due to Other Governmental Agencies	70	270	340
Total Liabilities	<u>70</u>	<u>270</u>	<u>340</u>
<u>Net Assets</u>			
Held in Trust	177,378	2,949,280	3,126,658
Total Net Assets	<u>\$ 177,378</u>	<u>\$ 2,949,280</u>	<u>\$ 3,126,658</u>

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

	County Investment Pool	Educational Investment Pool	Total
Additions:			
Contributions to Pooled Investments	\$ 291,578	\$ 6,550,642	\$ 6,842,220
Interest and Investment Income	1,057	22,011	23,068
Less: Investment Expense	(119)	(3,239)	(3,358)
Total Additions	<u>292,516</u>	<u>6,569,414</u>	<u>6,861,930</u>
Deductions:			
Distributions from Pooled Investments	<u>260,057</u>	<u>6,266,053</u>	<u>6,526,110</u>
Total Deductions	<u>260,057</u>	<u>6,266,053</u>	<u>6,526,110</u>
Change in Net Assets Held in Trust For External Investment Pool	32,459	303,361	335,820
Net Assets Held in Trust, Beginning of Year	144,919	2,645,919	2,790,838
Net Assets Held in Trust, End of Year	<u>\$ 177,378</u>	<u>\$ 2,949,280</u>	<u>\$ 3,126,658</u>

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, 2011
	Balance July 1, 2010	Increases	Decreases	Adjustments	
Governmental Activities:					
Capital Assets Not Depreciated/Amortized:					
Land	\$ 689,544	\$ 83,930	\$ --	\$ --	\$ 773,474
Land Use Rights (Permanent)	--	175	--	--	175
Construction in Progress	371,647	65,338	(147,156)	(886)	288,943
Intangible in progress	55,992	11,026	(41,178)	--	25,840
Total Capital Assets Not Being Depreciated/Amortized:	1,117,183	160,469	(188,334)	(886)	1,088,432
Capital Assets, Depreciable/Amortizable:					
Structures and Improvements	1,033,278	93,244	--	(5,270)	1,121,252
Equipment	347,970	12,577	(14,153)	47	346,441
Software	1,490	50,253	--	--	51,743
Land Use Rights (Amortizable)	--	571	--	--	571
Infrastructure:					
Flood Channels	953,546	10,412	--	--	963,958
Roads	135,437	28,381	--	(1,351)	162,467
Bridges	72,345	3,021	--	--	75,366
Trails	42,718	6,819	--	--	49,537
Traffic signals	10,668	--	--	--	10,668
Harbors and Beaches	37,625	--	--	--	37,625
Capital Assets, Depreciable/Amortizable	2,635,077	205,278	(14,153)	(6,574)	2,819,628
Less Accumulated Depreciation/Amortization For:					
Structures and Improvements	(480,845)	(41,617)	--	--	(522,462)
Equipment	(263,476)	(21,685)	13,848	35	(271,278)
Software	(499)	(8,162)	--	--	(8,661)
Land Use Rights (Amortizable)	--	(170)	--	--	(170)
Infrastructure:					
Flood Channels	(229,751)	(12,923)	--	--	(242,674)
Roads	(60,074)	(17,942)	--	--	(78,016)
Bridges	(24,002)	(4,046)	--	--	(28,048)
Trails	(26,077)	(2,389)	--	--	(28,466)
Traffic signals	(9,541)	(221)	--	--	(9,762)
Harbors and Beaches	(23,879)	(870)	--	--	(24,749)
Total Accumulated Depreciation/Amortization	(1,118,144)	(110,025)	13,848	35	(1,214,286)
Capital Assets, Depreciable/Amortizable (Net)	1,516,933	95,253	(305)	(6,539)	1,605,342
Governmental Activities Total Capital Assets, Net	\$ 2,634,116	\$ 255,722	\$ (188,639)	\$ (7,425)	\$ 2,693,774

5. CHANGES IN CAPITAL ASSETS (Continued)

	Primary Government				
	Balance July 1, 2010	Increases	Decreases	Adjustments	Balance June 30, 2011
Business-Type Activities:					
Capital Assets Not Depreciated:					
Land	\$ 38,083	\$ --	\$ --	\$ --	\$ 38,083
Construction in Progress	197,907	167,605	(41,231)	(987)	323,294
Total Capital Assets Not Being Depreciated	<u>235,990</u>	<u>167,605</u>	<u>(41,231)</u>	<u>(987)</u>	<u>361,377</u>
Capital Assets, Depreciable:					
Structures and Improvements	324,592	37,787	--	(1,137)	361,242
Equipment	79,539	3,623	(1,361)	--	81,801
Infrastructure	489,468	3,692	--	2,124	495,284
Capital Assets, Depreciable	<u>893,599</u>	<u>45,102</u>	<u>(1,361)</u>	<u>987</u>	<u>938,327</u>
Less Accumulated Depreciation For:					
Structures and Improvements	(166,590)	(10,209)	--	(212)	(177,011)
Equipment	(44,813)	(7,734)	1,194	--	(51,353)
Infrastructure	(264,418)	(17,333)	--	--	(281,751)
Total Accumulated Depreciation	<u>(475,821)</u>	<u>(35,276)</u>	<u>1,194</u>	<u>(212)</u>	<u>(510,115)</u>
Capital Assets, Depreciable (Net)	<u>417,778</u>	<u>9,826</u>	<u>(167)</u>	<u>775</u>	<u>428,212</u>
Business-Type Activities Total Capital Assets, Net	<u>\$ 653,768</u>	<u>\$ 177,431</u>	<u>\$ (41,398)</u>	<u>\$ (212)</u>	<u>\$ 789,589</u>

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

Government Activities:	
General Government	\$ 13,130
Public Protection	44,778
Public Ways and Facilities	26,047
Health and Sanitation	3,446
Public Assistance	6,311
Education	1,766
Recreation and Cultural Services	10,123
Internal Service Funds' Depreciation	
Expense Allocated to Various Functions	<u>4,424</u>
Total Governmental Activities	
Depreciation/Amortization Expense	<u>110,025</u>
Business-Type Activities:	
Airport	15,830
Waste Management	<u>19,446</u>
Total Business-Type Activities Depreciation Expense	<u>35,276</u>
Total Depreciation/Amortization Expense	<u>\$ 145,301</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:

Accounts Receivable

\$1,430 of accounts receivable for governmental activities is not expected to be collected within the next fiscal year. The amount consists of invoices billed by OC Animal Care for dog license fees and penalties.

Deposits Receivable

\$1,259 in deposits receivable for governmental activities is not expected to be collected within the next fiscal year. \$400 represents a deposit required by the vendor (Cardinal Health) per the price agreement with HCA; the deposit will be returned within 60 days of the expiration of the price agreement. \$756 represents operating funds deposited into a management account administered by Lewis Investment Company, LLC, for payment of costs related to the entitlement of the Greenspot Property located within the City of Highland and \$97 represents condemnation deposits with the court or state.

Notes Receivable

\$30,536 of notes receivable for governmental activities is not expected to be received within the next fiscal year. Of this amount, \$29,080 consists of loans to build affordable, low to moderate income, and senior housing. \$1,007 is from the sale of surplus County property. The remaining \$449 is for rehabilitation loans and loans provided to first time home buyers.

Loans Receivable

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

Due from Other Governmental Agencies

\$103,916 due from other governmental agencies is not expected to be received within the next fiscal year. Of this amount, \$89,405 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; and allowance for doubtful accounts for SB90 has been established for claims that have been outstanding for more than seven years. \$12,147 is owed by the State to HCA for reimbursement of the Cost Report Settlement Process for Medi-Cal Services provided by HCA and its contractors. \$2,210 represents Federal Coverage Initiative Grant funds owed by the State to HCA for reimbursement of costs related to the Medical Services Initiative program. \$149 is due from Riverside County for the cost-share related to the Seven Oaks Dam-Santa Ana River Project.

7. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2011 is as follows:

Due To/From Other Funds:

Payable Funds	Receivable Funds								
	General Fund	Roads	Flood Control District	Other Public Protection	Other Governmental Funds	Waste Management	Compressed Natural Gas	Internal Service Funds	Total
General Fund	\$ -	\$ 105	\$ 718	\$ 7,135	\$ 12,253	\$ 1	\$ 1	\$ 1,824	\$ 22,037
Roads	1,956	-	835	-	-	4	-	4	2,799
Flood Control District	3,227	749	-	-	175	20	-	5	4,176
Other Public Protection	5,349	-	-	-	31	-	-	12	5,392
Other Governmental Funds	36,300	651	304	2	10,476	1	-	83	47,817
Airport	1,717	-	-	1	-	-	-	411	2,129
Waste Management	2,244	-	-	-	1	-	-	62	2,307
Compressed Natural Gas	19	-	-	-	-	-	-	3	22
Internal Service Funds	2,534	1	-	-	27	-	1	1	2,564
Teeter Plan Obligation Commercial Paper Program Note	8	-	-	-	-	-	-	-	8
Total	\$ 53,354	\$ 1,506	\$ 1,857	\$ 7,138	\$ 22,963	\$ 26	\$ 2	\$ 2,405	\$ 89,251

Interfund Transactions between Primary Government and Component Unit:

Receivable Entity	Payable Entity	Amount
Primary Government – General Fund	Component Unit – Children & Families Commission of Orange County	\$ 827

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, (3) and payments between the funds were made.

Advances To/From Other Funds:

Receivable Entity	Payable Entity	Amount
General Fund	Other Governmental Funds	\$ 338
Waste Management	General Funds	28,149

The interfund loans represent an advance made to OC Public Libraries from the General Fund for the Public Library Headquarter building, and an advance made to the General Fund from Waste Management for various information technology capital projects.

8. COUNTY PROPERTY ON LEASE TO OTHERS

The County has noncancelable operating leases for certain buildings, which are not material to the County's general operations. The Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires, and the Waste Management Enterprise Fund derives revenue from landfill gas lease agreements, cell tower operators and a material recovery facility. The Enterprise Funds' property under operating leases, consisting primarily of structures and improvements, at June 30, 2011, approximates \$17,282.

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, 2011 are as follows:

<u>Fiscal Year(s) Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012	10,729	21,519
2013	9,613	5,714
2014	9,373	4,799
2015	9,407	3,311
2016	8,072	2,715
	<u>47,194</u>	<u>38,058</u>
2017-2021	42,698	12,119
2022-2026	46,063	12,552
2027-2031	46,889	2,434
2032-2036	50,446	--
2037-2041	30,933	--
2042-2046	1,464	--
	<u>218,493</u>	<u>27,105</u>
Total future minimum rentals	\$ <u>265,687</u>	\$ <u>65,163</u>

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately \$257 (Flood Control District), \$1,654 (OC Parks), \$1,531 (OC Dana Point Harbor), \$26,725 (Airport), \$139 (CEO IT), and \$34 (Other Governmental Funds) for the year ended June 30, 2011.

9. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011, were as follows:

Transfer Out Funds	Transfer In Funds						Total
	General Fund	Other Public Protection	Other Governmental Funds	Waste Management	Compressed Natural Gas	Internal Service Funds	
General Fund	\$ -	\$ 7,294	\$ 101,970	\$ 113	\$ -	\$ 5,652	\$ 115,029
Flood Control District	3,178	-	-	-	-	-	3,178
Other Public Protection	22,745	-	-	-	-	5	22,750
Other Governmental Funds	164,143	398	54,426	-	350	-	219,317
Waste Management	13,094	-	-	-	-	-	13,094
Compressed Natural Gas	-	-	-	-	-	50	50
Internal Service Funds	504	-	-	-	-	-	504
Teeter Plan Obligation Commercial Paper Program Note	28,000	-	-	-	-	-	28,000
Total	\$ 231,664	\$ 7,692	\$ 156,396	\$ 113	\$ 350	\$ 5,707	\$ 401,922

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 (1) to relay cash/resources from contributing County funds to various debt service funds for the retirement of long-term obligations (2) to transfer Measure H Tobacco Settlement revenues and Public Protection Sales Tax (PSST) excess revenue in compliance with the specific statutory requirements (3) to make available cash distribution based on Bankruptcy Recovery Plan, and (4) 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 the General Fund

- A total of \$73,470 was transferred to Debt Service Fund in connection with debt service payments for the various County debt issues.
- \$12,013 was transferred to Other Governmental Funds to finance the County's 60 percent share of the Social Services Agency Wraparound Program.
- \$10,793 was transferred 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.
- \$6,495 was transferred to Other Public Protection for annual transfer of PSST excess revenue to meet future public protection needs.
- \$1,651 was transferred to Internal Service Funds for medical reimbursements.
- \$1,400 was transferred to Other Governmental Funds to pay for operating costs and debt service obligation associated with the parking facilities.

b. Transfer from Flood Control District

- \$3,178 was transferred to the General Fund for the Watershed Management Program.

9. INTERFUND TRANSFERS (Continued)

Routine Transfers (Continued)

- c. Transfer from Other Public Protection
 - \$10,624 was transferred to the General Fund to support the Sheriff Department's operations.
 - \$10,312 was transferred to the General Fund for the reimbursement of various County programs as follows:
 - \$5,500 for the Probation's Youth Offender Block Grant expenditures
 - \$3,462 for District Attorney Department programs
 - \$1,350 for the Clerk-Recorder's information technology, capital acquisitions and/or improvements
- d. Transfer from Teeter Plan Obligation Commercial Paper Program Note
 - \$28,000 of excess penalties and interest from delinquent tax payments was transferred to the General Fund.
- e. Transfer from Other Governmental Funds
 - \$124,005 was transferred to the General Fund for the reimbursement of various County programs as follows:
 - \$87,455 for Proposition 63, Mental Health Services Act expenses
 - \$20,908 for Social Services Agency Wraparound Program
 - \$8,782 for emergency medical services
 - \$6,860 for Centers for Disease Control pandemic flu H1N1 costs
 - \$28,547 of tobacco settlement monies were transferred to the General Fund to finance HCA's various health care programs and Sheriff Department's operational costs.
 - \$1,923 of bond proceeds was transferred to the General Fund for the Cogeneration Plant at the County's Central Utility Facility.
 - \$1,298 was transferred to Debt Service Funds for debt service payments related to Low and Moderate Income Housing Program.
- f. Transfer from Enterprise Funds
 - \$13,094 in net proceeds and interest earnings from the importation of Out-of-County Waste Program earned by Waste Management during the current fiscal year was transferred to the General Fund for Recovery COPs Lease Financing as part of the Bankruptcy Recovery Plan.

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

Non-Recurring Transfers

- g. Transfer from the General Fund
 - \$3,461 was transferred to Information Technology Internal Services Fund as an interfund loan to offset the cost of a network infrastructure upgrade project. Due to delays in the project, the timeframe and mechanism for the loan repayment has not been determined.
 - \$2,568 was transferred to Other Governmental Funds for a capital project at the Sheriff's Department.
- h. Transfer from Other Governmental Funds
 - \$42,553 represented the fund balance of OC Dana Point Harbor that was transferred from OC Parks due to management's decision to separately report the activities of OC Dana Point Harbor from OC Parks.
 - \$5,019 was transferred to Capital Project for the reimbursement of the following County costs:
 - \$2,322 for Sheriff's Community Stabilization Program
 - \$1,425 for District Attorney's Community Stabilization Program
 - \$1,272 for OC Public Work's Community Stabilization Program
 - \$2,000 of excess funds in the debt service fund was transferred to Santa Ana Heights Surplus fund for Low and Moderate Income Housing Program.
 - \$1,000 was transferred to the General Fund for a capital project for the Sheriff's Department

10. SHORT-TERM OBLIGATIONS

Teeter Plan Obligation Commercial Paper Notes Series A

On August 26, 2008, the County issued its Teeter Plan Obligation Commercial Paper Notes Series A (the "CP") in the amount of \$178,300. The proceeds of the CP, together with other available monies, were used to (1) retire the outstanding Orange County Special Financing Authority Teeter Plan Revenue Bonds, Series 1995 A through E on September 2, 2008, (2) redeem the 2008-2009 Teeter Notes on November 10, 2008, (3) fund a Tax Losses Reserve Fund, and (4) pay costs of issuance of the notes. The CP constitutes an obligation of the County required by law and is secured by a direct pay letter of credit for an authorized maximum stated amount of \$322,192 provided by Dexia Credit Local, certain delinquent taxes (excluding penalties and interest) and the County General Fund. Subject to certain requirements of CP documents, additional CP may be issued to finance the County's obligations under the Teeter Plan.

On July 13, 2010, the County redeemed \$138,100 of its \$210,975 CP outstanding at June 30, 2010, and issued an additional \$84,025 in CP. The additional CP issued financed the purchase of delinquent property tax receivables associated with the Teeter Plan. Proceeds of this purchase paid the participating agencies in the Teeter Plan the full amount of their taxes from the secured property tax roll. As of June 30, 2011, the outstanding principal amount of the CP notes was \$156,900. Refer to Note 20 Subsequent Events, for additional information.

2010-2011 Tax and Revenue Anticipation Notes Series A

On July 1, 2010, the County issued its 2010-2011 Tax and Revenue Anticipation Notes Series A (the "Notes") in the aggregate principal amount of \$150,000 to finance the seasonal cash flow requirements of the County during the fiscal year ending June 30, 2011. The Notes are secured by a pledge of certain general fund monies. The County paid the notes on June 30, 2011. Refer to Note 20, Subsequent Events, for information regarding the 2011-12 Tax and Revenue Anticipation Notes.

Taxable Pension Obligation Bonds, 2011 Series A

On March 15, 2011, the County issued Taxable Pension Obligation Bonds, 2011 Series A (the "2011 POBs") in the principal amount of \$275,920. The 2011 POBs were issued in order to prepay the County's FY 2011-12 pension obligation. The 2011 POBs were purchased by the Treasurer at a rate of 1.82% for investment in the County Pool. The 2011 POBs were issued as convertible capital appreciation bonds, with a fixed rate, a maturity date of June 27, 2012, and an optional put feature, which allows the Treasurer upon 90-days notice to liquidate the investment on April 13, 2012. The obligation of the County to pay principal and interest on the 2011 POBs is an obligation imposed by law and is absolute and unconditional. As of June 30, 2011, the outstanding principal amount of the 2011 POBs reported in the General Fund was \$275,920 and the accreted interest was \$1,496. Refer to Note 4, Deposits and Investments, and Note 18, Retirement Plans, for additional information.

Description	Balance July 1, 2010	Issuances & Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2011	Amounts Due within One Year
<u>County of Orange</u>						
<u>Teeter Plan Obligation Commercial</u>						
<u>Paper Notes, Series A</u>						
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						
	210,975	84,025	--	(138,100)	156,900	156,900

10. SHORT-TERM OBLIGATIONS (Continued)

Description	Balance July 1, 2010	Issuances & Discount/ Premium Amortization	Accreted Interest	Retirements	Balance June 30, 2011	Amounts Due within One Year
<u>County of Orange</u>						
<u>2010-2011 Tax and Revenue</u>						
<u>Anticipation Notes, Series A</u>						
Date Issued: July 1, 2010						
Interest Rate: 2.00%						
Original Amount: \$150,000						
Maturing in installments						
through June 30, 2011	--	150,000	--	(150,000)	--	--
<u>County of Orange</u>						
<u>Taxable Pension Obligation</u>						
<u>Bonds, 2011 Series A</u>						
Date Issued: March 15, 2011						
Interest Rate: 1.82%						
Original Amount: \$275,920						
Maturing in installments						
through June 27, 2012	--	275,920	1,496	--	277,416	277,416
Total	\$ 210,975	\$ 509,945	\$ 1,496	\$ (288,100)	\$ 434,316	\$ 434,316

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, 2011, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$5,259,395. 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, 2011, the outstanding principal amount, including the premium of the 2005 Recovery Bonds, and interest were \$71,194 and \$8,369, respectively.

Lease Revenue Refunding Bonds Series 2005

On August 16, 2005, the Orange County Public Financing Authority (OCPFA) issued its \$419,755 Lease Revenue Refunding Bonds Series 2005 (Series 2005 Bonds) at a premium of \$19,973. The proceeds of which, together with certain monies contributed by the County and other funds available to the trustee of the 1996 Recovery Certificates of Participation (Recovery COPs), were used to defease certain non-callable Recovery COPs, the remainder was used to fund a debt service reserve fund for the Series 2005 Bonds, and pay costs of issuance of the Series 2005 Bonds. As of June 30, 2011, the outstanding principal amount, including the premium of the Series 2005 Bonds, and interest were \$191,819 and \$25,266, respectively.

11. LONG-TERM OBLIGATIONS (Continued)

Bankruptcy Obligations (Continued)

Lease Revenue Refunding Bonds Series 2005 (Continued)

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

Revenue Bonds Payable and Certificates of Participation

Refunding Certificates of Participation (Civic Center Parking Facilities Project)

In December 1987, Certificates of Participation (COPs) representing the proportionate interests of the owners thereof in lease payments made by the County under lease agreements between the County and the Orange County Public Facilities Corporation were delivered. The proceeds were used to finance the acquisition, construction, and installation of two parking structures located in the City of Santa Ana. These certificates were refunded in August 1991 with the \$33,579 Refunding COPs (Civic Center Parking Facilities Project), which are payable through December 2018. At June 30, 2011, the outstanding principal amount and interest of the Refunding COPs were \$4,064 and \$16,763, 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, 2011, the outstanding principal amount including premium of the Series 2001 Bonds and interest on the NDAPP Refunding Bonds were \$19,379 and \$6,272, 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, 2011, the outstanding principal amount, including the premium of the Series 2002 bonds, and interest were \$47,355 and \$11,325, respectively.

The bonds are limited obligations of the OCPFA payable solely from base rental payments to be made by the County pursuant to a lease, dated as of April 1, 2002, between the OCPFA and the County, and other amounts held by the trustee in the funds and accounts established under the indenture (other than the rebate fund), except as otherwise provided in the indenture.

11. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

Lease Revenue Bonds, Series 2006

On October 19, 2006, the OCPFA issued its \$32,700 Lease Revenue Bonds, Series 2006 (Series 2006 Bonds) at a premium of \$2,140. The Lease Revenue Bonds, payable through June 2018, were issued to finance the construction of a cogeneration conversion project at the County's central utility facility, fund a debt service reserve fund for the bonds, and pay costs relating to the issuance of the bonds. As of June 30, 2011, the outstanding principal amount, including the premium of the Series 2006 Bonds, and interest were \$26,340 and \$5,069, 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, 2011, the outstanding principal amount, including premium of the Series 2003 Bonds and interest of the SAHP, were \$29,430 and \$10,034, 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, 2011, the outstanding principal amounts for the Series 1996A and 1997A Pension Bonds were \$29,197 and \$25,483, respectively.

Airport Revenue Refunding Bonds, Series 2003

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

11. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

Airport Revenue Refunding Bonds, Series 2003

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 interest expense incurred and the amount included as part of the cost of capital assets under construction for the 2003 Bonds for the fiscal year ended June 30, 2011, were \$1,490. The outstanding principal amount, including premium and interest, for 2003 Bonds as of June 30, 2011, were \$31,167 and \$6,350, respectively.

The 2003 Bonds are secured by a pledge of (1) operating revenues, net of specified operating expenses, (2) interest earnings, and (3) other miscellaneous revenue. The 2003 Bonds are payable through July 2018. For each fiscal year, the pledged net operating revenues are expected to be a minimum of 125% of the aggregate debt service requirement over the life of the bonds. For the fiscal year ended June 30, 2011, the principal and interest paid and total net revenues were \$4,581 and \$38,368, respectively.

Airport Revenue Bonds, Series 2009A and 2009B

On July 9, 2009, the County issued the Airport Revenue Bonds Series 2009A and 2009B (2009A and 2009B Bonds) in the aggregate principal amount of \$233,115, with an original issue net premium of \$288. The 2009A and 2009B Bonds were issued to finance a portion of the Airport Improvement Program (AIP), fund the debt service requirement for the bonds, fund capitalized interest on a portion of the bonds, and pay costs relating to the issuance of the bonds. The AIP consist of numerous direct improvements to the Airport facilities such as the construction of the new terminal C, Parking Structure C, and two new commuter/regional holdrooms at the north and south ends of the extended Terminal. For fiscal year ended June 30, 2011, the interest expense incurred and the amount included as part of the cost of capital assets under construction for the 2009A Bonds were \$3,289 and \$3,216, respectively, and for the 2009B Bonds were \$7,984 and \$7,440, respectively. The outstanding principal amount, including net premium, of the 2009A and 2009B Bonds as of June 30, 2011, were \$65,958 and \$162,112, respectively, and the outstanding interest were \$58,503 and \$105,927, respectively.

The 2009A and 2009B Bonds are secured by a pledge of (1) operating revenues, net of specified operating expenses, (2) interest earnings, (3) other miscellaneous revenue and (4) available Passenger Facility Charges (PFC) revenues. The 2009A and 2009B Bonds are payable through July 2039. For each fiscal year, the pledged net operating revenues are expected to be a minimum of 125% of the aggregate debt service requirement over the life of the bonds. For the fiscal year ended June 30, 2011, the principal and interest paid and total net revenues were \$15,785 and \$49,567, respectively. The total net revenues include \$11,199 of PFC revenue.

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

11. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds Payable and Certificates of Participation (Continued)

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

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, 2011, were \$20,006 and \$1,627, 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, 2011, \$17,085 of legally defeased debt remains outstanding.

Schedule of Long-Term Debt Obligations, Fiscal Year 2010-11

Revenue bonds and certificates outstanding and related activity for the year ended June 30, 2011, were as follows:

Description	Balance July 1, 2010	Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2011	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.					
Deferred Amount on Refunding	\$ 86,827	\$ (1,188)	\$ (14,445)	\$ 71,194	\$ 16,470
	(5,208)	1,042	--	(4,166)	(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 2010-11 Principal and Interest: \$61,340					
FY 2010-11 Total Pledged Revenues: \$74,726					
Maturing in Installments Through July 1, 2017.	246,072	(2,683)	(51,570)	191,819	58,000
Deferred Amount on Refunding	(15,971)	2,129	--	(13,842)	(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 2010-11 Principal and Interest: \$2,600					
FY 2010-11 Total Pledged Revenues: \$2,526					
Maturing in Installments Through December 1, 2018.	4,758	--	(694)	4,064	642

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2010-11 (Continued)

Description	Balance July 1, 2010	Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2011	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 2010-11 Principal and Interest: \$2,173					
FY 2010-11 Total Pledged Revenues: \$19,560					
Maturing in Installments Through September 1, 2022.					
	\$ 20,554	\$ --	\$ (1,175)	\$ 19,379	\$ 1,344
Deferred Amount on Refunding	(712)	55	--	(657)	(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 2010-11 Principal and Interest: \$7,091					
FY 2010-11 Total Pledged Revenues: \$74,726					
Maturing in Installments Through June 1, 2019.					
	52,088	(213)	(4,520)	47,355	4,951
Deferred Amount on Refunding	(1,967)	219	--	(1,748)	(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 2010-11 Principal and Interest: \$4,202					
FY 2010-11 Total Pledged Revenues: \$74,726					
Maturing in Installments Through June 1, 2018.					
	29,295	(55)	(2,900)	26,340	3,077
<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 2010-11 Principal and Interest: \$2,958					
FY 2010-11 Total Pledged Revenues: \$10,907					
Maturing in Installments Through September 1, 2023.					
	31,122	(137)	(1,555)	29,430	1,752
Deferred Amount on Refunding	(1,235)	92	--	(1,143)	(92)

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2010-11 (Continued)

Description	Balance July 1, 2010	Issuances and Discount/ Premium Amortization	Retirements	Balance June 30, 2011	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).					
	\$ 31,696	\$ --	\$ (2,499)	\$ 29,197	\$ 6,538
<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).					
	27,635	--	(2,152)	25,483	619
Subtotal - Governmental Funds	<u>\$ 504,954</u>	<u>\$ (739)</u>	<u>\$ (81,510)</u>	<u>\$ 422,705</u>	<u>\$ 89,856</u>

11. LONG-TERM OBLIGATIONS (Continued)

Schedule of Long-Term Debt Obligations, Fiscal Year 2010-11 (Continued)

<u>Description</u>	<u>Balance July 1, 2010</u>	<u>Issuances and Discount/ Premium Amortization</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due within One Year</u>
<u>Enterprise Funds:</u>					
<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 2010-11 Principal and Interest: \$4,581					
FY 2010-11 Total Pledged Revenues: \$38,368					
Maturing in Installments Through July 1, 2018.					
Deferred Amount on Refunding (2003 Airport Revenue Bonds)	\$ 34,473	\$ (291)	\$ (3,015)	\$ 31,167	\$ 3,412
	(3,302)	748	--	(2,554)	(637)
<u>Airport Revenue Bonds -</u>					
<u>Series 2009A and 2009B:</u>					
Date Issued: July 9, 2009					
Interest Rate: 3.00% to 5.75%					
Original Amount: \$233,115					
FY 2010-11 Principal and Interest: \$15,785					
FY 2010-11 Total Pledged Revenues: \$49,567					
Maturing in Installments Through July 1, 2039.					
	232,928	(413)	(4,445)	228,070	5,007
<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 2010-11 Principal and Interest: \$7,167					
FY 2010-11 Total Pledged Revenues: \$18,703					
Maturing in Installments Through December 1, 2013.					
Deferred Amount on Refunding (1997 Orange County Public Financing Authority Revenue Bonds)	26,013	(57)	(5,950)	20,006	6,327
	(275)	190	--	(85)	(71)
Subtotal - Enterprise Funds	289,837	177	(13,410)	276,604	14,038
Total	\$ 794,791	\$ (562)	\$ (94,920)	\$ 699,309	\$ 103,894

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>	
2012	\$ 87,439	\$ 35,026	\$ 14,154	\$ 13,492	\$ 150,111
2013	56,223	39,724	15,905	12,793	124,645
2014	54,407	29,332	17,305	12,072	113,116
2015	55,993	26,291	10,660	11,512	104,456
2016	43,159	37,332	11,040	11,069	102,600
2017-2021	109,286	96,516	54,115	47,062	306,979
2022-2026	12,403	3,805	52,940	34,131	103,279
2027-2031	--	--	56,950	18,654	75,604
2032-2036	--	--	22,815	9,136	31,951
2037-2040	--	--	22,940	2,485	25,425
Total	418,910	268,026	278,824	172,406	1,138,166
Add: Premium	25,351	--	419	--	25,770
Less: Deferred Amount on Refunding	(21,556)	--	(2,639)	--	(24,195)
Principal Payable, Net	\$ 422,705	\$ 268,026	\$ 276,604	\$ 172,406	\$ 1,139,741

Changes in Long-Term Liabilities:

Long-term liability activities for the year ended June 30, 2011, were as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within One Year
Governmental Activities:					
Bonds and COPs Payable:					
Revenue Bonds	\$ 356,525	\$ --	\$ (61,720)	\$ 294,805	\$ 64,475
Certificates of Participation	4,758	--	(694)	4,064	642
Pension Obligation Bonds	59,331	--	(4,651)	54,680	7,157
Recovery Bonds	79,806	--	(14,445)	65,361	15,165
Add: Premium on Bonds Payable	29,627	--	(4,276)	25,351	5,954
Less: Deferred Amount on Refunding	(25,093)	--	3,537	(21,556)	(3,537)
Total Bonds & COPs Payable, Net	504,954	--	(82,249)	422,705	89,856
Interest Accretion on Capital Appreciation Bonds Payable	152,697	14,661	--	167,358	--
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	168,306	134,662	(129,144)	173,824	90,079
Arbitrage Rebate Payable	1,609	8	(733)	884	790
Capital Lease Obligations Payable	80,114	134	(4,174)	76,074	4,393
Insurance Claims Payable	179,114	122,447	(113,168)	188,393	51,746
Net Pension Obligation	647	224	(232)	639	--
SARI Line Obligation	--	36,000	(2,001)	33,999	13,265
Total Other Long-Term Liabilities	429,790	293,475	(249,452)	473,813	160,273
Total Governmental Activities Long-term Liabilities	\$ 1,087,441	\$ 308,136	\$ (331,701)	\$ 1,063,876	\$ 250,129

11. LONG-TERM OBLIGATIONS (Continued)

Changes in Long-Term Liabilities (Continued)

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within One Year
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 292,234	\$ --	\$ (13,410)	\$ 278,824	\$ 14,155
Add: Premium on Bonds Payable	1,180	--	(761)	419	591
Less: Deferred Amount on Refunding	(3,577)	--	938	(2,639)	(708)
Total Revenue Bonds Payable, Net	<u>289,837</u>	<u>--</u>	<u>(13,233)</u>	<u>276,604</u>	<u>14,038</u>
Other Long-Term Liabilities:					
Compensated Employee Absences Payable	4,991	3,882	(3,655)	5,218	2,451
Arbitrage Rebate Payable	217	105	--	322	--
Landfill Site Closure/Postclosure Liabilities *	163,885	3,339	(3,896)	163,328	1,615
Pollution Remediation Obligation **	7,426	6,787	(865)	13,348	848
Total Other Long-Term Liabilities	<u>176,519</u>	<u>14,113</u>	<u>(8,416)</u>	<u>182,216</u>	<u>4,914</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 466,356</u>	<u>\$ 14,113</u>	<u>\$ (21,649)</u>	<u>\$ 458,820</u>	<u>\$ 18,952</u>

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

** Refer to Note 17 for additional information regarding the increase in Pollution Remediation Obligation.

Special Assessment District Bonds

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

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

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

The County is acting as an agent of the assessment and community facilities districts in collecting the assessments and special taxes, forwarding the collections to other paying agents or directly to bondholders, and initiating any necessary foreclosure proceedings. Because of the County's limited obligation in connection with special assessment district and community facilities district debt, related transactions are reflected in Agency Departmental Funds.

Major capital outlay expenditures relating to these bonds are accounted for in the "Service Areas, Lighting Maintenance and Assessment Districts" Special Revenue Fund. Special assessment district and community facilities district bonds outstanding as of June 30, 2011, amounted to \$589,540.

11. LONG-TERM OBLIGATIONS (Continued)

Compensated Employee Absences

The estimated compensated employee absences payable for governmental activities recorded at June 30, 2011, is \$173,824 compared with \$168,306 at June 30, 2010. Employees are entitled to be paid annual leave, compensated time, and in some cases vacation and sick time depending on job classification, length of service, and other factors. For the governmental funds, most of the compensated absences liability will ultimately be paid from the General Fund.

OC Flood Control District, Santa Ana Regional Interceptor Line Loans (SARI), New Obligation for FY 2010-11

On June 12, 2007, the Board approved a financing agreement between the Orange County Flood Control District (OCFCD) and Orange County Sanitation District (OCSD) for an amount of up to \$60,000. Concurrently, the Board also approved a financing agreement between the OCFCD and the Santa Ana Watershed Project Authority (SAWPA) for up to \$10,000. The loan proceeds will be used for the relocation of the SARI Line between Prado Dam and Weir Canyon Road for the following public benefits: protection of the sewer line from erosion, increased Prado Dam water releases, protection of the water supply, and uninterrupted use of the sewer line by residents. The total SARI Line Project cost is not expected to exceed \$100,000. The OCFCD would contribute \$30,000 that would be expended over the estimated three year period it will take to complete the SARI Line Project. As part of the terms of the agreement, the OCFCD agrees to pay SAWPA and OCSD as State subvention funding is received by OCFCD. Repayment installments will be made within 30 days of OCFCD's receipt of State subvention funding in an amount equivalent to 10% of the funds received being paid to SAWPA and 60% of the funds received being paid to OCSD. The OCFCD is required to repay the entire loan to OCSD and SAWPA no later than July 1, 2022, regardless of whether OCFCD receives any State subvention funds. For funds loaned by OCSD, interest shall accrue on the unpaid balance from July 1, 2018, at an annual interest rate of 3% until the unpaid balance is repaid. As for funds loaned by SAWPA, interest shall accrue on any such unpaid balance from July 1, 2018, at the State of California Local Agency Investment Fund interest rate in effect on July 1, 2018.

In April 2011, OCFCD received a \$36,000 loan from OCSD. As of June 30, 2011, the outstanding loan principal was \$33,999. The loan amount is recorded on the government-wide Statement of Net Assets as due to other governmental agencies. In May 2011, the Board awarded the construction contract for the SARI Yorba Linda Spur in the amount of \$7,210, and the Board awarded the construction contract for the SARI Mainline in the amount of \$42,000 in August 2011. The \$10,000 loan from SAWPA will be remitted to the OCFCD in FY 2011-12.

12. CONDUIT DEBT OBLIGATIONS

From 1980 through 2011, 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, 2011, there were 35 series of bonds outstanding, with an aggregate principal amount payable of \$451,869.

13. LEASES

Commitments Under Operating Leases

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

<u>Fiscal Year Ending June 30</u>	<u>Equipment</u>	<u>Real Property</u>	<u>Total</u>
2012	\$ 3,587	\$ 27,428	\$ 31,015
2013	144	23,068	\$ 23,212
2014	29	20,499	\$ 20,528
2015	9	18,697	\$ 18,706
2016	4	16,379	\$ 16,383
2017 - 2021	3	25,899	\$ 25,902
Total	<u>\$ 3,776</u>	<u>\$ 131,970</u>	<u>\$ 135,746</u>

Total expenditures for equipment rentals and operating leases incurred for FY 2010-11 was \$52,494.

Capital Leases

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

Land	\$ 18,707
Equipment	133
Less: Accumulated Depreciation	(8)
Structures & Improvements	80,377
Less: Accumulated Depreciation	(25,156)
Total	<u>\$ 74,053</u>

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, 2011:

<u>Fiscal Year Ending June 30</u>	
2012	\$ 10,139
2013	9,727
2014	9,832
2015	8,574
2016	8,762
2017-2021	45,618
2022-2026	26,537
2027	490
Total Minimum Lease Payments	119,679
Less: Amount Representing Interest	(43,605)
Present Value of Net Minimum Lease Payments	<u>\$ 76,074</u>

14. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require OC Waste & Recycling (OCWR) to place final covers on its landfill sites when the landfills stop accepting waste, and to perform certain postclosure maintenance and monitoring functions at the site for a minimum of 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date each respective landfill stops accepting waste, OCWR will report a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date.

OCWR owns or operates the following waste disposal sites:

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

All active waste disposal sites, (FRB, Olinda Alpha and Prima Deshecha), are owned by OCWR. Santiago Canyon's lease with The Irvine Company was terminated in November 2002 and The Irvine Company donated the landfill, valued at \$1,400, to the County. Coyote Canyon was owned by The Irvine Company and leased by the County. The County accepted the conveyance of the real property from The Irvine Company, along with the real property adjacent to the landfill and certain easement rights, valued at \$3,950. This action was approved by the Board of Supervisors on November 21, 2006.

The total landfill closure and postclosure care liability at June 30, 2011 was \$163,328. The total liability represents the cumulative amount accrued based on the percentage of the active landfill capacities that have been used to date (25.53% for FRB, 67.94% for Olinda Alpha and 22.26% for Prima Deshecha), less actual costs disbursed related to both closure and postclosure of the Santiago and Coyote Canyon landfills. The 22.26% amount for Prima Deshecha represents the cumulative amount of landfill capacity used for both Zone 1 and Zone 4. This amount was segregated to more accurately reflect the greater usage to date of Zone 1 in relation to the closure and postclosure care costs. OCWR will recognize the remaining estimated cost of closure and postclosure care of \$177,174 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010 dollars (using the 2010 inflation factor of 1.010). OCWR has enough landfill capacity to operate the system for a minimum of twenty-five years. However, OCWR intends to operate the landfills well beyond this period as a result of approved and planned expansions.

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

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

As of June 30, 2011, a total of \$89,543 has been set aside for estimated closure and postclosure costs and is included in the accompanying Statement of Net Assets as Restricted Pooled Cash/Investments – Closure and Postclosure Care Costs. This amount includes what OCWR has proactively prefunded for postclosure care.

Regulations governing solid waste management are promulgated by government agencies on the federal, state and local levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities, acceptable and prohibited waste types, and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities relating to any landfill site ever operated by the County, whether or not owned by the County. Refer to Note 17, Estimated Liability for Other Litigation, Claims and Pollution Remediation, for additional discussion regarding pollution remediation liabilities.

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The County has established a procedure for encumbering appropriations for purchase orders, contracts, and other commitments authorizing delivery of merchandise or rendering of services. An encumbrance system reduces the possibility of commitments being made in excess of budgeted appropriations due to the lag time between issuance of purchase orders, contracts, and other obligations, and the actual provision of services or goods and subsequent receipt of invoices and billings from the vendors and contractors. In accordance with GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” the County’s total significant encumbrances for governmental funds in the aggregate are reported as follows, at June 30, 2011:

General Fund	\$	52,474
Roads		67,791
Flood Control District		30,695
Other Public Protection		3,266
Other Governmental Funds		30,152
Total Encumbrances for Governmental Funds	<u>\$</u>	<u>184,378</u>

At June 30, 2011, the County’s total commitments for major contracts entered into for computer software in development, equipment, land, and structures and improvements were as follows, listed by fund within governmental or business-type activities:

		Significant Commitments
Governmental Activities:		
Roads		
Antonio Parkway Widening Project - Ladera Planned Community to Ortega Hwy	\$	16,384
Foothill Circulation Project - Alton Parkway to Irvine Boulevard		11,939
Katella Avenue - Smart Street Improvement Project		8,885
Midway City Drainage Improvements Phase I & II		7,147
Ortega Highway Widening Project - Antonio Parkway to Central Entrance		2,525
Alton Parkway Road Extension - Irvine Boulevard to Commercentre Drive		1,470
		<u>48,350</u>

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

Project Title	Significant Commitments
Governmental Activities (Continued):	
Flood Control District	
Santa Ana River Interceptor Line Project	7,210
Edinger Storm Channel Improvement	5,599
Los Alamitos Pump Station: New Pump and Pump House	3,465
Santa Ana River Mainstem Project - Acquisition of Prado Dam Property	1,050
	17,324
Other Governmental Funds	
Purchase of Law Enforcement Vehicles	3,047
Laguna Niguel Library Expansion Project	2,507
Replace Penal Valves and Refurbish Showers at the Central Men's Jail and Central Women's Jail	1,813
Central Jail Complex Consolidated Maintenance Project	1,259
	8,626
Business-Type Activities:	
Airport	
Terminal C Gate Expansion	11,436
Improvement of Tenant Airline Offices	6,687
Construction of Common Use Passenger Processing System (CUPPS)	2,758
Passenger Loading Bridges for Terminal A, B and C	2,747
Airport Improvement Program Project Management	2,652
Material Testing and Construction Inspection Services for Airport Improvement Plan Projects	1,189
	27,469
Waste Management	
Frank R. Bowerman Construction Management, Construction Quality Control Slide/Buttress	1,497
	1,497
Total Commitments	\$ 103,266

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

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

The COE's estimated combined cost of all project components is \$2,050,000. OCFCD's cost share is estimated to be \$388,000 for acquisition of real property rights, relocation (of roads, bridges, trails, and utilities), environmental mitigation, and cash contributions for construction of the Prado Dam Project. As of June 30, 2011, the OCFCD has expended about \$457,956 on the entire Santa Ana River Project.

The construction of Seven Oaks Dam and most channel improvements in Riverside, San Bernardino, and Orange counties have been completed. The relocation and protection of State Route (SR) 71 adjacent to Prado Dam (a joint OCFCD and Caltrans project) and construction to raise the Prado Dam embankments and install new outlet gates is complete. Landscaping along the SAR in Orange County was completed in May 2010. Design for the construction of interior dikes in the Prado Dam reservoir, and for improvements and protection of SR-91 in the SAR canyon are also underway. The COE completed construction of National Housing Tract Dike and Sewage Treatment Plant Dike in 2008. Landscaping for these Dikes began in September 2009 and completed in June 2011. Several environmental mitigation studies and restoration/preservation projects are underway in all three counties. All property right acquisitions for the Seven Oaks Dam and along the lower SAR in Orange County up to Weir Canyon Road are completed. The escrow for purchase of the Green River Golf Course was closed on September 29, 2006. This property is required for construction of protection along SR-91 and nearby mobile homes, open space/recreation mitigation and to accommodate increased flooding when the Prado Dam outlet gates are constructed and operational. The first phase of SR-91 protection is currently under construction and is expected to be completed in May 2012. The OCFCD has awarded the \$7,210 construction contract for the Yorba Linda Spur, a component of the SARI relocation project, was awarded on May 3, 2011, and is expected to be completed by May 2012. Construction of the Auxiliary Embankment (an extension of the Prado Dam) was initiated in November 2010 at a cost of \$13,000 and is expected to be completed in November 2012. The OCFCD continues to acquire property rights for the Prado Dam Project, subject to the availability of funding.

The project has been authorized by the State Legislature for reimbursement of up to 70% of the Local Sponsors' expenses through the State Flood Control Subvention Fund, which is administered by the Department of Water Resources (DWR). As of June 30, 2011, the OCFCD has submitted \$291,415 in claims, and received \$199,469 in reimbursements. An additional \$29,154 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, 2011, of approximately \$121,100. Of this amount, \$82,500 was appropriated by the State for FY 2011-12, 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.

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

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.

16. SELF-INSURANCE (Continued)

The Workers' Compensation ISF addresses the risks related to employee injury through its Safety Program, which is responsible for injury and illness prevention. The Workers' Compensation Program ensures that all benefits are properly provided and administers the contract for the third party workers' compensation claims administration. Workers' compensation claims are self-funded up to \$15,000.

The Property and Casualty Risk ISF is responsible for managing losses related to torts; theft of, damage to and destruction of assets, errors and omissions, civil rights claims, and natural disasters. Tort liability is also self-funded, up to \$5,000. Commercial insurance is purchased for property and other risk exposures. Excess liability insurance provides up to an additional \$100,000 in liability coverage. During FY 2010-11, a verdict against the County and two of its employees in the amount of \$4,913 was upheld in the appellate court and the California Supreme Court declined to accept the case for hearing. The County subsequently issued payment in the full amount of the verdict plus interest. In addition to the verdict amount, payment was also made for the awards of attorney fees and costs at the trial and appellate levels which brought the total payment issued for this case to \$9,651. The County recovered \$600 from one insurance carrier and is pursuing recovery from various insurance carriers that may cover a portion of the costs of this case. The primary excess carrier in this case is insolvent but is considering payment of some portion of the accrued damages in excess of our \$5,000 Self-Insured Retention (SIR). The process for submitting all required documentation for consideration by that carrier is underway. In the past three fiscal years, this case is the only instance in which the County has sustained a loss that impacted its excess insurance coverage.

Independent actuarial studies are prepared annually for the Workers' Compensation and Property and Casualty Risk ISFs. The reported unpaid claims liabilities are based on the results of those annual actuarial studies and include case reserves, development of known claims, incurred but not reported claims, allocated loss adjustment expenses and unallocated loss adjustment expenses. Unpaid claims liabilities are calculated considering inflation, claims cost trends, including frequency and payout of settlements and judgments, interest earnings, and changes in legal and economic factors. Unpaid claims liabilities have been discounted at a rate of 2.84% 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 and accidental death and dismemberment (AD&D) benefit for Reserve Deputy Sheriffs.

Through December 31, 2010, the County's Premier Wellwise and Premier Sharewell PPO Plans had a lifetime coverage maximum of \$3,000 and \$1,000, respectively, for each covered employee or dependent. As of January 1, 2011, the lifetime coverage maximum was eliminated. 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 51 weeks of benefits coverage through the Federal-State Extended Duration program or when the employee returns to work or no longer meets the requirements for the benefits. The self-insured AD&D benefit is for Reserve Deputy Sheriffs only and has a maximum benefit of \$5,000 (absolute dollars).

16. SELF-INSURANCE (Continued)

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 2009-10	\$ 119,274	\$ 27,926	\$ 2,049	\$ 8,918	\$ 158,167
Claims and Changes in Estimates	26,952	33,173	6,239	63,885	130,249
Claim Payments	<u>(23,773)</u>	<u>(19,109)</u>	<u>(4,566)</u>	<u>(61,854)</u>	<u>(109,302)</u>
Unpaid Claims, End of FY 2009-10	\$ 122,453	\$ 41,990	\$ 3,722	\$ 10,949	\$ 179,114
Claims and Changes in Estimates	40,825	17,884	2,762	60,976	122,447
Claim Payments	<u>(26,763)</u>	<u>(21,994)</u>	<u>(2,738)</u>	<u>(61,673)</u>	<u>(113,168)</u>
Unpaid Claims, End of FY 2010-11	<u>\$ 136,515</u>	<u>\$ 37,880</u>	<u>\$ 3,746</u>	<u>\$ 10,252</u>	<u>\$ 188,393</u>

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

Estimated Liability for Litigation and Claims

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

In addition to the accrued liabilities for self-insurance claims incurred, but not reported in Note 16, and other specific litigation and claims described herein, the County is also a defendant in numerous other lawsuits and claims arising from, among other things, breach of contract and tax disputes. Although the aggregate amount asserted in such lawsuits, or claims is significant, County management believes that the ultimate outcome of these matters will not have a significant effect on the financial position or changes in financial position of the funds of the County.

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

Retired Employees Association of Orange County, Inc. v. County of Orange In late 2006, the County determined that due to a large unfunded liability, the current Retiree Medical Program needed to be changed. These changes were challenged in two separate lawsuits filed by Orange County's retirees. The first, Retired Employees Association of Orange County, Inc. ("REAOOC") v. County of Orange, filed in November 2007, sought declaratory and injunctive relief contesting the splitting of the pool for purposes of determining health insurance premiums. The Board authorized County Counsel to retain the law firm of Meyers Nave Riback Silver & Wilson ("Meyers Nave") to handle this litigation and the Harris case discussed below. In the REAOOC case, after lengthy litigation, on June 19, 2009, the Federal Court ruled in the County's favor on Cross-Motions for Summary Judgment. Plaintiff appealed that decision and oral argument was heard at the Ninth Circuit Court of Appeal on June 10, 2010.

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

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

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

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

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

Estimated Liability for Litigation and Claims (Continued)

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

However, the Court also confirms that to create such a vested benefit through an implied contract, the plaintiffs must prove that the legislative body had the specific intent to do so. The County believes that it is unlikely plaintiffs will meet this burden when the case returns to the Ninth Circuit for the final determination of the appeal.

Gaylan Harris, et al. v. County of Orange This case was filed as a class action on behalf of County retirees on January 22, 2009 by retired employee Gaylan Harris. The issues and claims in Harris are, for the most part, the same as or similar to those raised in the REAOC matter described above. Based on the Court's ruling in REAOC, the County filed a motion to dismiss the Harris action. On March 28, 2011, the trial court granted the County's motion and entered judgment in favor of the County. On April 22, 2011 the Plaintiffs appealed this decision to the Ninth Circuit. After fully briefing the case, the parties argued the matter on October 11, 2011. The court's decision is still pending.

Given the uncertainty in the related REAOC matter as to the possible outcome of the appeal in that action, it is difficult to predict the County's potential liability in the two cases at this time, but should the Plaintiffs prevail, these lawsuits could have significant financial impact on the County.

Netjets Aviation v. Guillory and Flight Options LLC v. Webster J. Guillory This matter involves actions filed against the counties of Orange and Santa Barbara, which were consolidated for trial in the Orange County Superior Court. Each of these actions challenges the legality of the two counties' assessments of fractionally owned aircraft as required under Senate Bill 87 (2007). SB 87 requires local assessors to assess the fleets of aircraft companies for the portion of time those fleets operate out of California airports, similar to assessments on their commercial aircraft competitors.

The fractional aircraft companies' principal claims are: 1) California does not have jurisdiction to tax their aircraft because their aircraft are not in California sufficient to vest it with taxing jurisdiction; 2) they are not liable for the assessments because they do not own the aircraft in their fleets; and, 3) the retroactive portion of SB 87 requiring assessors to issue escape assessments dating back to 2002 are unconstitutional.

The defending assessors respond to these claims generally as follows: 1) fractionally owned aircraft fleets subject to SB 87 takeoff and depart from California airports tens of thousands of times annually (and thousands of times at John Wayne Airport alone); 2) fractional aircraft companies are lawful assesseees because they own, possess, and/or control the aircraft in their fleets; and, 3) the aircraft fleets were always subject to assessment under California law and SB 87 only provided clarifying rules for how the local assessors were to assess fractionally owned aircraft fleets.

The trial court ruled on November 30, 2010 that the legislation is unconstitutional. If the trial court ruling stands, the ruling would result in a tax return to the companies, resulting in a net loss to the County and its agencies of at least \$500. The County would lose at least \$50 in future annual tax revenue to its general fund and agencies. The County has appealed the judgment. Briefing and hearing of the appeal will take place between now and early 2012. The County has accrued liability of \$500 in the fund financial statements.

County of Orange v. Association of Orange County Deputy Sheriffs The County challenged the constitutionality of the retroactive portion of an enhanced pension benefit to members of the Association of Orange County Deputy Sheriffs ("AOCDS"). The County argued the enhanced pension benefit violated the California Constitution's debt limitation provisions and its prohibition on extra compensation for public employees. The trial court dismissed the County's complaint and the appellate court issued an opinion rejecting the County's arguments. The County will pay \$1,300 in settlement of AOCDS' claims on attorneys' fees and costs. The County also reached a settlement with defendant Orange County Employees Retirement System (OCERS) and will pay OCERS approximately \$62 as a one-time payment and approximately \$250 as the County's regular share of OCERS' administrative costs. All proceedings are complete and the case is closed. The County has accrued liability of \$1,612 in the general fund financial statements.

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 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 1.25 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 contends that no market adjustments to AOCW member salaries were ever approved by the Board. Nevertheless, the market adjustment grievance could potentially result in an arbitral back pay award against the County in the amount of \$1,000, 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 and scope of the arbitrator’s award, should the arbitrator rule in AOCW’s favor. The County’s position is that the market adjustment grievance lacks merit and is neither procedurally nor substantively arbitrable. A hearing before the Superior Court was held on June 17, 2011, to determine whether the County should be compelled to arbitrate this market adjustment grievance.

On July 6, 2011, the Court (Hon. Steven L. Perk presiding) issued a ruling compelling the County to arbitrate the grievance: “Each grievance is arbitrable. This labor agreement was not repealed. The right to arbitrate continued in effect after the expiration date of the MOU. *Miller vs. State of California*, 18 Cal. 3rd 808. *Glendale City Employees Association. v. Glendale*, 15 Cal. 3d 328. The employees may individually enforce the provisions. *Relyea vs. Ventura County Fire Protection Dist.* (1992) 2 Cal App. 4th 875. The Mercado grievance is an issue relating to discharge/ suspension under the MOU. The market adjustment grievance arbitrability has previously been ruled upon.”

On August 9, 2011, the County filed a petition for writ of mandate with the Fourth District Court of Appeal to obtain both a stay and a reversal of the trial court’s July 6, 2011 order compelling arbitration. The Court of Appeal summarily denied the petition, leaving the County no choice at this point but to arbitrate the dispute. The matter is currently pending before the appellate court. The total exposure to liability in this case depends on the scope and extent of any back pay award by the arbitrator (in the event that the County’s pursuit of appellate remedies fails and in the event that any such arbitral award survives a legal challenge) and is difficult to estimate at this time.

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

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

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

Estimated Liability for Litigation and Claims (Continued)

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

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

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

A trial date in the pending litigation had been set for October 3, 2011, but was continued by the Court to January 30, 2012. Extensive discovery is continuing. The parties are in the process of negotiating a bifurcation agreement which would postpone trial of the main dispute between SSC and the District to a later date, so that the threshold issues involved in the subcontractor's case (e.g., the adequacy of the impellers supplied) can be resolved before the broader SSC-the District dispute goes to trial.

District staff has also heard from SSC during the course of the project that SSC will likely assert additional significant claims arising from asserted Project delays that may have occurred after the period of time covered by the Morrison Pump case. But no additional formal Government Code claim has been filed as of now. As of this date, the amount of the District's potential exposure to liability for the existing and yet-to-be filed claims of SSC is very difficult to estimate with any accuracy.

Orange County Flood Control District v. Altfillisch Construction Company On June 22, 2010, the Board authorized initiation of a condemnation action to acquire property interests required by the Orange County Flood Control District ("District") for the Prado Dam Project in real property owned by Altfillisch Construction Company. The property is used by the owner primarily for storage of heavy construction equipment. On July 6, 2010, outside counsel at California Eminent Domain Law Group filed the action in Riverside County Superior Court. Also pursuant to Board authority, the firm made a deposit of estimated just compensation in the amount of \$3,950 with the State Treasury's Condemnation Deposits Fund. The property owner has now withdrawn the deposit. The issue to be determined in the action is whether the owner is entitled to any additional compensation.

Independent of the determination of the amount of compensation that the property owner is entitled to for the District's acquisition of the property interests sought, the property owner is also entitled to relocation assistance and benefits for the costs of relocating heavy construction equipment stored or maintained by the owner on the areas being acquired by the District. Outside counsel is engaged in discussions with the owner's attorney about facilitating such relocation assistance and obtaining an agreement from the owner not to move any equipment back on to the site after relocation assistance and benefits are provided. The amount of relocation expenses to be paid and amount of additional compensation, if any, that the District will be required to pay to the property owner are yet to be determined and difficult to estimate at this time.

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

Estimated Liability for Litigation and Claims (Continued)

Orange County Flood Control District v. Altfillisch Construction (Continued)

The trial date is scheduled for May 4, 2012. And although a Mandatory Settlement Conference has also been scheduled for April 30, 2012, the Court indicated that the parties should engage in private mediation after the exchange of trial appraisals occurs, which is currently scheduled to take place on February 3, 2012. At the time, we will know that magnitude of Altfillisch's claim.

Fair Labor Standards Act ("FLSA") Actions Brought by AOCDS The County and the Sheriff's Department have been sued in a series of federal actions under the FLSA by AOCDS and its members. These cases have included *Jeffrey Weaver v. County of Orange*, *Margaret Reed v. County of Orange*, and *Herbert Siegmund, et al. v. County of Orange, et al.*

The *Reed* case was a purported class action brought on behalf of more than six hundred (600) Sheriff's Deputies who allegedly shared a common set of complaints regarding alleged violations of the FLSA. The County successfully brought a motion to decertify the class of plaintiffs. As a result of that motion, the Federal Court in *Reed* decertified the alleged class as to all but one class claim for pay during periods before and after deputies' work shifts when they "don and doff" their uniforms. On May 12, 2010, the Court granted a County motion and dismissed the donning and doffing claims as well. This left just a single plaintiff, Margaret Reed, to pursue her individual claims. However, the *Reed* plaintiffs have filed an appeal of that ruling with the Ninth Circuit.

Plaintiffs' counsel then attempted to avoid the effect of the Court's ruling in *Reed* by filing the *Weaver* case, alleging the same claims as in *Reed* on behalf of more than six hundred (600) former *Reed* class members in their individual capacities. The Court rejected that attempt and granted the County's motion in *Weaver* to strike and dismiss all named class plaintiffs from the complaint, and reduced the case to a complaint by a single deputy, Jeffrey Weaver.

However, in making that ruling in the *Weaver* case, the Court tolled the statute of limitations applicable to the claims of the dismissed individual plaintiffs for sixty (60) days (until July 2, 2010). As a result, 128 individual actions were filed.

The Court in those actions urged all parties to all of these actions to engage in mediation. On December 17, 2010, a mediation was held before retired California Court of Appeal Justice Howard Wiener. The full day mediation culminated in Justice Wiener's presentation of a "mediator's proposal" structured to call for payments by the County of cash and non-cashable time off according to different formulas applicable to various categories of deputies. In response to that proposal, the County made a counteroffer including both cash and non-cash time off worth \$1,970.

In response to that counteroffer, plaintiffs made their own counteroffer in a total value of \$2,700 which included a combination of vacation hours and back pay in the amount of \$10 for the one hundred thirty (130) named plaintiffs. As a result of further negotiations, a potential agreement has been reached on Plaintiff's terms but reducing the back pay to be paid from \$10 per named plaintiff to \$8 per named plaintiff. At the most recent status conference on September 20, 2011, Plaintiffs' counsel advised the County that they are in the process of contacting all 130 plaintiffs to see if they will accept a settlement on those terms. If a settlement is reached, it will dispose of the *Reed*, *Weaver*, and one hundred thirty (130) individual cases.

In Siegmund, AOCDS filed a claim on behalf of its members alleging that the County's method of calculating the overtime rate paid to deputies violates the FLSA and on May 25, 2010, the Court granted the County's motion for summary judgment finding in favor of the County and dismissing the case. AOCDS filed an appeal in the Ninth Circuit; the case is fully briefed and oral argument has been scheduled for December 9, 2011. The County has accrued liability of \$1,040 in the general fund and \$1,400 in the government-wide financial statements.

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

Estimated Pollution Remediation Obligations

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

John Wayne Airport (JWA)

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

In 2008, the sites were sampled as part of an assessment and the results revealed that the soil and groundwater were still impacted by chemical pollutants. In an effort to increase the removal of the chemicals, JWA's environmental consultant reevaluated the sites and recommended a change to the remediation plan.

The consultant calculated the new estimated pollution remediation liability based on a more active method of remediation that includes remedial technologies such as soil vapor extraction, dual phasing sparging and bioremediation. JWA started implementing the new remediation method in the fiscal year ending June 30, 2011, and the sites are estimated to be remediated in about six to ten years. JWA is still performing tests on the sites and the results could possibly affect the estimated pollution remediation liability as well as a change to the remedial technologies used to remediate the sites. JWA has reported a liability of \$1,374 based on management's assessment and the results of the consultant's evaluation.

In 1995, JWA entered into a Memorandum of Understanding (MOU) with one of its fixed-based operator (FBO) lessees to address the remediation of the Old Fuel Farm. The FBO was identified as the operator of the site and the other responsible party. The lessee agreed to be obligated to pay 50% of the remediation costs associated with the Old Fuel Farm site. The expected pollution remediation recoveries for the Old Fuel Farm site are realizable and a receivable in the amount of \$393 is reported in the Statement of Net Assets as part of accounts receivable.

The estimated pollution remediation obligation as of June 30, 2011 is:

Old Fuel Farm Site	\$ 785
Former Fire Station # 33 Site	692
Less: Year-Ending June 30, 2011 Activity	(103)
JWA Pollution Remediation Obligation	<u>\$ 1,374</u>

Orange County Waste & Recycling (OCWR)

Five closed sites were identified and the remediation costs and time periods were calculated for each of these sites based upon the type of remediation needed and historical trend data for closed landfill sites. The combined pollution remediation obligation ending balance for the fiscal year ending June 30, 2011, after deducting actual pollution remediation expenses incurred is \$11,974.

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

Estimated Pollution Remediation Obligations (Continued)

Orange County Waste & Recycling (OCWR) (Continued)

Cannery Former Refuse Disposal Station A park owned by the City of Huntington Beach (City) and an elementary school playground are located on a site that was formerly used as a refuse disposal station operated by the County from 1957 to 1969. Levels of methane gas that exceed regulatory limits were detected on the property. The Local Enforcement Agency (LEA) issued a Notice and Order to the City, requiring the City to remedy the landfill gas 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 installed a landfill gas collection and control system at the site. The remaining cost to the County for on-going engineering and quality assurance/quality control is \$0.

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

The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is \$133.

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

Based on engineering estimates and existing contracts for the operation and maintenance of other similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 25 years, then will most likely either be inactive or be converted to a passive system. The cost for the operation, maintenance and monitoring of the system was highest in the full first year of operation when the carbon canisters needed more regular replacement. For each subsequent year of operation, the cost will be reduced due to less frequent carbon swapping and less anticipated alternative monitoring requirements. The cost to operate and maintain the landfill gas collection system at the site for the next year of operation is \$176.

The anticipated costs to operate, maintain and monitor the landfill gas collection system over the remaining anticipated operational period is reduced to \$2,424.

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

Estimated Pollution Remediation Obligations (Continued)

Orange County Waste & Recycling (OCWR) (Continued)

San Joaquin Former Refuse Disposal Station The site, owned by the University of California at Irvine, was leased and operated by the County as a refuse disposal facility from 1954 to 1961. In 1996, a portion of the site was sold to the Food and Drug Administration. Levels of methane gas that exceed regulatory limits were detected on the property. As both parties expressed an interest in avoiding costly litigation, the County entered into negotiations to cooperatively address site concerns, resulting in a Cooperative Agreement with the university that was approved by the Board in May 2005. Pursuant to the Cooperative Agreement, the County constructed a landfill gas collection and control system, including a carbon treatment element.

The County retains responsibility for the operation, maintenance, and monitoring of that system. Based on engineering estimates and existing contracts for the operation and maintenance of similar disposal sites, the County anticipates that the landfill gas collection system will operate fully for 15 years. The cost to operate and maintain the landfill gas collection system at the site for the next year of operation is \$144.

The remaining obligation for landfill gas remediation at the San Joaquin site over the anticipated operational period is \$1,421.

La Veta Former Refuse Disposal Station Located in the City of Orange, La Veta is a former burn, dump and refuse disposal station leased to and operated by the County from 1946 to 1956. The site has multiple owners and was developed into a YMCA facility, apartments, a mobile home park, and a small amount of open space. Recently, the County learned that the Californian Department of Toxic Substances Control (DTSC) and the United States Environmental Protection Agency previously performed limited soil and groundwater testing at the site. According to DTSC, the results of these tests indicate that further site assessment is warranted. DTSC has requested that the County enter into a Voluntary Cleanup Agreement with DTSC. In lieu of entering into a Voluntary Cleanup Agreement, the County is conducting a series of additional site investigations and assessments. Upon completion of these site assessments and based on the results contained therein, it is possible that DTSC will renew its request for a Voluntary Cleanup Agreement. The County is currently performing a complete environmental assessment of the site, under oversight by the DTSC. The remaining cost for performing the site assessment work is \$414.

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.

Forster Former Refuse Disposal Station The site, located in the City of San Juan Capistrano, was formerly leased and operated as a refuse disposal station by the County of Orange from 1958 to 1976. The current owner, Advanced Group 99-SJ, is proposing a change in land use for the property and has notified the County of its position that the County is responsible for re-closure of the site to meet current commercial and redevelopment requirements. The County disputes responsibility for site development related costs. In early 2010, the City of San Juan Capistrano approved the proposed project and certified the Environmental Impact Report (EIR). The EIR was a subject of a citizen's referendum that ultimately resulted in affirmation of the proposed project. Subsequent to the city approval of the proposed development plan, Advanced Group 99-SJ and the County entered into negotiations to resolve issues related to environmental responsibility at the site. These negotiations resulted in a settlement agreement and release of claims, brought about by a threat of litigation over the CEQA approvals. The settlement and release will permit the development of the site, with monies paid by the County for environmental controls to be installed at the site, an operation and maintenance fund and for environmental insurance, subject to conditions such as obtaining grading permits for the site for its actual development. In exchange, indemnification and environmental releases were provided by the developer to the County.

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

Estimated Pollution Remediation Obligations (Continued)

Orange County Waste & Recycling (OCWR) (Continued)

Forster Former Refuse Disposal Station (Continued)

Total obligation by the County for environmental infrastructure and controls at the site as agreed upon in the Settlement Agreement is \$7,500. The entire sum is expected to be released within a five year period, but is dependent upon actions by the owner and regulatory approvals for the project. The County will continue to incur additional costs for work related to the County's current obligation to monitor the groundwater underlying the site. This responsibility will be transferred to the site owner upon completion of one of the settlement agreement milestones, but due to the uncertainty of specific timing, the County is unable to fully estimate the remaining ground water obligations.

The remaining balance for landfill gas remediation at the Forster site is \$7,582. Distribution of these funds will occur over time, based on specific milestones in the development of the site.

The estimated pollution remediation obligation as of June 30, 2011 is:

Cannery	\$ 133
Lane Road	2,424
San Joaquin	1,421
La Veta	414
Forster Former Refuse Disposal Station	7,582
OCWR Pollution Remediation Obligation	<u>\$ 11,974</u>

18. RETIREMENT PLANS

Orange County Employees Retirement System (OCERS)

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

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

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

18. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

According to OCERS most recent public report, entities paying into the OCERS, also known as plan sponsors, include the County of Orange, City of San Juan Capistrano, Orange County Cemetery District, Orange County Children and Families Commission, Orange County Department of Education (closed to new members), OCERS, Orange County Fire Authority, Orange County In-Home Supportive Services Public Authority, Orange County Local Agency Formation Commission, Orange County Public Law Library, Orange County Sanitation District, Orange County Superior Court, Orange County Transportation Authority, Transportation Corridor Agencies, University of California, Irvine Medical Center and Campus (closed to new members). The County payments represent approximately 82% of the total plan sponsor payments into OCERS. According to the most recent actuarial report, OCERS was 69.79% funded (69.62% for County of Orange rate groups) as of December 31, 2010. A schedule of funding progress for OCERS is included in Required Supplemental Information (RSI) section.

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

Non-vested Supplemental Targeted Additional Retiree Cost of Living Adjustment (STAR COLA) benefits are also paid by OCERS to eligible retirees and survivors. Pursuant to Government Code Section 31874.3 of the County Employees Retirement Law of 1937, the OCERS Board has the sole authority to grant STAR COLA each year. The OCERS Board understands that granting STAR COLA may increase the UAAL and therefore asks for comments from plan sponsors prior to voting on this issue. Retirees who have lost more than 20% of their purchasing power since retirement are eligible for this benefit, and currently, approximately 701 retirees (of which 682 are County retirees) who retired before April 1, 1981, and their survivors receive the STAR COLA. The STAR COLA benefits are excluded from the actuarial valuation, and are funded annually through current employer contributions.

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

Employer contributions are based on what is needed to properly fund the system. The law, however, does allow employers and employees to negotiate some variation in who pays the contributions. OCERS's responsibility is to make certain the total required contribution is paid, regardless of how the employers and employees share the cost. For FY 2010-11, employer's contributions, as a percentage of covered payrolls, were 24.79% for General members, 43.34% for Safety-Law Enforcement members and 32.18% for Safety-Probation members, as determined by the December 31, 2008, actuarial valuation.

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

18. RETIREMENT PLANS (Continued)

Orange County Employees Retirement System (OCERS) (Continued)

Funding Policy (Continued)

Effective July 1, 2005, as part of collective bargaining agreements with County employees, most General Members who work for the County of Orange (approximately 14,000) became eligible for the benefit formula of 2.7% of the member's "final compensation" for each year of service rendered at age 55. In collective bargaining agreements with General Members, the employee associations agreed to pay the costs of the difference between retirement benefits at the prior formulas and the new 2.7% at age 55 formula and also for the annual amortization of the unfunded liability created by the retroactive application of the increased benefit. New employees hired after May 7, 2010, have the option of selecting either 2.7% at age 55 or 1.62% at age 65. The 1.62% at age 65 option includes a voluntary defined contribution component (see section below) with an employer match. This option is available to employees represented by the Orange County Employees Association, Alliance of Orange County Workers, the International Union of Operating Engineers and non-represented employees such as Executive Management. Members of the American Federation of State, County and Municipal Employees (AFSCME), which represents approximately 1,081 employees, did not elect the 2.7% at age 55 retirement formula and remain at the previous benefit formulas. The benefit formulas for AFSCME are an annual annuity equal to: 2% of the "final compensation" for each year of service rendered at age 57 for Tier I General members; and 1.6667% of the member's "final compensation" for each year of service rendered at age 57.5 for Tier II General members.

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, 2011, \$107,807 of such proceeds remains available for future credits to the County's pension obligations. For the fiscal year ended June 30, 2011, the County utilized \$11,000 of the County Investment Account to meet its Annual Required Contribution. The County's total contribution to OCERS including drawdown from the County Investment Account for the years ending June 30, 2011, 2010, and 2009 were \$307,084, \$290,574, and \$293,031, respectively, equal to the required contributions for each year.

On March 15, 2011, the County issued its short-term Taxable Pension Obligation Bonds, 2011 Series A in the amount of \$275,920. The Bond proceeds were combined with \$20,937 in contributions from certain County agencies and departments to prepay the estimated FY 2011-12 actuarially required contribution related to both the amortization of the UAAL and the normal annual contribution to OCERS. In return, the County received a 6.135% discount or \$19,400 on the required employer contribution amount. The discount, combined with the interest and issuance costs resulted in a net savings of \$15,100 to the County. Refer to Note 4, Deposits and Investments, and Note 10, Short-term Obligation, for additional information.

County Administered Pension Plans

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

Plan Description: On April 20, 2010, the Board approved and adopted the resolution implementing the 1.62% at 65 retirement formula for certain eligible employees and established the County of Orange 401(a) 1.62 Defined Contribution Plan for the benefit of employees who have elected the 1.62% at 65 retirement formula. The Board has the authority to amend the plan. The plan is intended to comply with the requirements of section 401(a) and is intended for retirement. The employee acquires a vested interest in the employer contribution account upon attaining early retirement age or normal retirement age for any reason of death or disability. If an employee terminates prior to early or normal retirement date other than death or disability, the employee is entitled to a vested interest of 100% of the employer contribution after five years of service.

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

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

Plan Description (Continued)

Funds may not be withdrawn until participants have separated from the County. The plan benefits for a participant who separates from service with the County or retires on or after the early or normal retirement date will be dependent upon the accumulated value of individual contributions and investment return. As of June 30, 2011, the plan had one participant.

Funding Policy: This plan is a defined contribution plan funded entirely by employer contributions. As of June 30, 2011, the County provides up to a 100% match per pay period of the employee's voluntary contribution to the Internal Revenue Section 457 element of the 1.62 Defined Contribution Plan up to 2% of base salary. Total contributions for the year ended June 30, 2011, were \$302 (absolute dollars) by the County and zero by the employee.

Teachers Insurance and Annuity Association of America (TIAA) serves on behalf of the County as the third party administrator of the plan and will hold all plan assets in trust. Plan participants will self-direct the investment of plan contributions into any of a number of eligible investment options offered under the plan. As of June 30, 2011, the value of plan assets was \$288 (absolute dollars).

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

County of Orange 401(a) Defined Contribution Plan

Plan Description: Effective January 1999, as amended and restated on December 13, 2005, the Board established the County of Orange 401(a) Plan for the benefit of eligible employees, Elected Officials, which included members of the Board, certain executive managers, certain administrative managers once classified as confidential and grandfathered in the plan, attorneys represented by the Orange County Attorney's Association, and certain other employee classifications as defined in the plan document. The Board also has the authority to amend the plan. The plan was closed to the attorneys effective June 24, 2005. The plan was closed to new 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, 2011, the plan has 704 active participants and 31 inactive participants.

Funding Policy: This plan is a defined contribution plan funded entirely by employer contributions. County contributions to the plan vary according to employee classification and range from 3% to 8% of bi-weekly compensation. Additional County contributions equal to 1.5% of compensation are made on behalf of certain employees electing not to participate in OCERS. Total contributions for the year ended June 30, 2011, were \$1,001 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, 2011, the value of plan assets was \$10,234.

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.

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan

Plan Description: The plan is a single-employer defined benefit retirement plan for employees performing services based on less than half-time or as extra-help. Eligible employees of this plan are not covered by OCERS or Social Security. Initially, the normal retirement benefits for a participant who retired on or after the normal retirement date was a monthly amount equal to one-twelfth of two percent of the participant's career earnings during the final 30 years of credited service. The current normal retirement benefit for a participant who retires on or after the normal retirement date is the present value (or lump sum value) of the monthly annuity of the normal retirement benefit. The normal retirement date is the first day of the month coinciding with or immediately preceding a participant's 65th birthday. The plan was adopted to comply with the Omnibus Budget Reconciliation Act of 1990. The Board has full authority to amend or establish plan or benefit provisions at any time in accordance with the plan.

The plan was adopted in January 1992 and was closed to new participants as of February 28, 2002. This plan subsequently froze benefit accruals effective November 21, 2008. As of that date, the normal retirement benefit was changed to a single lump sum distribution equal to the greater of the participant's account balance or the present value of their normal retirement benefit. As of June 30, 2011, the plan consists of 60 active plan participants, 245 terminated plan participants entitled to but not yet receiving benefits, and 35 retirees receiving benefits.

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

Investments are reported at fair value as further described in Note 1.F and are fully invested in the County Pool as described in Note 4. The plan has not issued separate stand-alone financial statements.

Funding Policy: Based on the plan actuary's advice, the County determines the amount necessary for contribution to the plan. Since the plan's inception, the County has contributed \$1,825. The annual required contribution is equal to:

- Normal cost
- Minus employer and employee contribution
- Plus 30-year amortization of the Unfunded Actuarial Accrued Liability (UAAL)

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

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

Annual Pension Cost: GASB Statement No. 27 requires the County to have an actuarial valuation performed at least biennially to determine the plan's annual pension cost. This valuation is currently performed annually. The plan's annual pension cost was calculated using the data and assets as of June 30, 2011. The actuarial assets are valued at market value. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the County's annual required contribution using the projected unit credit actuarial cost method, which is (a) normal cost, (b) minus employee contribution, (c) plus 30-year of the UAAL. Based on the actuarial report dated July 1, 2011, interest on the net pension obligation is \$32.

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Defined Benefit Plan (Continued)

Annual Pension Costs (Continued)

For the fiscal year ended June 30, 2011, the County's annual required contribution was \$232. The actuarial assumptions included (a) 5.0% investment return, net of administrative expenses: (b) The 417(e) lump sum mortality used for ERISA-governed plans and the 30-year treasury rate with a look-back month of November: and (c) RP2000 Mortality Tables projected to 2010 with no collar distinction for males and females. The UAAL is being amortized as a level dollar on an open basis. The amortization period is 30 years. Multi-year trend information about the funding progress is presented in the RSI section following the notes to the basic financial statements.

**Orange County Defined Benefit 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) (c=b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
6/30/2011	4,566	8,315	3,749	54.9%	1,862	201.3%

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

Actuarially Determined Contribution (A)	\$ 232
Interest on Net Pension Obligation	32
Adjustment to (A)	(40)
Annual Pension Cost	224
Contributions Made	232
Increase/(Decrease) in Net Pension Obligation	(8)
Net Pension Obligation, Beginning of Year	647
Net Pension Obligation, End of Year	\$ 639

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

**Orange County Defined Benefit Plan
 Schedule of Employer Contributions**

Fiscal Year Ended	County Contribution	Total Annual Pension Cost	Percentage Contributed	Net Pension Obligation
6/30/2009	\$ 242	\$ 234	103%	\$ 652
6/30/2010	157	151	104%	647
6/30/2011	232	224	104%	639

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Extra-Help Defined Contribution Plan

Plan Description: Effective March 1, 2002, as amended and restated on December 13, 2005, the Board established a Defined Contribution Plan to replace the Defined Benefit Retirement Plan for new employees hired on or after March 1, 2002, and supplements the benefits of the Extra-Help Defined Benefit Retirement Plan for employees hired prior to March 1, 2002. Eligible employees of this plan are not covered by OCERS or Social Security. This plan is a tax-deferred retirement plan, established in accordance with Internal Revenue Code sections 457 and 3121 and is intended to comply with the Omnibus Budget Reconciliation Act of 1990. The Board has the authority to amend the plan. As of June 30, 2011, there were 2,932 active participants and 311 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, 2011, were \$1,072 by the employees and zero by the County. As of June 30, 2011, the value of plan assets was \$5,121.

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

Condensed Financial Statements

In lieu of separately issued financial statements for the County administered retirement funds, condensed financial statements are presented below as of and for the year ended June 30, 2011:

<u>Statement of Net Assets</u>	<u>Total</u>	<u>Extra-Help Defined Benefit Plan</u>	<u>Extra-Help Defined Contribution Plan</u>	<u>401(a) Defined Contribution Plan</u>
<u>Assets</u>				
Pooled Cash/Investments	\$ 4,031	\$ 4,031	\$ -	\$ -
Restricted Cash and Investments with Trustee	15,355	-	5,121	10,234
Receivables:				
Interest/Dividends	10	10	-	-
Due from Other Governmental Agencies	639	639	-	-
Total Assets Held in Trust	<u>20,035</u>	<u>4,680</u>	<u>5,121</u>	<u>10,234</u>
<u>Net Assets</u>				
Held in Trust	20,035	4,680	5,121	10,234
Total Net Assets Held in Trust	<u>\$ 20,035</u>	<u>\$ 4,680</u>	<u>\$ 5,121</u>	<u>\$ 10,234</u>

18. RETIREMENT PLANS (Continued)

County Administered Pension Plans (Continued)

Condensed Financial Statements (Continued)

<u>Statements of Changes in Net Assets</u>	<u>Total</u>	<u>Extra-Help Defined Benefit Plan</u>	<u>Extra-Help Defined Contribution Plan</u>	<u>401(a) Defined Contribution Plan</u>
Additions:				
Contributions to Pension Trust:				
Employer	\$ 1,226	\$ 225	\$ -	\$ 1,001
Employee	1,072	-	1,072	-
Interest and Investment Income	1,211	30	189	992
Less: Investment Expense	(4)	(4)	-	-
Total Additions	<u>3,505</u>	<u>251</u>	<u>1,261</u>	<u>1,993</u>
Deductions:				
Benefits Paid to Participants	1,786	787	567	432
Total Deductions	<u>1,786</u>	<u>787</u>	<u>567</u>	<u>432</u>
Change in Net Assets Held in Trust for Employees' Retirement	1,719	(536)	694	1,561
Net Assets Held in Trust at July 1, 2010	<u>18,316</u>	<u>5,216</u>	<u>4,427</u>	<u>8,673</u>
Net Assets Held in Trust at June 30, 2011	<u>\$ 20,035</u>	<u>\$ 4,680</u>	<u>\$ 5,121</u>	<u>\$ 10,234</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 Retiree Medical Plan. The Retiree Medical Plan is not required by the County Employees Retirement Law of 1937 ("CERL") – the statute governing County employee retirement benefits. Eligible retired County employees receive a monthly grant (the Grant), which helps offset the cost of monthly County-offered health plans and/or Medicare A and/or B premiums. The Retiree Medical Plan specifically states that it does not create any vested right to the benefits.

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

The monthly Grant amount is determined by a formula that multiplies a base number by the number of years of qualifying County employment up to a maximum of 25 years. The base number for calendar year 2010 was \$18.22 (absolute dollars) per year of County service, and the maximum monthly Grant was \$455.50 (absolute dollars). The base number for calendar year 2011 is \$18.77 (absolute dollars) per year of County service, and the maximum monthly Grant is \$469.25 (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.

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Plan Description (Continued)

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

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

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

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

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

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

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

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

Funding Policy (Continued)

The County is currently setting aside contributions of 0.5% for AFSCME, 4.2% for AOCDS, 6.9% for law enforcement management, 2.6% for the Probation Department safety personnel and 2.6% of payroll for all other labor groups, which is the estimated ARC for those groups. The County intends to continue contributing the full ARC each year, assuming the Retiree Medical Plan remains in effect and as currently structured. Funds were initially deposited into the Trust in December 2007 with subsequent deposits made throughout each fiscal year. The costs to administer the Trust are paid from the Trust.

Actuarial Methods and Assumptions: The County contracts with an outside actuarial consultant, Bartel Associates, LLC (Bartel) to prepare a bi-annual actuarial valuation in conformance with GASB Statements No. 43 and 45. The County received a June 30, 2009 valuation for fiscal years 2009-10 and 2010-11 for the Retiree Medical Plan (the Report). Among the actuarial methods and assumptions used in the Report are:

- The entry age normal actuarial cost method
- Closed period amortization of the UAAL over 30 years as a level percentage of payroll (28 years remaining as of June 30, 2009)
- A 7.75% long-term expected rate of return on funds held in the Trust
- A 3.5% per annum payroll increase assumption
- A 3.5% per annum general inflation rate assumption
- The assumed annual increases in the monthly grant of 3% for non-AFSCME employees and 5% for AFSCME employees through calendar year 2016. The healthcare trend was assumed to be greater than the annual increase to the Grant through 2016. Therefore, it is the Grant annual increase rather than the healthcare trend that affects the projected benefits and the UAAL. For 2017 +, a healthcare trend of 4.5% was used for AFSCME employees since the trend is lower than the 5% annual adjustment. For non-AFSCME employees, an annual 3% increase is used for the entire 30 year amortization period.
- There are an estimated 25,800 participants in the plan of which 18,683 are employees, 17 are deferred retirees, and 7,100 are retirees.

Annual OPEB Cost and Net OPEB Obligation/Asset: The County's annual OPEB cost is calculated based on the ARC, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of time not to exceed 30 years. Also, the County elected to compute the Net OPEB Obligation (NOO) at transition retroactively. The following table shows the components of the County's annual OPEB cost, the amount actually contributed to the 115 and 401(h) Trusts, and changes in the County's NOO for the current year:

	<u>FY 2010-11</u>
Total Annual Required Contribution	\$ 36,378
Interest on Net OPEB Obligation	(3,378)
Amortization on Net OPEB Obligation	<u>2,848</u>
Annual OPEB Cost	35,848
Contribution Made	<u>(33,877)</u>
Increase/(Decrease) in Net OPEB Obligation	1,971
Net OPEB Obligation, Beginning of year	<u>(43,580)</u>
Net OPEB Obligation/(Asset), End of year	<u>\$ (41,609)</u>

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

County of Orange Retiree Medical Plan (Continued)

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

The County's annual OPEB Cost, the percentage of annual OPEB cost contribution to the plan, and the NOO for FY 2010-11 and two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
6/30/2009	25,167	143%	(57,322)
6/30/2010	34,528	60%*	(43,580)
6/30/2011	35,848	95%	(41,609)

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

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

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

The above noted actuarial accrued liability was based on the June 30, 2009 actuarial valuation. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial valuations contained in the Report involve estimates of the values of reported amounts and assumptions about the probability of events far into the future and will be subject to continual revision as they reflect a long-term perspective. Assumptions used in the Report also include techniques designed to reduce short-term volatility in AAL and the actuarial value of assets. Current estimates of the funded status and trend information about the funding progress are presented in the Required Supplemental Information following the notes to the basic financial statements.

County of Orange Health Reimbursement Arrangement (HRA)

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

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

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

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Plan Description (Continued)

The HRA is intended to comply with the requirements of Internal Revenue Service (IRS) sections 105 and 106 of the Code, and meets the requirements of a health reimbursement arrangement as defined under 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 IRS Code §105(b). The HRA may be amended by the employer or the plan administrator to comply with federal, state, or local laws, statutes, 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, 2011, the plan had 1,925 active and 174 inactive participants.

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

ICMA Retirement Corporation serves on behalf of the County as the third party administrator of the HRA and holds HRA assets in trust. HRA participants self-direct the investment of plan contributions into any of a number of eligible investment options offered under the HRA. As of June 30, 2011, the value of HRA assets was \$29,977.

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

Condensed Financial Statements:

Separate GAAP-basis reports are not currently available for the defined benefit and contribution plans. In lieu of separately issued financial statements for the County administered postemployment health care benefit trust funds, condensed financial statements are presented below as of and for the year ended June 30, 2011:

<u>Statements of Net Assets</u>	<u>Total</u>	<u>Retiree Medical Plan (Combined 401(h) and 115 Trusts)</u>	<u>Health Reimbursement Arrangement Plan</u>
<u>Assets</u>			
Pooled Cash/Investments	\$ 17,566	\$ 17,523	\$ 43
Restricted Cash and Investments with Trustee	29,632	-	29,632
Restricted Cash with OCERS	96,098	96,098	-
Interest Receivable	81	81	-
Due from Other Governmental Agencies	1,597	1,295	302
Total Asset Held in Trust	<u>\$ 144,974</u>	<u>\$ 114,997</u>	<u>\$ 29,977</u>
<u>Liabilities</u>			
Due to Other Governmental Agencies	\$ 3	\$ 3	\$ -
Total Liabilities	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ -</u>
<u>Net Assets</u>			
Held in Trust	\$ 144,971	\$ 114,994	\$ 29,977
Total Net Assets Held in Trust	<u>\$ 144,971</u>	<u>\$ 114,994</u>	<u>\$ 29,977</u>

19. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Condensed Financial Statements (Continued):

Statements of Changes in Net Assets

	Total	Retiree Medical Plan (Combined 401(h) and 115 Trusts)	Health Reimbursement Arrangement Plan
Additions:			
Employer Contributions:	\$ 41,843	\$ 33,877	\$ 7,966
Interest and Investment Income	15,601	13,930	1,671
Less: Investment Expense	(58)	(58)	-
Total Additions	57,386	47,749	9,637
Deductions:			
Benefits Paid to Participants	26,856	26,566	290
Total Deductions	26,856	26,566	290
Change in Net Assets Held in Trust	30,530	21,183	9,347
Net Assets Held in Trust at July 1, 2010	114,441	93,811	20,630
Net Assets Held in Trust at June 30, 2011	\$ 144,971	\$ 114,994	\$ 29,977

20. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2011:

2011-2012 Tax and Revenue Anticipation Notes Series A: On July 1, 2011, the County issued its 2011-2012 Tax and Revenue Anticipation Notes Series A (the "Notes") in the aggregate principal amount of \$150,000 to finance the seasonal cash flow requirements of the County during the fiscal year ending June 30, 2012. The Notes are secured by a pledge of certain general fund monies and will mature on June 30, 2012.

Teeter Plan Obligation Commercial Paper Program Notes Series A: On July 12, 2011, the County redeemed \$96,520 of its \$156,900 Teeter Plan Obligation Commercial Paper Notes Series A (the "CP") outstanding at June 30, 2011. The remaining CP outstanding after redemption was \$60,380. Also, on July 12, 2011, the County issued an additional \$58,384 in CP for a new outstanding balance of \$118,764. The additional CP issued financed the purchase of delinquent property tax receivables associated with the Teeter Plan. From the proceeds of this issuance, the participating agencies in the Teeter Plan were paid the full amount of their taxes from the secured property tax roll. Commencing July 12, 2011, the principal and interest on the CP notes are paid with the amounts drawn upon an irrevocable transferable direct-pay letter of credit issued by Wells Fargo Bank in the authorized maximum stated amount of \$214,795. The Wells Fargo Bank letter of credit replaces a letter of credit previously provided by Dexia Credit Local.

Downgrade of U.S. Government Rating by S&P: On August 5, 2011, S&P downgraded all long term outstanding debt of the U.S. Government from AAA to AA+. At that time, the IPS had a current restriction that only 50% of the Extended Fund be invested in securities rated AA or better. Therefore, since over 81% of the Extended Fund was invested in U.S. government related debt; no additional purchases of U.S. government related debt were allowed. On September 13, 2011, the Board approved an amended IPS, which exempts U.S. government obligations from credit rating requirements.

Terminal C Project: In November 2011, the Terminal C project was completed and operating for its intended use. The Terminal C project added approximately 282,000 square feet to the Airport which included the addition of six new commercial passenger gates to the Airport, modified two existing gates to accommodate the processing of international passengers by United States Customs and Border Protection (CBP) staff, replaced two temporary commuter hold rooms with two permanent facilities located at the north and south end of the Airport, added new security screening checkpoints, three baggage carousels and increased food/beverage and news/gift concessions.

Parking Structure C: The new Parking Structure C opened in November 2011 in conjunction with the completion of the Terminal C Project. The structure is approximately 725,000 square feet and provides approximately 2,000 parking spaces. Parking Structure C replaced the B1 Parking Structure which accommodated 1,240 parking spaces.



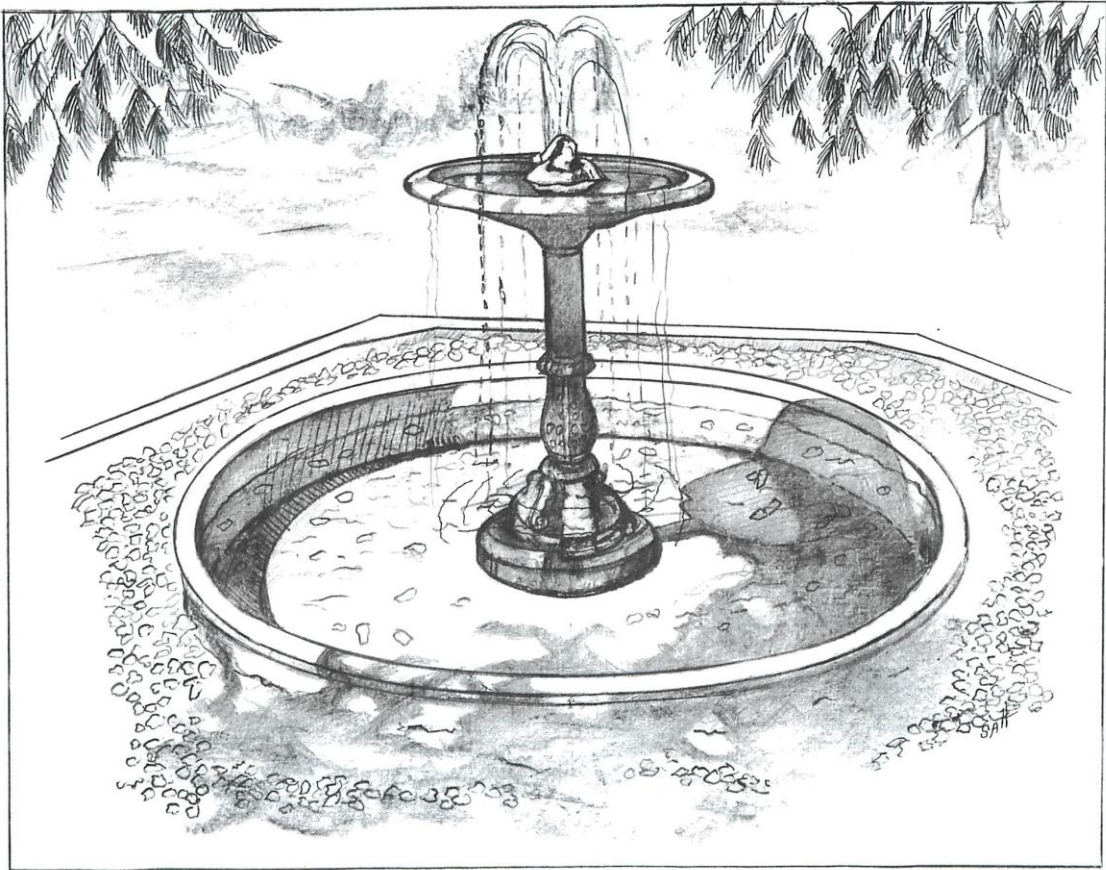


Illustration by Sandra Heaton, Orange County Parks

Orange County Employers' Retirement System (OCERS)

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)
2005	\$ 5,786,617	\$ 8,089,627	2,303,010	71.5%	\$ 1,276,764	180.4%
2006	6,466,085	8,765,045	2,298,960	73.8%	1,322,952	173.8%
2007	7,288,900	9,838,686	2,549,786	74.1%	1,457,159	175.0%
2008	7,748,380	10,860,715	3,112,335	71.3%	1,569,764	198.3%
2009	8,154,687	11,858,578	3,703,891	68.8%	1,618,491	228.8%
2010	8,672,592	12,425,873	3,753,281 (1)	69.8%	1,579,239	237.7%

(1) The UAAL attributable to the County is \$3,121,082.

Note: The 12/31/05, 12/31/06, 12/31/07, 12/31/08, 12/31/09 and 12/31/10 actuarial value of assets exclude \$158,219, \$168,224, \$174,348, \$126,688, \$108,324 and \$108,532 of the County Investment Account balances respectively.

Source: 1. Segal's Actuarial Valuation and Review Report as of December 31, 2010
 2. OCERS Monthly Report for the County Investment Account

Schedule of County Contributions

Fiscal Year Ended	County Contribution	OCERS Investment Account Contribution	Total Annual Required Contribution	Percentage Contributed
6/30/2009	\$ 256,531	\$ 36,500	\$ 293,031	100%
6/30/2010	279,574	11,000	290,574	100%
6/30/2011	296,084	11,000	307,084	100%

Orange County Extra-Help Defined Benefits Plan

Schedule of Funding Progress

for Years Ended June 30

Actuarial Valuation as of June 30	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a=c)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
2006	\$ 4,387	\$ 7,329	\$ 2,942	59.9%	\$ 6,112	48.1%
2007	4,612	7,222	2,610	63.9%	5,318	49.1%
2008	5,051	7,253	2,202	69.6%	4,730	46.6%
2009	5,242	7,599	2,357	69.0%	3,445	68.4%
2010	4,923	7,091	2,168	69.4%	2,682	80.8%
2011	4,566	8,315	3,749	54.9%	1,862	201.3%

Orange County Extra-Help Defined Benefits Plan(Continued)

Schedule of Employer Contributions

Fiscal Year Ended	Total Annual Required Contribution	Percentage Contributed	Net Pension Obligation
6/30/2006	\$ 270	100%	\$ 750
6/30/2007	285	126%	668
6/30/2008	225	100%	660
6/30/2009	242	100%	652
6/30/2010	156	100%	647
6/30/2011	232	100%	639

Orange County Retiree Medical Plan

Schedule of Funding Progress

for Years Ended June 30

Actuarial Valuation as of June 30	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a=c)	Funded Ratio (a/b)	Annual Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (c/d)
2007	\$ -	\$ 408,322	\$ 408,322	0.0%	\$ 1,157,642	35.3%
2008	79,717	423,025	343,308	18.8%	1,198,159	28.7%
2009	94,110	456,005	361,895	20.6%	1,267,427	28.6%

Notes to the Required Supplemental Information

1. Orange County Employers' Retirement System

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, 2008. 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 2008 Valuation, the aggregate employer contribution rate is 27.30%. The aggregate member employee rate, some of which are contributed by the sponsor under existing bargaining agreements, is 10.74%. The aggregate rates are for all of OCERS, and the County makes up approximately 85% of OCERS.

Subsequent to the 2008 actuarial valuation, OCERS became aware of incomplete salary data being provided to the actuary for completion of the 2008 Valuation. The salary data provided by OCERS did not include certain premium pay items that are pensionable. The Actuarial Accrued Liability (AAL) was increased by approximately \$228,000, effective December 31, 2009, due to this reporting error by OCERS.





Illustration by Sandra Heaton, Orange County Parks

MAJOR GOVERNMENTAL DEBT SERVICE FUND

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

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

**BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUND - DEBT SERVICE**

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Budget Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
Teeter Plan Obligation Commercial Paper Program Note								
Revenues								
and Other Financing Sources								
Fines, Forfeitures and Penalties		\$ 29,500	\$ --	\$ 29,500	\$ 27,367	\$ (2,133)		
Use of Money and Property		1,449	--	1,449	926	(523)		
Transfers In		--	13,925	13,925	--	(13,925)		
Total Revenues and Other Financing Sources		<u>30,949</u>	<u>13,925</u>	<u>44,874</u>	<u>28,293</u>	<u>(16,581)</u>		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Teeter Series A Debt Service	\$ --	33,182	--	33,182	30,643	2,539	\$ --	\$ 2,539
Total Expenditures/Encumbrances and Other Financing Uses	--	<u>33,182</u>	--	<u>33,182</u>	<u>30,643</u>	<u>2,539</u>	<u>\$ --</u>	<u>\$ 2,539</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(2,233)	13,925	11,692	(2,350)	<u>\$ (14,042)</u>		
Fund Balances - Beginning of Year	--	2,233	--	2,233	(11,692)			
Provisions for Reserves and/or Designations	--	--	(13,925)	(13,925)	--			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (14,042)</u>			

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.

OC Parks

This fund accounts for the development and maintenance of County tidelands and related aquatic recreational facilities, as well as the acquisition, operation and maintenance of County beaches, inland, regional park facilities and community park sites in the unincorporated areas. Revenues consist primarily of property taxes, state aid, lease and concession revenues, and park and recreation fees.

OC Dana Point Harbor

This fund is comprised of two funds. The operating fund accounts for monies received primarily through rent and concession revenues which are dedicated to providing public coastal access, environmental stewardship, and a diverse regional recreational facility so all users and visitors may experience the unique Dana Point Harbor resource in a safe and enjoyable way.

OC Dana Point Harbor (Continued)

The other fund is an emergency repair fund to be used only for extraordinary, non-routine repairs as required by the California Department of Boating and Waterways (DBW) loan documents. Maintaining compliance with the DBW loan documents through this emergency repair fund allows OC Dana Point Harbor to utilize low interest loans to finance the Dana Point Marina Revitalization Project.

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. This fund was closed during the fiscal year.

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. This fund was closed during the fiscal year.

Schedule I County-Administered Accounts

These funds are used to account for the portion of the 1996 Recovery Certificates of Participation which was used to reimburse certain County-administered accounts for their allocated share of the Orange County Investment Pool loss, in accordance with the County's Modified Second Amended Plan of Adjustment ("Plan of Adjustment"), Exhibit 8 - "Schedule I - County-Administered Accounts." In addition, on February 2, 2000, the Bankruptcy Court ordered a segregation of litigation proceeds to ensure indemnification of the representative, Tom Hayes, and others pursuant to the plan, to pay future expenses, fees and charges incurred by the representative, and to pay litigation costs.

OC Public Libraries

This fund accounts for library services for the unincorporated areas as well as some of the incorporated areas within the County. Property taxes provide most of the fund's revenue and licenses, permits, federal and state aid and charges for services provide the remaining revenue.

Plan of Adjustment Available Cash

This group of funds is used to account for monies set aside, pursuant to the Plan of Adjustment, for specified parties to the 1994 bankruptcy and for County-Administered Accounts. These monies are then distributed from these funds in accordance with the provisions in the Plan of Adjustment.

Health Care Programs

This group of funds is used to account for Board-approved Realignment reserves for health care, Mental Health Services Act revenues, Medi-cal Mental Health Managed Care programs, Medi-Cal Administrative Activities and Targeted Case Management, Bioterrorism preparedness grant funds, Emergency Medical Services allocations, and other purpose-restricted revenues related to health care programs. Revenues consist primarily of State grants and allocations, and Federal grants passed through the State.

Orange County Housing Authority

This fund is used to account for revenues received from the Federal Government for Section 8 Rental Assistance Program expenditures. This program assists low-income families to obtain decent, safe and sanitary housing through a system of rental subsidies.

Other Governmental Resources

This group of funds is used to account to account for fees charged for property characteristics information that are purpose-restricted for technological and capital acquisitions and/or improvements.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS

These funds are used to account for the accumulation and disbursement of taxes and other revenues for the periodic payment of principal and interest on general long-term debt that includes general obligation, revenue, and demand bond issues.

Redevelopment Agency Bonds

This group of funds is used to account for Orange County Development Agency Revenue Bonds.

Public Facilities Corporation Bonds, Master Lease

This fund is used to account for Orange County Public Facilities Corporation Revenue Bonds (governmental fund type components only) and for Master Lease Obligations.

Pension Obligation Bonds

This fund is used to account for the debt service expenditures for the Orange County Taxable Pension Obligation Bonds.

Orange County Public Financing Authority

This fund was established to account for the debt service expenditures for the Orange County Public Financing Authority (OCPFA). On August 16, 2005, OCPFA issued Lease Revenue Refunding Bonds Series 2005 to defease certain non-callable Recovery COPs, refund the remaining COPs, fund a debt service reserve fund, and pay the cost of issuance of the Series 2005 Bonds.

CAPITAL PROJECTS FUNDS

These funds are used to account for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds).

Criminal Justice Facilities

This group of funds is used to account for monies received from surcharges and penalty assessments on offenses used for capital improvements to court and other criminal justice facilities.

Redevelopment Agency

This group of funds is used to account for the acquisition and disposition of land and improvements held for resale by the Development Agency, and for other capital acquisitions, primarily from the proceeds of bond issues and taxes resulting from the increment in assessed valuation of taxable properties within the Agency's boundaries.

PERMANENT FUND

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

Regional Park Endowment

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



**COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS**

	Total Nonmajor Governmental Funds	Special Revenue			Other Environmental Management
		Parking Facilities	Redevelopment Agency	Service Area, Lighting, Maintenance, & Assessment Districts	
ASSETS					
Pooled Cash/Investments	\$ 685,956	\$ 3,380	\$ 29,585	\$ 55,931	\$ 3,144
Imprest Cash Funds	61	--	--	--	--
Restricted Cash and Investments with Trustee	298,358	--	--	175	--
Investments	6,295	--	--	6,172	--
Deposits In-Lieu of Cash	60	--	--	--	--
Receivables					
Accounts	2,660	17	--	--	24
Taxes	2,572	--	--	9	--
Interest/Dividends	976	5	45	79	5
Loans	2,083	--	--	--	--
Allowance for Uncollectible Receivables	(8)	--	--	--	--
Due from Other Funds	22,963	83	3,808	--	--
Due from Other Governmental Agencies	9,092	210	--	--	34
Prepaid Costs	10,581	52	--	--	--
Land and Improvements Held for Resale	719	--	--	--	--
Notes Receivable	31,062	--	14,621	--	1,111
Total Assets	<u>\$ 1,073,430</u>	<u>\$ 3,747</u>	<u>\$ 48,059</u>	<u>\$ 62,366</u>	<u>\$ 4,318</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 9,465	\$ 351	\$ --	\$ 770	\$ 6
Retainage payable	1,034	--	--	13	--
Salaries and Employee Benefits Payable	3,170	11	--	--	--
Deposits from Others	6,258	--	--	--	--
Due to Other Funds	47,817	173	87	315	23
Due to Other Governmental Agencies	12,775	285	--	--	--
Estimated Litigation and Claims	113	--	--	--	--
Deferred Revenue	3,877	--	--	--	1,145
Unearned Revenue	9,726	--	--	--	4
Advances from Other Funds	338	--	--	--	--
Total Liabilities	<u>94,573</u>	<u>820</u>	<u>87</u>	<u>1,098</u>	<u>1,178</u>
Fund Balances (Note 1)					
Nonspendable	10,759	52	--	--	--
Restricted	933,980	1,450	47,972	61,268	2,573
Assigned	34,118	1,425	--	--	567
Total Fund Balances	<u>978,857</u>	<u>2,927</u>	<u>47,972</u>	<u>61,268</u>	<u>3,140</u>
Total Liabilities and Fund Balances	<u>\$ 1,073,430</u>	<u>\$ 3,747</u>	<u>\$ 48,059</u>	<u>\$ 62,366</u>	<u>\$ 4,318</u>

Supplemental Information
(Dollar Amounts in Thousands)

Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	Designated Special Revenue	
					ASSETS
\$ 10,057	\$ 48,605	\$ 105,771	\$ 48,807	\$ --	Pooled Cash/Investments
--	8	--	--	--	Imprest Cash Funds
--	--	--	--	--	Restricted Cash and Investments with Trustee
--	123	--	--	--	Investments
--	--	--	60	--	Deposits In-Lieu of Cash
--	--	1,638	232	--	Receivables
--	--	1,039	--	--	Accounts
--	57	157	70	--	Taxes
--	--	--	2,083	--	Interest/Dividends
--	--	(8)	--	--	Loans
--	2,679	180	--	--	Allowance for Uncollectible Receivables
--	5,037	219	--	--	Due from Other Funds
--	1,715	4,043	339	--	Due from Other Governmental Agencies
--	145	--	--	--	Prepaid Costs
--	5,745	--	--	--	Land and Improvements Held for Resale
<u>\$ 10,057</u>	<u>\$ 64,114</u>	<u>\$ 113,039</u>	<u>\$ 51,591</u>	<u>\$ --</u>	Notes Receivable
					Total Assets
					LIABILITIES AND FUND BALANCES
					Liabilities
\$ --	\$ 2,175	\$ 1,804	\$ 1,217	\$ --	Accounts Payable
--	1	719	1	--	Retainage payable
--	410	884	66	--	Salaries and Employee Benefits Payable
--	13	746	2,625	--	Deposits from Others
5,190	11,189	1,819	584	--	Due to Other Funds
--	2,389	45	124	--	Due to Other Governmental Agencies
--	--	65	--	--	Estimated Litigation and Claims
--	538	504	--	--	Deferred Revenue
--	43	3,677	7	--	Unearned Revenue
--	--	--	--	--	Advances from Other Funds
<u>5,190</u>	<u>16,758</u>	<u>10,263</u>	<u>4,624</u>	<u>--</u>	Total Liabilities
					Fund Balances (Note 1)
--	1,715	4,043	339	--	Nonspendable
4,867	25,731	91,017	46,628	--	Restricted
--	19,910	7,716	--	--	Assigned
<u>4,867</u>	<u>47,356</u>	<u>102,776</u>	<u>46,967</u>	<u>--</u>	Total Fund Balances
					Total Liabilities and Fund Balances
<u>\$ 10,057</u>	<u>\$ 64,114</u>	<u>\$ 113,039</u>	<u>\$ 51,591</u>	<u>\$ --</u>	

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue				
	Recovery Certificates of Participation	Schedule I County - Administered Accounts	OC Public Libraries	Plan of Adjustment Available Cash	Health Care Programs
ASSETS					
Pooled Cash/Investments	\$ --	\$ 5,949	\$ 15,784	\$ 24	\$ 217,984
Imprest Cash Funds	--	--	53	--	--
Restricted Cash and Investments with Trustee	--	--	--	--	--
Investments	--	--	--	--	--
Deposits In-Lieu of Cash	--	--	--	--	--
Receivables					
Accounts	--	--	407	--	--
Taxes	--	--	759	--	--
Interest/Dividends	--	8	24	--	317
Loans	--	--	--	--	--
Allowance for Uncollectible Receivables	--	--	--	--	--
Due from Other Funds	--	--	22	10,793	27
Due from Other Governmental Agencies	--	--	13	--	1,765
Prepaid Costs	--	--	4,386	--	--
Land and Improvements Held for Resale	--	--	--	--	--
Notes Receivable	--	--	--	--	--
Total Assets	<u>\$ --</u>	<u>\$ 5,957</u>	<u>\$ 21,448</u>	<u>\$ 10,817</u>	<u>\$ 220,093</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ --	\$ --	\$ 866	\$ 479	\$ --
Retainage payable	--	--	45	--	--
Salaries and Employee Benefits Payable	--	--	1,000	--	--
Deposits from Others	--	--	2,849	--	--
Due to Other Funds	--	--	4,602	--	7,436
Due to Other Governmental Agencies	--	--	217	--	875
Estimated Litigation and Claims	--	--	48	--	--
Deferred Revenue	--	--	565	--	891
Unearned Revenue	--	--	16	--	5,949
Advances from Other Funds	--	--	338	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>10,546</u>	<u>479</u>	<u>15,151</u>
Fund Balances (Note 1)					
Nonspendable	--	--	4,386	--	--
Restricted	--	5,957	6,516	10,338	200,442
Assigned	--	--	--	--	4,500
Total Fund Balances	<u>--</u>	<u>5,957</u>	<u>10,902</u>	<u>10,338</u>	<u>204,942</u>
Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 5,957</u>	<u>\$ 21,448</u>	<u>\$ 10,817</u>	<u>\$ 220,093</u>

Supplemental Information
(Dollar Amounts in Thousands)

Special Revenue		Debt Service			
Orange County Housing Authority	Other Governmental Resources	Redevelopment Agency Bonds	Public Facilities Corporation Bonds, Master Lease	Pension Obligation Bonds	
\$ 9,670	\$ 2,061	\$ 76,347	\$ --	\$ 280	ASSETS
--	--	--	--	--	Pooled Cash/Investments
14,411	--	2,996	3,642	186,624	Imprest Cash Funds
--	--	--	--	--	Restricted Cash and Investments with Trustee
--	--	--	--	--	Investments
295	47	--	--	--	Deposits In-Lieu of Cash
--	--	765	--	--	Receivables
14	3	108	--	1	Accounts
--	--	--	--	--	Taxes
--	--	--	--	--	Interest/Dividends
--	--	--	--	--	Loans
837	--	--	--	--	Allowance for Uncollectible Receivables
--	46	--	--	--	Due from Other Funds
--	--	--	--	--	Due from Other Governmental Agencies
6,883	--	--	--	--	Prepaid Costs
<u>\$ 32,110</u>	<u>\$ 2,157</u>	<u>\$ 80,216</u>	<u>\$ 3,642</u>	<u>\$ 186,905</u>	Land and Improvements Held for Resale
					Notes Receivable
					Total Assets
					LIABILITIES AND FUND BALANCES
					Liabilities
\$ 1,212	\$ 542	\$ 1	\$ --	\$ --	Accounts Payable
--	--	--	--	--	Retainage payable
789	10	--	--	--	Salaries and Employee Benefits Payable
--	--	--	--	--	Deposits from Others
902	47	9,767	--	1	Due to Other Funds
2,255	--	6,585	--	--	Due to Other Governmental Agencies
--	--	--	--	--	Estimated Litigation and Claims
73	--	136	--	--	Deferred Revenue
--	--	30	--	--	Unearned Revenue
--	--	--	--	--	Advances from Other Funds
<u>5,231</u>	<u>599</u>	<u>16,519</u>	<u>--</u>	<u>1</u>	Total Liabilities
					Fund Balances (Note 1)
--	46	--	--	--	Nonspendable
26,879	1,512	63,697	3,642	186,904	Restricted
--	--	--	--	--	Assigned
<u>26,879</u>	<u>1,558</u>	<u>63,697</u>	<u>3,642</u>	<u>186,904</u>	Total Fund Balances
<u>\$ 32,110</u>	<u>\$ 2,157</u>	<u>\$ 80,216</u>	<u>\$ 3,642</u>	<u>\$ 186,905</u>	Total Liabilities and Fund Balances

County of Orange
 Comprehensive Annual Financial Report
 June 30, 2011
 (Dollar Amounts in Thousands)

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

	Debt Service	Capital Projects		Permanent Fund
	Orange County Public Financing Authority	Criminal Justice Facilities	Redevelopment Agency	Regional Park Endowment
ASSETS				
Pooled Cash/Investments	\$ --	\$ 28,007	\$ 24,255	\$ 315
Imprest Cash Funds	--	--	--	--
Restricted Cash and Investments with Trustee Investments	90,510	--	--	--
Deposits In-Lieu of Cash	--	--	--	--
Receivables				
Accounts	--	--	--	--
Taxes	--	--	--	--
Interest/Dividends	--	44	39	--
Loans	--	--	--	--
Allowance for Uncollectible Receivables	--	--	--	--
Due from Other Funds	--	--	5,371	--
Due from Other Governmental Agencies	--	977	--	--
Prepaid Costs	--	--	--	--
Land and Improvements Held for Resale	--	--	574	--
Notes Receivable	--	--	2,702	--
Total Assets	<u>\$ 90,510</u>	<u>\$ 29,028</u>	<u>\$ 32,941</u>	<u>\$ 315</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ --	\$ 30	\$ 12	\$ --
Retainage payable	--	255	--	--
Salaries and Employee Benefits Payable	--	--	--	--
Deposits from Others	--	--	25	--
Due to Other Funds	--	3	5,679	--
Due to Other Governmental Agencies	--	--	--	--
Estimated Litigation and Claims	--	--	--	--
Deferred Revenue	--	25	--	--
Unearned Revenue	--	--	--	--
Advances from Other Funds	--	--	--	--
Total Liabilities	<u>--</u>	<u>313</u>	<u>5,716</u>	<u>--</u>
Fund Balances (Note 1)				
Nonspendable	--	--	--	178
Restricted	90,510	28,715	27,225	137
Assigned	--	--	--	--
Total Fund Balances	<u>90,510</u>	<u>28,715</u>	<u>27,225</u>	<u>315</u>
Total Liabilities and Fund Balances	<u>\$ 90,510</u>	<u>\$ 29,028</u>	<u>\$ 32,941</u>	<u>\$ 315</u>



County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011

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	\$ 116,618	\$ --	\$ 5,328	\$ 473	\$ --
Licenses, Permits, and Franchises	1,086	--	--	--	--
Fines, Forfeitures and Penalties	19,477	--	--	--	10
Use of Money and Property	74,440	8,980	714	376	276
Intergovernmental	293,793	530	--	4	153
Charges for Services	17,840	141	--	22	57
Other	32,964	19	103	45	208
Total Revenues	556,218	9,670	6,145	920	704
Expenditures					
Current					
General Government	49,575	--	--	15,772	147
Public Protection	4	--	--	--	4
Public Ways and Facilities	8,417	7,608	--	390	419
Health and Sanitation	3,262	--	--	--	--
Public Assistance	158,527	--	1,998	--	--
Education	37,671	--	--	--	--
Recreation and Cultural Services	84,506	--	--	--	--
Capital Outlay	17,938	106	--	58	--
Debt Service					
Principal Retirement	67,065	--	--	--	--
Interest	25,760	--	--	--	--
Total Expenditures	452,725	7,714	1,998	16,220	570
Excess (Deficit) of Revenues Over Expenditures	103,493	1,956	4,147	(15,300)	134
Other Financing Sources (Uses)					
Transfers In	156,396	1,400	20	445	--
Transfers Out	(219,317)	(3,989)	(1,540)	--	(531)
Capital Leases	(710)	--	--	(710)	--
Total Other Financing Sources (Uses)	(63,631)	(2,589)	(1,520)	(265)	(531)
Net Change in Fund Balances	39,862	(633)	2,627	(15,565)	(397)
Fund Balances - Beginning of Year	971,159	3,560	45,345	76,833	3,537
Adjustment Due to Change in Accounting Principle (Note 2)	(32,164)	--	--	--	--
Fund Balances - Beginning of Year, as restated	938,995	3,560	45,345	76,833	3,537
Fund Balances - End of Year	\$ 978,857	\$ 2,927	\$ 47,972	\$ 61,268	\$ 3,140

Supplemental Information
(Dollar Amounts in Thousands)

Tobacco Settlement	Community & Welfare Services	OC Parks	OC Dana Point Harbor	Designated Special Revenue	
\$ --	\$ --	\$ 49,230	\$ --	\$ --	Revenues
--	709	377	--	--	Taxes
--	--	45	119	--	Licenses, Permits, and Franchises
50	563	9,463	22,559	--	Fines, Forfeitures and Penalties
--	36,122	3,376	--	--	Use of Money and Property
--	8,989	5,505	755	--	Intergovernmental
26,235	309	3,787	226	--	Charges for Services
26,285	46,692	71,783	23,659	--	Other
					Total Revenues
					Expenditures
					Current
10	--	--	--	--	General Government
--	--	--	--	--	Public Protection
--	--	--	--	--	Public Ways and Facilities
--	--	--	--	--	Health and Sanitation
--	31,281	--	--	--	Public Assistance
--	--	--	--	--	Education
--	--	65,300	19,206	--	Recreation and Cultural Services
--	--	6,139	21	--	Capital Outlay
--	--	--	--	--	Debt Service
--	--	--	--	--	Principal Retirement
--	--	--	--	--	Interest
10	31,281	71,439	19,227	--	Total Expenditures
26,275	15,411	344	4,432	--	Excess (Deficit) of Revenues Over Expenditures
					Other Financing Sources (Uses)
10	13,618	33	42,553	--	Transfers In
(28,633)	(21,989)	(42,553)	(18)	--	Transfers Out
--	--	--	--	--	Capital Leases
(28,623)	(8,371)	(42,520)	42,535	--	Total Other Financing Sources (Uses)
(2,348)	7,040	(42,176)	46,967	--	Net Change in Fund Balances
7,215	40,316	144,952	--	6,214	Fund Balances - Beginning of Year
--	--	--	--	(6,214)	Adjustment Due to Change in Accounting Principle (Note 2)
7,215	40,316	144,952	--	--	Fund Balances - Beginning of Year, as restated
\$ 4,867	\$ 47,356	\$ 102,776	\$ 46,967	\$ --	Fund Balances - End of Year

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011

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

	Special Revenue				
	Recovery Certificates of Participation	Schedule I County- Administered Accounts	OC Public Libraries	Plan of Adjustment Available Cash	Health Care Programs
Revenues					
Taxes	\$ --	\$ --	\$ 36,447	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--	--	--
Fines, Forfeitures and Penalties	--	--	16	--	8,864
Use of Money and Property	--	46	406	18	2,021
Intergovernmental	--	--	1,632	--	123,880
Charges for Services	--	--	1,134	--	1,217
Other	--	--	533	--	52
Total Revenues	<u>--</u>	<u>46</u>	<u>40,168</u>	<u>18</u>	<u>136,034</u>
Expenditures					
Current					
General Government	--	6	--	10,432	--
Public Protection	--	--	--	--	--
Public Ways and Facilities	--	--	--	--	--
Health and Sanitation	--	--	--	--	3,262
Public Assistance	--	--	--	--	--
Education	--	--	37,671	--	--
Recreation and Cultural Services	--	--	--	--	--
Capital Outlay	--	--	1,502	--	--
Debt Service					
Principal Retirement	--	--	--	--	--
Interest	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>6</u>	<u>39,173</u>	<u>10,432</u>	<u>3,262</u>
Excess (Deficit) of Revenues Over Expenditures	--	40	995	(10,414)	132,772
Other Financing Sources (Uses)					
Transfers In	--	--	65	10,793	11
Transfers Out	--	--	(452)	--	(104,587)
Capital Leases	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(387)</u>	<u>10,793</u>	<u>(104,576)</u>
Net Change in Fund Balances	--	40	608	379	28,196
Fund Balances - Beginning of Year	3,756	5,917	10,294	9,959	176,746
Adjustment Due to Change in Accounting Principle (Note 2)	(3,756)	--	--	--	--
Fund Balances - Beginning of Year, as restated	--	5,917	10,294	9,959	176,746
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ 5,957</u>	<u>\$ 10,902</u>	<u>\$ 10,338</u>	<u>\$ 204,942</u>

Supplemental Information
(Dollar Amounts in Thousands)

Special Revenue		Debt Service			
Orange County Housing Authority	Other Governmental Resources	Redevelopment Agency Bonds	Public Facilities Corporation Bonds, Master Lease	Pension Obligation Bonds	
\$ --	\$ --	\$ 25,140	\$ --	\$ --	Revenues
--	--	--	--	--	Taxes
--	--	46	--	--	Licenses, Permits, and Franchises
262	10	580	127	26,100	Fines, Forfeitures and Penalties
127,793	--	303	--	--	Use of Money and Property
--	20	--	--	--	Intergovernmental
684	107	67	--	--	Charges for Services
<u>128,739</u>	<u>137</u>	<u>26,136</u>	<u>127</u>	<u>26,100</u>	Other
					Total Revenues
--	1,211	13,501	--	25	Expenditures
--	--	--	--	--	Current
--	--	--	--	--	General Government
--	--	--	--	--	Public Protection
--	--	--	--	--	Public Ways and Facilities
125,248	--	--	--	--	Health and Sanitation
--	--	--	--	--	Public Assistance
--	--	--	--	--	Education
--	26	--	--	--	Recreation and Cultural Services
--	--	--	--	--	Capital Outlay
--	--	2,730	694	4,651	Debt Service
--	--	2,402	1,906	7,809	Principal Retirement
<u>125,248</u>	<u>1,237</u>	<u>18,633</u>	<u>2,600</u>	<u>12,485</u>	Interest
3,491	(1,100)	7,503	(2,473)	13,615	Total Expenditures
					Excess (Deficit) of Revenues Over Expenditures
--	100	1,540	2,398	--	Other Financing Sources (Uses)
--	(3)	(7,391)	--	--	Transfers In
--	--	--	--	--	Transfers Out
--	97	(5,851)	2,398	--	Capital Leases
					Total Other Financing Sources (Uses)
3,491	(1,003)	1,652	(75)	13,615	Net Change in Fund Balances
23,388	24,755	62,045	3,717	173,289	Fund Balances - Beginning of Year
--	(22,194)	--	--	--	Adjustment Due to Change in Accounting Principle (Note 2)
<u>23,388</u>	<u>2,561</u>	<u>62,045</u>	<u>3,717</u>	<u>173,289</u>	Fund Balances - Beginning of Year, as restated
<u>\$ 26,879</u>	<u>\$ 1,558</u>	<u>\$ 63,697</u>	<u>\$ 3,642</u>	<u>\$ 186,904</u>	Fund Balances - End of Year

County of Orange
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COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (Continued)
 NONMAJOR GOVERNMENTAL FUNDS

	Debt Service	Capital Projects		Permanent Fund
	Orange County Public Financing Authority	Criminal Justice Facilities	Redevelopment Agency	Regional Park Endowment
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--	--
Fines, Forfeitures and Penalties	--	10,377	--	--
Use of Money and Property	1,255	172	460	2
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Other	--	38	392	159
Total Revenues	<u>1,255</u>	<u>10,587</u>	<u>852</u>	<u>161</u>
Expenditures				
Current				
General Government	--	--	8,471	--
Public Protection	--	--	--	--
Public Ways and Facilities	--	--	--	--
Health and Sanitation	--	--	--	--
Public Assistance	--	--	--	--
Education	--	--	--	--
Recreation and Cultural Services	--	--	--	--
Capital Outlay	--	7,574	2,512	--
Debt Service				
Principal Retirement	58,990	--	--	--
Interest	13,643	--	--	--
Total Expenditures	<u>72,633</u>	<u>7,574</u>	<u>10,983</u>	<u>--</u>
Excess (Deficit) of Revenues Over Expenditures	(71,378)	3,013	(10,131)	161
Other Financing Sources (Uses)				
Transfers In	73,470	2,569	7,371	--
Transfers Out	(2,027)	(5,604)	--	--
Capital Leases	--	--	--	--
Total Other Financing Sources (Uses)	<u>71,443</u>	<u>(3,035)</u>	<u>7,371</u>	<u>--</u>
Net Change in Fund Balances	65	(22)	(2,760)	161
Fund Balances - Beginning of Year	90,445	28,737	29,985	154
Adjustment Due to Change in Accounting Principle (Note 2)	--	--	--	--
Fund Balances - Beginning of Year, as restated	<u>90,445</u>	<u>28,737</u>	<u>29,985</u>	<u>154</u>
Fund Balances - End of Year	<u>\$ 90,510</u>	<u>\$ 28,715</u>	<u>\$ 27,225</u>	<u>\$ 315</u>



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BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2010						Budget	Adjustments
Parking Facilities								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 3,032	\$ --	\$ 3,032	\$ 4,046	\$ 1,014		
Charges for Services		241	--	241	141	(100)		
Other		23	--	23	19	(4)		
Transfers In		1,400	--	1,400	1,400	--		
Total Revenues and Other Financing Sources		<u>4,696</u>	<u>--</u>	<u>4,696</u>	<u>5,606</u>	<u>910</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Public Ways and Facilities:								
Parking Facilities	\$ 293	4,708	188	5,189	4,108	1,081	\$ 111	\$ 970
Total Expenditures/Encumbrances and Other Financing Uses	<u>293</u>	<u>4,708</u>	<u>188</u>	<u>5,189</u>	<u>4,108</u>	<u>1,081</u>	<u>\$ 111</u>	<u>\$ 970</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(293)	(12)	(188)	(493)	1,498	\$ 1,991		
Fund Balances - Beginning of Year	--	12	--	12	3,560			
Net Decrease in Fund Balances - Non-Budgeted Fund	--	--	--	--	(2,131)			
Cancellation of Reserves/Designations	--	--	188	188	(115)			
Fund Balance Reserved for Encumbrances	293	--	--	293	115			
Fund Balances - End of Year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,927</u>			
Redevelopment Agency								
Revenues								
and Other Financing Sources								
Taxes		\$ --	\$ --	\$ --	\$ 5,328	\$ 5,328		
Use of Money and Property		500	--	500	714	214		
Other		50	--	50	103	53		
Transfers In		5,581	--	5,581	20	(5,561)		
Total Revenues and Other Financing Sources		<u>6,131</u>	<u>--</u>	<u>6,131</u>	<u>6,165</u>	<u>34</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Public Assistance:								
Orange County Development Agency Low and Moderate Income Housing (Santa Ana Heights)	\$ --	38,967	(1,845)	37,122	3,538	33,584	\$ 13	\$ 33,571
Total Expenditures/Encumbrances and Other Financing Uses	<u>--</u>	<u>38,967</u>	<u>(1,845)</u>	<u>37,122</u>	<u>3,538</u>	<u>33,584</u>	<u>\$ 13</u>	<u>\$ 33,571</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(32,836)	1,845	(30,991)	2,627	\$ 33,618		
Fund Balances - Beginning of Year	--	32,836	--	32,836	45,345			
Cancellation of Reserves/Designations	--	--	--	--	(14,634)			
Fund Balance Reserved for Encumbrances	--	--	--	--	13			
Provisions for Reserves and/or Designations	--	--	(1,845)	(1,845)	14,621			
Fund Balances - End of Year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>47,972</u>			

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

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2010						Budget	Adjustments
Service Area, Lighting, Maintenance and Assessment Districts								
Revenues and Other Financing Sources								
Taxes		\$ 464	\$ --	\$ 464	\$ 473	\$ 9		
Use of Money and Property		296	--	296	376	80		
Intergovernmental		3	--	3	4	1		
Charges for Services		22	--	22	22	--		
Other		2	--	2	45	43		
Transfers In		--	760	760	445	(315)		
Total Revenues and Other Financing Sources		787	760	1,547	1,365	(182)		
Expenditures/Encumbrances and Other Financing Uses								
General Government:								
Aliso Viejo Community Facilities								
District 88-1(A) 1992-Construction	\$ --	5,969	(771)	5,198	128	5,070	\$ --	\$ 5,070
Special Assessment-Top of the World Improvement								
CFD 99-1, Ladera Construction	--	54	(1)	53	--	53	--	53
Series A of 1999 Construction								
Rancho Santa Margarita Community Facilities District 86-2, Series A of 1998 Construction	--	381	(1)	380	380	--	--	--
Rancho Santa Margarita Community Facilities District 86-1, Series A of 1998 Construction								
CFD 2002-1 Ladera Construction	--	1,649	(1)	1,648	2	1,646	--	1,646
Lomas Laguna Community Facilities								
District 88-2 Construction	--	208	--	208	--	208	--	208
Baker Ranch Community Facilities	--	7,371	731	8,102	381	7,721	--	7,721
District 87-6 Construction								
District 87-9 Construction	--	397	--	397	--	397	--	397
Santa Teresita Community Facilities								
District 87-9 Construction	--	531	--	531	--	531	--	531
Newport Coast IV Construction 01-1								
Newport Coast Construction 01-1 GR-2	--	67	--	67	--	67	--	67
Newport Coast Construction 01-1	--	2	--	2	1	1	--	1
Mission Viejo Community Facilities	--	171	271	442	392	50	--	50
District 87-3(A) 90 Construction	--	4,517	1,679	6,196	6,194	2	--	2
CFD 2004-1 Ladera Construction								
CFD 01-1 Ladera Construction	--	16	--	16	--	16	--	16
Series A of 2001 Construction								
Santa Teresita Community Facilities	--	34,638	654	35,292	7,237	28,055	--	28,055
District 87-9(A) 1991 Construction								
CFD 00-1, Ladera Construction	--	138	--	138	--	138	--	138
Series A of 2000 Construction								
Newport Ridge Construction 92-1	--	1,610	1	1,611	1,416	195	--	195
Newport Ridge Construction Series B	--	164	--	164	--	164	--	164
Foothill Ranch Community Facilities								
District 87-4(A) 94 Construction	--	109	1	110	3	107	--	107
CFD 2003-1, Ladera Construction								
Rancho Santa Margarita Community Facilities District 87-5C, Series A of 1994 Construction	--	395	1	396	1	395	--	395
Coto de Caza Community Facilities	--	4,153	1,985	6,138	345	5,793	--	5,793
District 87-8(A) 94 Construction								
District 87-8(A) 94 Construction	--	68	--	68	--	68	--	68
Public Ways and Facilities:								
County Infrastructure Project	--	5,173	(1)	5,172	--	5,172	--	5,172
North Tustin Landscaping and Lighting Assessment District								
County Service Area No. 13 - La Mirada	160	2,016	147	2,323	407	1,916	116	1,800
County Service Area No. 20 - La Habra								
County Service Area No. 22 - East Yorba Linda	--	7	1	8	6	2	--	2
Total Expenditures/Encumbrances and Other Financing Uses								
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	178	70,143	4,724	75,045	16,930	58,115	\$ 131	\$ 57,984
Fund Balances - Beginning of Year	--	69,352	--	69,352	76,833			
Cancellation of Reserves/Designations	--	4	3,964	3,968	(2,781)			
Fund Balance Reserved for Encumbrances	178	--	--	178	131			
Provisions for Reserves and/or Designations	--	--	--	--	2,650			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 61,268			

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

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
Other Environmental Management								
Revenues								
and Other Financing Sources								
Fines, Forfeitures and Penalties		\$ 7	\$ --	\$ 7	\$ 10	\$ 3		
Use of Money and Property		264	(30)	234	276	42		
Intergovernmental		459	(324)	135	153	18		
Charges for Services		55	--	55	57	2		
Other		117	--	117	208	91		
Total Revenues and Other Financing Sources		902	(354)	548	704	156		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Real Estate Development Program	\$ --	588	98	686	258	428	\$ --	\$ 428
Air Quality Improvement	--	180	355	535	389	146	--	146
Public Protection:								
Fish and Game Propagation	--	12	--	12	6	6	--	6
Survey Monument Preservation	--	194	153	347	4	343	--	343
Public Ways and Facilities:								
El Toro Improvement Fund	--	875	(290)	585	419	166	--	166
Recreation and Cultural Services:								
Off-Highway Vehicle Fees	--	34	(1)	33	25	8	--	8
Total Expenditures/Encumbrances and Other Financing Uses	--	1,883	315	2,198	1,101	1,097	\$ --	\$ 1,097
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(981)	(669)	(1,650)	(397)	\$ 1,253		
Fund Balances - Beginning of Year	--	669	--	669	3,537			
Cancellation of Reserves/Designations	--	500	669	1,169	(1,882)			
Provisions for Reserves and/or Designations	--	(188)	--	(188)	1,882			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 3,140			
Tobacco Settlement								
Revenues								
and Other Financing Sources								
Use of Money and Property	\$ --	\$ --	\$ --	\$ --	\$ 50	\$ 50		
Other		29,122	--	29,122	26,235	(2,887)		
Transfers In		--	--	--	10	10		
Total Revenues and Other Financing Sources		29,122	--	29,122	26,295	(2,827)		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Orange County Tobacco								
Settlement Fund	\$ --	34,555	1,746	36,301	28,643	7,658	\$ --	\$ 7,658
Total Expenditures/Encumbrances and Other Financing Uses	--	34,555	1,746	36,301	28,643	7,658	\$ --	\$ 7,658
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(5,433)	(1,746)	(7,179)	(2,348)	\$ 4,831		
Fund Balances - Beginning of Year	--	5,433	--	5,433	7,215			
Cancellation of Reserves/Designations	--	--	1,746	1,746	--			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 4,867			

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

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2010						Budget	Adjustments
Community and Welfare Services								
Revenues								
and Other Financing Sources								
Licenses, Permits, and Franchises		\$ 904	\$ 32	\$ 936	\$ 709	\$ (227)		
Use of Money and Property		967	--	967	563	(404)		
Intergovernmental		65,438	5,434	70,872	36,122	(34,750)		
Charges for Services		5,305	109	5,414	8,989	3,575		
Other		484	--	484	309	(175)		
Transfers In		19,549	5,554	25,103	13,618	(11,485)		
Total Revenues and Other Financing Sources		<u>92,647</u>	<u>11,129</u>	<u>103,776</u>	<u>60,310</u>	<u>(43,466)</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Public Assistance:								
MHSA Housing Fund	\$ --	537	3,084	3,621	1	3,620	\$ --	\$ 3,620
Department of Labor Grants Fund	152	810	122	1,084	375	709	111	598
Santa Ana Regional Center	--	922	--	922	8	914	--	914
Lease Conveyance								
Dispute Resolution Program	45	1,578	(111)	1,512	1,011	501	--	501
Domestic Violence Program	181	907	(1)	1,087	718	369	--	369
District Community Priorities and Projects	277	397	(220)	454	378	76	--	76
Facilities Development and Maintenance	--	681	1,000	1,681	1	1,680	--	1,680
Workforce Investment Act	4,751	26,346	(4,660)	26,437	16,890	9,547	809	8,738
County Executive Office - Single								
Family Housing	5	3,479	(217)	3,267	11	3,256	--	3,256
Housing and Community Services	4,637	29,649	509	34,795	10,719	24,076	1,868	22,208
Strategic Priority Affordable Housing	20	132	139	291	289	2	--	2
In-Home Support Services								
Public Authority	8	1,101	16	1,125	934	191	5	186
HGI Bio Tech Grant	--	--	--	--	--	--	--	--
SSA Donations and Fees	--	2,165	349	2,514	962	1,552	--	1,552
SSA Wraparound	--	39,275	10,974	50,249	20,933	29,316	--	29,316
CalHome Program Reuse Fund	--	35	40	75	40	35	--	35
Total Expenditures/Encumbrances and Other Financing Uses	<u>10,076</u>	<u>108,014</u>	<u>11,024</u>	<u>129,114</u>	<u>53,270</u>	<u>75,844</u>	<u>\$ 2,793</u>	<u>\$ 73,051</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(10,076)	(15,367)	105	(25,338)	7,040	<u>\$ 32,378</u>		
Fund Balances - Beginning of Year	--	16,359	--	16,359	40,316			
Cancellation of Reserves/Designations	--	--	--	--	(20,495)			
Fund Balance Reserved for Encumbrances	10,076	--	--	10,076	2,793			
Provisions for Reserves and/or Designations	--	(992)	(105)	(1,097)	17,702			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 47,356</u>			

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

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
OC Parks								
Revenues								
and Other Financing Sources								
Taxes		\$ 48,321	\$ --	\$ 48,321	\$ 49,230	\$ 909		
Licenses, Permits, and Franchises		143	(80)	63	377	314		
Fines, Forfeitures and Penalties		30	--	30	45	15		
Use of Money and Property		10,595	52	10,647	9,463	(1,184)		
Intergovernmental		5,272	(2,602)	2,670	3,376	706		
Charges for Services		4,933	--	4,933	5,505	572		
Other		2,927	(213)	2,714	3,787	1,073		
Transfers In		11,092	(2,892)	8,200	33	(8,167)		
Total Revenues and Other Financing Sources		<u>83,313</u>	<u>(5,735)</u>	<u>77,578</u>	<u>71,816</u>	<u>(5,762)</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Recreation and Cultural Services:								
County Tidelands - Newport Bay	\$ 2,289	5,273	136	7,698	47,705	(40,007)	\$ 384	\$ (40,391)
OC Parks	11,435	87,893	6,915	106,243	61,794	44,449	12,292	32,157
OC Parks Capital	4,089	30,427	(3,129)	31,387	4,493	26,894	2,496	24,398
Total Expenditures/Encumbrances and Other Financing Uses	<u>17,813</u>	<u>123,593</u>	<u>3,922</u>	<u>145,328</u>	<u>113,992</u>	<u>31,336</u>	<u>\$ 15,172</u>	<u>\$ 16,164</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(17,813)	(40,280)	(9,657)	(67,750)	(42,176)	<u>\$ 25,574</u>		
Fund Balances - Beginning of Year	--	40,318	--	40,318	144,952			
Cancellation of Reserves/Designations	--	250	9,657	9,907	(49,808)			
Fund Balance Reserved for Encumbrances	17,813	--	--	17,813	15,172			
Provisions for Reserves and/or Designations	--	(288)	--	(288)	34,636			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 102,776</u>			
OC Dana Point Harbor								
Revenues								
and Other Financing Sources								
Fines, Forfeitures and Penalties		\$ 131	\$ --	\$ 131	\$ 119	\$ (12)		
Use of Money and Property		22,685	--	22,685	22,559	(126)		
Charges for Services		830	--	830	755	(75)		
Other		205	--	205	226	21		
Transfers In		309	--	309	42,553	42,244		
Total Revenues and Other Financing Sources		<u>24,160</u>	<u>--</u>	<u>24,160</u>	<u>66,212</u>	<u>42,052</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Recreation and Cultural Services:								
OC Dana Point Harbor	\$ 2,446	30,179	(6,343)	26,282	19,243	7,039	\$ 1,407	\$ 5,632
Dana Point Marina Department of Boating and Waterways Emergency Repair Fund	--	1,818	(3)	1,815	2	1,813	--	1,813
Total Expenditures/Encumbrances and Other Financing Uses	<u>2,446</u>	<u>31,997</u>	<u>(6,346)</u>	<u>28,097</u>	<u>19,245</u>	<u>8,852</u>	<u>\$ 1,407</u>	<u>\$ 7,445</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(2,446)	(7,837)	6,346	(3,937)	46,967	<u>\$ 33,200</u>		
Fund Balances - Beginning of Year	--	7,837	--	7,837	--			
Cancellation of Reserves/Designations	--	--	--	--	(39,863)			
Fund Balance Reserved for Encumbrances	2,446	--	--	2,446	1,407			
Provisions for Reserves and/or Designations	--	--	(6,346)	(6,346)	38,456			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 46,967</u>			

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

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
Schedule 1 County-Administered Accounts								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ --	\$ --	\$ --	\$ 46	\$ 46		
Total Revenues and Other Financing Sources		--	--	--	46	46		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Litigation Reserve - Escrow								
AG FTCI	\$ --	--	220	220	--	220	\$ --	\$ 220
Indemnification Reserve	--	--	83	83	1	82	--	82
Litigation Reserve	--	--	4,328	4,328	5	4,323	--	4,323
Total Expenditures/Encumbrances and Other Financing Uses	--	--	4,631	4,631	6	4,625	\$ --	\$ 4,625
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	--	(4,631)	(4,631)	40	\$ 4,671		
Fund Balances - Beginning of Year	--	--	--	--	5,917			
Cancellation of Reserves/Designations	--	--	4,631	4,631	(1,282)			
Provisions for Reserves and/or Designations	--	--	--	--	1,282			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 5,957			
OC Public Libraries								
Revenues								
and Other Financing Sources								
Taxes		\$ 35,921	\$ --	\$ 35,921	\$ 36,447	\$ 526		
Fines, Forfeitures and Penalties		36	--	36	16	(20)		
Use of Money and Property		471	--	471	406	(65)		
Intergovernmental		6,898	--	6,898	1,632	(5,266)		
Charges for Services		1,087	--	1,087	1,134	47		
Other		419	--	419	533	114		
Transfers In		--	955	955	65	(890)		
Total Revenues and Other Financing Sources		44,832	955	45,787	40,233	(5,554)		
Expenditures/Encumbrances								
and Other Financing Uses								
Education:								
Public Library - Capital	\$ 228	6,115	1,650	7,993	1,452	6,541	\$ 2,525	\$ 4,016
Public Library	3,402	41,628	116	45,146	38,173	6,973	1,392	5,581
Total Expenditures/Encumbrances and Other Financing Uses	3,630	47,743	1,766	53,139	39,625	13,514	\$ 3,917	\$ 9,597
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(3,630)	(2,911)	(811)	(7,352)	608	\$ 7,960		
Fund Balances - Beginning of Year	--	2,911	--	2,911	10,294			
Cancellation of Reserves/Designations	--	--	811	811	(7,587)			
Fund Balance Reserved for Encumbrances	3,630	--	--	3,630	3,917			
Provisions for Reserves and/or Designations	--	--	--	--	3,670			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 10,902			

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

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2010						Budget	Adjustments
Plan of Adjustment Available Cash								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 40	\$ --	\$ 40	\$ 18	\$ (22)		
Transfers In		8,570	2,200	10,770	10,793	23		
Total Revenues and Other Financing Sources		8,610	2,200	10,810	10,811	1		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Class B-27 Registered								
Warrants	\$ --	3	--	3	--	3	\$ --	\$ 3
Recovery Plan of Adjustment								
Available Cash	--	18,265	2,501	20,766	10,432	10,334	--	10,334
Total Expenditures/Encumbrances and Other Financing Uses	--	18,268	2,501	20,769	10,432	10,337	\$ --	\$ 10,337
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(9,658)	(301)	(9,959)	379	\$ 10,338		
Fund Balances - Beginning of Year	--	9,658	--	9,658	9,959			
Cancellation of Reserves/Designations	--	--	301	301	--			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 10,338			
Health Care Programs								
Revenues								
and Other Financing Sources								
Fines, Forfeitures and Penalties		\$ 8,452	\$ 500	\$ 8,952	\$ 8,864	\$ (88)		
Use of Money and Property		1,773	(78)	1,695	2,021	326		
Intergovernmental		100,008	2,595	102,603	123,880	21,277		
Charges for Services		947	--	947	1,217	270		
Other		400	--	400	52	(348)		
Transfers In		--	--	--	11	11		
Total Revenues and Other Financing Sources		111,580	3,017	114,597	136,045	21,448		
Expenditures/Encumbrances								
and Other Financing Uses								
Health and Sanitation:								
Medi-Cal Administrative Activities								
Targeted Case Management	\$ --	3,566	3,140	6,706	3,320	3,386	\$ --	\$ 3,386
Emergency Medical Services	--	8,504	596	9,100	8,787	313	--	313
HCA Purpose Restricted Revenues	--	2,143	469	2,612	844	1,768	--	1,768
HCA Interest Bearing Purpose					--	--		
Restricted Revenue	--	323	4,340	4,663	303	4,360	--	4,360
HCA Realignment	--	--	3,000	3,000	79	2,921	--	2,921
Mental Health Services Act	--	193,534	(2,668)	190,866	87,651	103,215	--	103,215
Bioterrorism Center for Disease Control	--	6,225	1,248	7,473	6,865	608	--	608
Total Expenditures/Encumbrances and Other Financing Uses	--	214,295	10,125	224,420	107,849	116,571	\$ --	\$ 116,571
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(102,715)	(7,108)	(109,823)	28,196	\$ 138,019		
Fund Balances - Beginning of Year	--	102,715	--	102,715	176,746			
Cancellation of Reserves/Designations	--	--	7,108	7,108	(67,289)			
Provisions for Reserves and/or Designations	--	--	--	--	67,289			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 204,942			

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

	Open	Original	Mid-Year	Final	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
	Encumbrances July 1, 2010						Budget	Adjustments
Orange County Housing Authority								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 259	\$ --	\$ 259	\$ 262	\$ 3		
Other		50	--	50	56	6		
Total Revenues and Other Financing Sources		<u>309</u>	<u>--</u>	<u>309</u>	<u>318</u>	<u>9</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Public Assistance:								
Orange County Housing								
Authority-Operating Reserve	\$ 128	1,721	316	2,165	648	1,517	\$ 240	\$ 1,277
Total Expenditures/Encumbrances and Other Financing Uses	<u>128</u>	<u>1,721</u>	<u>316</u>	<u>2,165</u>	<u>648</u>	<u>1,517</u>	<u>\$ 240</u>	<u>\$ 1,277</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(128)	(1,412)	(316)	(1,856)	(330)	<u>\$ 1,526</u>		
Fund Balances - Beginning of Year	--	1,412	--	1,412	23,388			
Net Decrease in Fund Balances - Non-Budgeted Fund	--	--	--	--	3,821			
Cancellation of Reserves/Designations	--	--	316	316	(14,881)			
Fund Balance Reserved for Encumbrances	128	--	--	128	240			
Provisions for Reserves and/or Designations	--	--	--	--	14,641			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,879</u>			
Other Governmental Resources								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 17	\$ --	\$ 17	\$ 10	\$ (7)		
Intergovernmental		--	500	500	--	(500)		
Charges for Services		30	--	30	20	(10)		
Other		15	--	15	107	92		
Transfers In		100	--	100	100	--		
Total Revenues and Other Financing Sources		<u>162</u>	<u>500</u>	<u>662</u>	<u>237</u>	<u>(425)</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Remittance Processing								
Equipment Replacement	\$ 65	125	11	201	64	137	\$ 1	\$ 136
Property Tax Administration								
State Grant	28	1,294	9	1,331	915	416	525	(109)
Assessor Property Characteristic	--	100	30	130	56	74	--	74
Deferred Compensation	1	288	(79)	210	205	5	--	5
Reimbursement-CEO								
US Department of Commerce Grants	--	--	500	500	--	500	--	500
Total Expenditures/Encumbrances and Other Financing Uses	<u>94</u>	<u>1,807</u>	<u>471</u>	<u>2,372</u>	<u>1,240</u>	<u>1,132</u>	<u>\$ 526</u>	<u>\$ 606</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(94)	(1,645)	29	(1,710)	(1,003)	<u>\$ 707</u>		
Fund Balances - Beginning of Year	--	957	--	957	24,755			
Cancellation of Reserves/Designations	--	693	--	693	(23,571)			
Fund Balance Reserved for Encumbrances	94	--	--	94	526			
Provisions for Reserves and/or Designations	--	(5)	(29)	(34)	851			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,558</u>			

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**BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE**

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
Redevelopment Agency Bonds								
Revenues								
and Other Financing Sources								
Taxes		\$ 32,684	\$ --	\$ 32,684	\$ 25,140	\$ (7,544)		
Fines, Forfeitures and Penalties		20	--	20	46	26		
Use of Money and Property		817	--	817	580	(237)		
Intergovernmental		304	--	304	303	(1)		
Other		81	--	81	67	(14)		
Transfers In		1,540	--	1,540	1,540	--		
Total Revenues and Other Financing Sources		<u>35,446</u>	<u>--</u>	<u>35,446</u>	<u>27,676</u>	<u>(7,770)</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Orange County Development								
Agency Debt Service - Santa Ana Heights	\$ --	14,200	--	14,200	11,219	2,981	\$ --	\$ 2,981
Orange County Development								
Agency - Neighborhood Development and Preservation Project, Debt Service	--	28,866	5,999	34,865	14,805	20,060	--	20,060
Total Expenditures/Encumbrances and Other Financing Uses	--	<u>43,066</u>	<u>5,999</u>	<u>49,065</u>	<u>26,024</u>	<u>23,041</u>	<u>\$ --</u>	<u>\$ 23,041</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(7,620)	(5,999)	(13,619)	1,652	<u>\$ 15,271</u>		
Fund Balances - Beginning of Year	--	12,759	--	12,759	62,045			
Cancellation of Reserves/Designations	--	--	5,999	5,999	(48,169)			
Provisions for Reserves and/or Designations	--	(5,139)	--	(5,139)	48,169			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 63,697</u>			

Supplemental Information
(Dollar Amounts in Thousands)

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
Pension Obligation Bonds								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 6,749	\$ --	\$ 6,749	\$ 26,100	\$ 19,351		
Total Revenues and Other Financing Sources		<u>6,749</u>	<u>--</u>	<u>6,749</u>	<u>26,100</u>	<u>19,351</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Pension Obligation Bonds								
Debt Service	\$ --	12,506	--	12,506	12,485	21	\$ --	\$ 21
Total Expenditures/Encumbrances and Other Financing Uses	<u>--</u>	<u>12,506</u>	<u>--</u>	<u>12,506</u>	<u>12,485</u>	<u>21</u>	<u>\$ --</u>	<u>\$ 21</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(5,757)	--	(5,757)	13,615	<u>\$ 19,372</u>		
Fund Balances - Beginning of Year	--	(81)	--	(81)	173,289			
Cancellation of Reserves/Designations	--	5,838	--	5,838	(109,982)			
Provisions for Reserves and/or Designations	--	--	--	--	109,982			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 186,904</u>			

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BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
Criminal Justice Facilities								
Revenues								
and Other Financing Sources								
Fines, Forfeitures and Penalties		\$ 10,600	\$ --	\$ 10,600	\$ 10,377	\$ (223)		
Use of Money and Property		150	--	150	172	22		
Other		40	--	40	38	(2)		
Transfers In		2,473	885	3,358	2,569	(789)		
Total Revenues and Other Financing Sources		<u>13,263</u>	<u>885</u>	<u>14,148</u>	<u>13,156</u>	<u>(992)</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
Public Protection:								
Criminal Justice Facilities								
Accumulated Capital Outlay	\$ 644	11,596	102	12,342	5,360	6,982	\$ 483	\$ 6,499
Courthouse Temporary Construction	--	8,045	444	8,489	4,532	3,957	--	3,957
Sheriff-Coroner Construction and Facility Development	4,353	9,981	6,895	21,229	3,280	17,949	5,341	12,608
Theo Lacy Jail Construction	--	788	2	790	6	784	--	784
Total Expenditures/Encumbrances and Other Financing Uses	<u>4,997</u>	<u>30,410</u>	<u>7,443</u>	<u>42,850</u>	<u>13,178</u>	<u>29,672</u>	<u>\$ 5,824</u>	<u>\$ 23,848</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(4,997)	(17,147)	(6,558)	(28,702)	(22)	<u>\$ 28,680</u>		
Fund Balances - Beginning of Year	--	17,147	--	17,147	28,737			
Cancellation of Reserves/Designations	--	--	6,558	6,558	(5,824)			
Fund Balance Reserved for Encumbrances	4,997	--	--	4,997	5,824			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 28,715</u>			

Supplemental Information
(Dollar Amounts in Thousands)

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
Redevelopment Agency								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 235	\$ --	\$ 235	\$ 460	\$ 225		
Other		326	--	326	392	66		
Transfers In		1,450	1,300	2,750	7,371	4,621		
Total Revenues and Other Financing Sources		<u>2,011</u>	<u>1,300</u>	<u>3,311</u>	<u>8,223</u>	<u>4,912</u>		
Expenditures/Encumbrances								
and Other Financing Uses								
General Government:								
Orange County Development								
Agency - Santa Ana Heights 1993 Bond Issue	\$ 1,496	6,250	(66)	7,680	427	7,253	\$ --	\$ 7,253
Orange County Development Agency - Santa Ana Heights 1993 Bond Issue Low/Moderate Income Housing	--	311	(27)	284	1	283	--	283
Orange County Development Agency - Santa Ana Heights Surplus	543	8,889	833	10,265	1,088	9,177	13	9,164
Orange County Development Agency - Neighborhood Development and Preservation Projects, 1992 Issue A	--	918	1	919	1	918	--	918
Neighborhood Development and Preservation Project - Low/Moderate Income Housing, 1992 Issue A	--	3,131	6	3,137	3,104	33	--	33
Orange County Development Agency - Neighborhood Development and Preservation Projects, 1992 Issue B	--	322	--	322	1	321	--	321
Orange County Development Agency - Neighborhood Development and Preservation Projects, 1992 Issue B Low/Moderate Income Housing	--	279	97	376	--	376	--	376
Orange County Development Agency-Neighborhood Preservation and Development Construction	--	535	--	535	1	534	--	534
Orange County Development Agency - Neighborhood Development and Preservation Project Surplus	27	2,626	(486)	2,167	6,360	(4,193)	--	(4,193)
Total Expenditures/Encumbrances and Other Financing Uses	<u>2,066</u>	<u>23,261</u>	<u>358</u>	<u>25,685</u>	<u>10,983</u>	<u>14,702</u>	<u>\$ 13</u>	<u>\$ 14,689</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	(2,066)	(21,250)	942	(22,374)	(2,760)	<u>\$ 19,614</u>		
Fund Balances - Beginning of Year	--	21,250	--	21,250	29,985			
Cancellation of Reserves/Designations	--	--	--	--	(6,582)			
Fund Balance Reserved for Encumbrances	2,066	--	--	2,066	13			
Provisions for Reserves and/or Designations	--	--	(942)	(942)	6,569			
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 27,225</u>			

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 (Dollar Amounts in Thousands)

BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUND

	Open Encumbrances July 1, 2010	Original Budget	Mid-Year Adjustments	Final Budget	Actual Revenues & Expenditures on Budgetary Basis	Variance Positive (Negative)	Variance	
							Open Encumbrances June 30, 2011	Unspent Appropriations
Permanent Fund								
Revenues								
and Other Financing Sources								
Use of Money and Property		\$ 4	\$ --	\$ 4	\$ 2	\$ (2)		
Other		2	--	2	159	157		
Total Revenues and Other Financing Sources		6	--	6	161	155		
Expenditures/Encumbrances								
and Other Financing Uses								
Recreation and Cultural Services:								
Limestone Regional Park								
Mitigation Maintenance								
Endowment	\$ --	8	--	8	--	8	\$ --	\$ 8
Total Expenditures/Encumbrances and Other Financing Uses	--	8	--	8	--	8	\$ --	\$ 8
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures/Encumbrances and Other Financing Uses	--	(2)	--	(2)	161	\$ 163		
Fund Balances - Beginning of Year	--	5	--	5	154			
Cancellation of Reserves/Designations	--	--	--	--	(152)			
Provisions for Reserves and/or Designations	--	(3)	--	(3)	152			
Fund Balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 315			





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	\$ 170,035	\$ 20,545	\$ 4,793
Imprest Cash Funds	133	125	--
Restricted Cash and Investments with Trustee	398	--	--
Receivables			
Accounts	73	--	--
Interest/Dividends	234	30	--
Allowance for Uncollectible Receivables	(1)	--	--
Due from Other Funds	2,405	6	16
Due from Other Governmental Agencies	751	395	--
Inventory of Materials and Supplies	389	--	--
Prepaid Costs	3,161	--	--
Total Current Assets	<u>177,578</u>	<u>21,101</u>	<u>4,809</u>
Noncurrent Assets			
Capital Assets			
Construction in Progress	552	--	--
Structures and Improvements	10,572	--	--
Accumulated Depreciation	(4,716)	--	--
Equipment	80,456	--	--
Accumulated Depreciation	(68,818)	--	--
Total Capital Assets	<u>18,046</u>	<u>--</u>	<u>--</u>
Total Assets	<u>195,624</u>	<u>21,101</u>	<u>4,809</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	5,442	134	--
Salaries and Employee Benefits Payable	690	--	--
Due to Other Funds	2,564	2	--
Due to Other Governmental Agencies	3	--	--
Insurance Claims Payable	51,746	10,252	--
Compensated Employee Absences Payable	1,059	--	--
Total Current Liabilities	<u>61,504</u>	<u>10,388</u>	<u>--</u>
Noncurrent Liabilities			
Insurance Claims Payable	136,647	--	--
Compensated Employee Absences Payable	985	--	--
Total Noncurrent Liabilities	<u>137,632</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>199,136</u>	<u>10,388</u>	<u>--</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	18,048	--	--
Unrestricted	(21,560)	10,713	4,809
Total Net Assets	<u>\$ (3,512)</u>	<u>\$ 10,713</u>	<u>\$ 4,809</u>

Supplemental Information
(Dollar Amounts in Thousands)

	<u>Life Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Insurance</u>	
	\$ 163	\$ 82,333	\$ 9,091	<u>ASSETS</u>
	--	--	--	Current Assets
	398	--	--	Pooled Cash/Investments
	--	--	--	Imprest Cash Funds
	--	119	13	Restricted Cash and Investments with Trustee
	--	--	--	Receivables
	--	31	--	Accounts
	--	--	--	Interest/Dividends
	--	--	--	Allowance for Uncollectible Receivables
	--	209	--	Due from Other Funds
	--	--	--	Due from Other Governmental Agencies
	--	--	--	Inventory of Materials and Supplies
	--	--	--	Prepaid Costs
	<u>561</u>	<u>82,692</u>	<u>9,104</u>	Total Current Assets
	--	--	--	Noncurrent Assets
	--	--	--	Capital Assets
	--	--	--	Construction in Progress
	--	--	--	Structures and Improvements
	--	--	--	Accumulated Depreciation
	--	--	--	Equipment
	--	--	--	Accumulated Depreciation
	--	--	--	Total Capital Assets
	<u>561</u>	<u>82,692</u>	<u>9,104</u>	Total Assets
	--	730	--	<u>LIABILITIES</u>
	--	45	--	Current Liabilities
	--	218	1	Accounts Payable
	--	--	--	Salaries and Employee Benefits Payable
	--	26,719	3,746	Due to Other Funds
	--	76	--	Due to Other Governmental Agencies
	--	27,788	3,747	Insurance Claims Payable
	--	--	--	Compensated Employee Absences Payable
	--	109,796	--	Total Current Liabilities
	--	44	--	Noncurrent Liabilities
	--	109,840	--	Insurance Claims Payable
	--	137,628	3,747	Compensated Employee Absences Payable
	--	--	--	Total Noncurrent Liabilities
	--	--	--	Total Liabilities
	--	--	--	<u>NET ASSETS</u>
	561	(54,936)	5,357	Invested in Capital Assets, Net of Related Debt
	\$ 561	\$ (54,936)	\$ 5,357	Unrestricted
	--	--	--	Total Net Assets

County of Orange
 Comprehensive Annual Financial Report
 June 30, 2011
 (Dollar Amounts in Thousands)

COMBINING STATEMENT OF NET ASSETS (Continued)
 INTERNAL SERVICE FUNDS

	Property & Casualty Risk	Transportation	Publishing Services	Information & Technology
ASSETS				
Current Assets				
Pooled Cash/Investments	\$ 20,895	\$ 14,324	\$ 1,032	\$ 16,859
Imprest Cash Funds	5	--	--	3
Restricted Cash and Investments with Trustee	--	--	--	--
Receivables				
Accounts	10	61	1	1
Interest/Dividends	29	20	1	22
Allowance for Uncollectible Receivables	--	--	--	(1)
Due from Other Funds	396	1,722	7	227
Due from Other Governmental Agencies	261	1	23	71
Inventory of Materials and Supplies	--	389	--	--
Prepaid Costs	252	1,138	297	1,265
Total Current Assets	<u>21,848</u>	<u>17,655</u>	<u>1,361</u>	<u>18,447</u>
Noncurrent Assets				
Capital Assets				
Construction in Progress	--	454	--	98
Structures and Improvements	--	8,833	--	1,739
Accumulated Depreciation	--	(4,505)	--	(211)
Equipment	--	30,434	1,537	48,485
Accumulated Depreciation	--	(23,705)	(975)	(44,138)
Total Capital Assets	<u>--</u>	<u>11,511</u>	<u>562</u>	<u>5,973</u>
Total Assets	<u>21,848</u>	<u>29,166</u>	<u>1,923</u>	<u>24,420</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	2,117	510	61	1,890
Salaries and Employee Benefits Payable	54	252	64	275
Due to Other Funds	256	387	307	1,393
Due to Other Governmental Agencies	--	--	3	--
Insurance Claims Payable	11,029	--	--	--
Compensated Employee Absences Payable	87	373	92	431
Total Current Liabilities	<u>13,543</u>	<u>1,522</u>	<u>527</u>	<u>3,989</u>
Noncurrent Liabilities				
Insurance Claims Payable	26,851	--	--	--
Compensated Employee Absences Payable	133	327	88	393
Total Noncurrent Liabilities	<u>26,984</u>	<u>327</u>	<u>88</u>	<u>393</u>
Total Liabilities	<u>40,527</u>	<u>1,849</u>	<u>615</u>	<u>4,382</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	--	11,512	562	5,974
Unrestricted	(18,679)	15,805	746	14,064
Total Net Assets	<u>\$ (18,679)</u>	<u>\$ 27,317</u>	<u>\$ 1,308</u>	<u>\$ 20,038</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	\$ 3,147	\$ --	\$ --
Charges for Services	60,575	--	--
Insurance Premiums	229,688	57,340	121,307
Total Operating Revenues	<u>293,410</u>	<u>57,340</u>	<u>121,307</u>
Operating Expenses			
Salaries and Employee Benefits	18,095	--	--
Services and Supplies	29,630	2,445	--
Professional Services	31,467	3,032	6
Operating Leases	3,119	--	--
Insurance Claims and Premiums	245,660	61,358	121,506
Other Charges	393	393	--
Taxes and Other Fees	8	--	--
Depreciation	4,424	--	--
Total Operating Expenses	<u>332,796</u>	<u>67,228</u>	<u>121,512</u>
Operating Income (Loss)	<u>(39,386)</u>	<u>(9,888)</u>	<u>(205)</u>
Nonoperating Revenues (Expenses)			
Intergovernmental Revenues	3,903	2,802	1,101
Interest Revenue	1,279	120	50
Gain (Loss) on Disposition of Capital Assets	77	--	--
Other Revenue	4,913	2,158	95
Total Nonoperating Revenues (Expenses)	<u>10,172</u>	<u>5,080</u>	<u>1,246</u>
Income (Loss) Before Contributions and Transfers	(29,214)	(4,808)	1,041
Transfers In	5,707	1,651	6
Transfers Out	(504)	--	(50)
Increase (Decrease) in Net Assets	<u>(24,011)</u>	<u>(3,157)</u>	<u>997</u>
Net Assets - Beginning of Year	20,499	13,870	3,812
Net Assets - End of Year	<u>\$ (3,512)</u>	<u>\$ 10,713</u>	<u>\$ 4,809</u>

Supplemental Information
(Dollar Amounts in Thousands)

Life Insurance	Workers' Compensation	Unemployment Insurance	
\$ --	\$ --	\$ --	Operating Revenues
--	--	--	Use of Money and Property
831	25,098	4,577	Charges for Services
<u>831</u>	<u>25,098</u>	<u>4,577</u>	Insurance Premiums
			Total Operating Revenues
			Operating Expenses
--	1,132	--	Salaries and Employee Benefits
--	186	--	Services and Supplies
--	3,650	64	Professional Services
--	172	--	Operating Leases
1,325	40,825	2,762	Insurance Claims and Premiums
--	--	--	Other Charges
--	--	--	Taxes and Other Fees
--	--	--	Depreciation
<u>1,325</u>	<u>45,965</u>	<u>2,826</u>	Total Operating Expenses
<u>(494)</u>	<u>(20,867)</u>	<u>1,751</u>	Operating Income (Loss)
			Nonoperating Revenues (Expenses)
--	--	--	Intergovernmental Revenues
16	590	67	Interest Revenue
--	--	--	Gain (Loss) on Disposition of Capital Assets
--	816	82	Other Revenue
<u>16</u>	<u>1,406</u>	<u>149</u>	Total Nonoperating Revenues (Expenses)
(478)	(19,461)	1,900	Income (Loss) Before Contributions and Transfers
--	318	--	Transfers In
(1)	--	--	Transfers Out
<u>(479)</u>	<u>(19,143)</u>	<u>1,900</u>	Increase (Decrease) in Net Assets
1,040	(35,793)	3,457	Net Assets - Beginning of Year
<u>\$ 561</u>	<u>\$ (54,936)</u>	<u>\$ 5,357</u>	Net Assets - End of Year

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011
 (Dollar Amounts in Thousands)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (Continued)
INTERNAL SERVICE FUNDS

	Property & Casualty Risk	Transportation	Publishing Services	Information & Technology
Operating Revenues				
Use of Money and Property	\$ --	\$ --	\$ --	\$ 3,147
Charges for Services	--	20,235	3,029	37,311
Insurance Premiums	20,535	--	--	--
Total Operating Revenues	<u>20,535</u>	<u>20,235</u>	<u>3,029</u>	<u>40,458</u>
Operating Expenses				
Salaries and Employee Benefits	1,414	6,561	1,688	7,300
Services and Supplies	8,872	8,362	851	8,914
Professional Services	623	1,935	488	21,669
Operating Leases	118	91	422	2,316
Insurance Claims and Premiums	17,884	--	--	--
Other Charges	--	--	--	--
Taxes and Other Fees	--	8	--	--
Depreciation	--	3,309	123	992
Total Operating Expenses	<u>28,911</u>	<u>20,266</u>	<u>3,572</u>	<u>41,191</u>
Operating Income (Loss)	<u>(8,376)</u>	<u>(31)</u>	<u>(543)</u>	<u>(733)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental Revenues	--	--	--	--
Interest Revenue	195	118	10	113
Gain (Loss) on Disposition of Capital Assets	--	96	(2)	(17)
Other Revenue	910	133	240	479
Total Nonoperating Revenues (Expenses)	<u>1,105</u>	<u>347</u>	<u>248</u>	<u>575</u>
Income (Loss) Before Contributions and Transfers	(7,271)	316	(295)	(158)
Transfers In	--	271	--	3,461
Transfers Out	--	(453)	--	--
Increase (Decrease) in Net Assets	(7,271)	134	(295)	3,303
Net Assets - Beginning of Year	(11,408)	27,183	1,603	16,735
Net Assets - End of Year	<u>\$ (18,679)</u>	<u>\$ 27,317</u>	<u>\$ 1,308</u>	<u>\$ 20,038</u>



County of Orange
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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	\$ 63,628	\$ --	\$ 50	\$ --
Cash Received for Premiums Within the County's Enty	229,688	57,340	121,307	831
Payments to Suppliers for Goods and Services	(301,448)	(67,465)	(121,512)	(1,325)
Payments to Employees for Services	(17,814)	--	--	--
Payments for Interfund Services Provided	(393)	--	(16)	--
Cash Receipts for Interfund Services Provided	1,950	119	--	--
Taxes and Other Fees	(8)	--	--	--
Other Operating Receipts (Payments) - Net	1,392	1,756	95	--
Net Cash Provided (Used) by Operating Activities	<u>(23,005)</u>	<u>(8,250)</u>	<u>(76)</u>	<u>(494)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	5,707	1,651	6	--
Transfers Out	(504)	--	(50)	(1)
Intergovernmental Revenues	3,903	2,802	1,101	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>9,106</u>	<u>4,453</u>	<u>1,057</u>	<u>(1)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(758)	--	--	--
Net Cash Used by Capital and Related Financing Activities	<u>(758)</u>	<u>--</u>	<u>--</u>	<u>--</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest on Investments	1,435	143	50	17
Net Cash Provided by Investing Activities	<u>1,435</u>	<u>143</u>	<u>50</u>	<u>17</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,222)	(3,654)	1,031	(478)
Cash and Cash Equivalents - Beginning of Year	183,788	24,324	3,762	1,039
Cash and Cash Equivalents - End of Year	<u>\$ 170,566</u>	<u>\$ 20,670</u>	<u>\$ 4,793</u>	<u>\$ 561</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (39,386)	\$ (9,888)	\$ (205)	\$ (494)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	4,424	--	--	--
Other Revenue - net	4,913	2,158	95	--
(Increases) Decreases In:				
Accounts Receivable	90	--	41	--
Due from Other Funds	(547)	119	(16)	--
Due from Other Governmental Agencies	(192)	(9)	9	--
Inventory of Materials and Supplies	(76)	--	--	--
Prepaid Costs	(3,161)	--	--	--
Increases (Decreases) In:				
Accounts Payable	(734)	67	--	--
Salaries and Employee Benefits Payable	123	--	--	--
Due to Other Funds	2,103	--	--	--
Due to Other Governmental Agencies	1	--	--	--
Insurance Claims Payable	9,279	(697)	--	--
Compensated Employee Absences Payable	158	--	--	--
Total Adjustments	16,381	1,638	129	--
Net Cash Provided (Used) by Operating Activities	<u>\$ (23,005)</u>	<u>\$ (8,250)</u>	<u>\$ (76)</u>	<u>\$ (494)</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Pooled Cash/Investments	\$ 170,035	\$ 20,545	\$ 4,793	\$ 163
Imprest Cash Funds	133	125	--	--
Restricted Cash and Investments with Trustee	398	--	--	398
Total Cash and Cash Equivalents	<u>\$ 170,566</u>	<u>\$ 20,670</u>	<u>\$ 4,793</u>	<u>\$ 561</u>

Workers' Compensation	Unemployment Insurance	Property & Casualty Risk																																																																																																																																																					
<table border="0" style="width: 100%;"> <tr><td>\$</td><td style="text-align: right;">--</td><td>\$</td><td style="text-align: right;">--</td><td>\$</td><td style="text-align: right;">(239)</td></tr> <tr><td></td><td style="text-align: right;">25,098</td><td></td><td style="text-align: right;">4,577</td><td></td><td style="text-align: right;">20,535</td></tr> <tr><td></td><td style="text-align: right;">(30,766)</td><td></td><td style="text-align: right;">(2,802)</td><td></td><td style="text-align: right;">(31,846)</td></tr> <tr><td></td><td style="text-align: right;">(1,107)</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">(1,400)</td></tr> <tr><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td></tr> <tr><td></td><td style="text-align: right;">187</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">268</td></tr> <tr><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td></tr> <tr><td></td><td style="text-align: right;">644</td><td></td><td style="text-align: right;">82</td><td></td><td style="text-align: right;">792</td></tr> <tr><td></td><td style="text-align: right;">(5,944)</td><td></td><td style="text-align: right;">1,857</td><td></td><td style="text-align: right;">(11,890)</td></tr> <tr><td colspan="6"><hr/></td></tr> <tr><td></td><td style="text-align: right;">318</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td></tr> <tr><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td></tr> <tr><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td></tr> <tr><td></td><td style="text-align: right;">318</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td></tr> <tr><td colspan="6"><hr/></td></tr> <tr><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td></tr> <tr><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td><td></td><td style="text-align: right;">--</td></tr> <tr><td colspan="6"><hr/></td></tr> <tr><td></td><td style="text-align: right;">657</td><td></td><td style="text-align: right;">69</td><td></td><td style="text-align: right;">240</td></tr> <tr><td></td><td style="text-align: right;">657</td><td></td><td style="text-align: right;">69</td><td></td><td style="text-align: right;">240</td></tr> <tr><td colspan="6"><hr/></td></tr> <tr><td></td><td style="text-align: right;">(4,969)</td><td></td><td style="text-align: right;">1,926</td><td></td><td style="text-align: right;">(11,650)</td></tr> <tr><td></td><td style="text-align: right;">87,302</td><td></td><td style="text-align: right;">7,165</td><td></td><td style="text-align: right;">32,550</td></tr> <tr><td></td><td style="text-align: right;">82,333</td><td></td><td style="text-align: right;">9,091</td><td></td><td style="text-align: right;">20,900</td></tr> <tr><td colspan="6"><hr/></td></tr> </table>	\$	--	\$	--	\$	(239)		25,098		4,577		20,535		(30,766)		(2,802)		(31,846)		(1,107)		--		(1,400)		--		--		--		187		--		268		--		--		--		644		82		792		(5,944)		1,857		(11,890)	<hr/>							318		--		--		--		--		--		--		--		--		318		--		--	<hr/>							--		--		--		--		--		--	<hr/>							657		69		240		657		69		240	<hr/>							(4,969)		1,926		(11,650)		87,302		7,165		32,550		82,333		9,091		20,900	<hr/>						<p>CASH FLOWS FROM OPERATING ACTIVITIES</p> <p>Receipts from Customers</p> <p>Cash Received for Premiums Within the County's Entity</p> <p>Payments to Suppliers for Goods and Services</p> <p>Payments to Employees for Services</p> <p>Payments for Interfund Services Provided</p> <p>Cash Receipts for Interfund Services Provided</p> <p>Taxes and Other Fees</p> <p>Other Operating Receipts (Payments) - Net</p> <p>Net Cash Provided (Used) by Operating Activities</p> <p>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</p> <p>Transfers In</p> <p>Transfers Out</p> <p>Intergovernmental Revenues</p> <p>Net Cash Provided (Used) by Noncapital Financing Activities</p> <p>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</p> <p>Acquisition of Capital Assets</p> <p>Net Cash Used by Capital and Related Financing Activities</p> <p>CASH FLOW FROM INVESTING ACTIVITIES</p> <p>Interest on Investments</p> <p>Net Cash Provided by Investing Activities</p> <p>Net Increase (Decrease) in Cash and Cash Equivalents</p> <p>Cash and Cash Equivalents - Beginning of Year</p> <p>Cash and Cash Equivalents - End of Year</p>
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County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011
 (Dollar Amounts in Thousands)

COMBINING STATEMENT OF CASH FLOWS (Continued)
 INTERNAL SERVICE FUNDS

	Transportation	Publishing Services	Information & Technology
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 20,251	\$ 3,043	\$ 40,523
Cash Received for Premiums Within the County's Entity	--	--	--
Payments to Suppliers for Goods and Services	(12,137)	(1,640)	(31,955)
Payments to Employees for Services	(6,501)	(1,694)	(7,112)
Payments for Interfund Services Provided	(377)	--	--
Cash Receipts for Interfund Services Provided	--	260	1,116
Taxes and Other Fees	(8)	--	--
Other Operating Receipts (Payments) - Net	42	(182)	(1,837)
Net Cash Provided (Used) by Operating Activities	<u>1,270</u>	<u>(213)</u>	<u>735</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	271	--	3,461
Transfers Out	(453)	--	--
Intergovernmental Revenues	--	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(182)</u>	<u>--</u>	<u>3,461</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(490)	--	(268)
Net Cash Used by Capital and Related Financing Activities	<u>(490)</u>	<u>--</u>	<u>(268)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest on Investments	125	13	121
Net Cash Provided by Investing Activities	<u>125</u>	<u>13</u>	<u>121</u>
Net Increase (Decrease) in Cash and Cash Equivalents	723	(200)	4,049
Cash and Cash Equivalents - Beginning of Year	13,601	1,232	12,813
Cash and Cash Equivalents - End of Year	<u>\$ 14,324</u>	<u>\$ 1,032</u>	<u>\$ 16,862</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (31)	\$ (543)	\$ (733)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,309	123	992
Other Revenue - net	133	240	479
(Increases) Decreases In:			
Accounts Receivable	17	10	--
Due from Other Funds	(512)	--	(130)
Due from Other Governmental Agencies	--	4	65
Inventory of Materials and Supplies	(76)	--	--
Prepaid Costs	(1,138)	(297)	(1,265)
Increases (Decreases) In:			
Accounts Payable	(626)	(5)	(107)
Salaries and Employee Benefits Payable	40	5	64
Due to Other Funds	134	260	1,246
Due to Other Governmental Agencies	--	1	--
Insurance Claims Payable	--	--	--
Compensated Employee Absences Payable	20	(11)	124
Total Adjustments	1,301	330	1,468
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,270</u>	<u>\$ (213)</u>	<u>\$ 735</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets			
Pooled Cash/Investments	\$ 14,324	\$ 1,032	\$ 16,859
Imprest Cash Funds	--	--	3
Restricted Cash and Investments with Trustee	--	--	--
Total Cash and Cash Equivalents	<u>\$ 14,324</u>	<u>\$ 1,032</u>	<u>\$ 16,862</u>



FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the County in a trustee or agency capacity on behalf of outside parties, including employees, individuals, private organizations or other governments. These funds cannot be used to support the County's programs. When these assets are held under a formal trust agreement, a trust fund is used. Agency funds are generally used to account for assets that the County holds on behalf of others as their agent in a purely custodial capacity.

AGENCY FUNDS

Unapportioned Tax and Interest Funds

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

Departmental Funds

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

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Extra-Help Defined Benefit Plan

This fund is used to account for the retirement plan for employees performing services on the basis of less than half-time or as extra-help. This retirement plan was closed to new participants as of February 28, 2002. The eligible employees of these plans are not covered by the Orange County Employee Retirement System.

Extra-Help Defined Contribution Plan

This fund is used to account for the defined contribution retirement plan for extra-help and part-time employees. This plan replaced the Extra-Help Defined Benefit Retirement Plan and was effective for new employees on March 1, 2002. The eligible employees of these plans are not covered by the Orange County Employee Retirement System.

401(a) Defined Contribution Plan

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

Retiree Medical Plan

This fund is used to account for the annual required contributions, benefit payments, and investment losses and gains in the Retiree Medical Trust which was established effective July 2, 2007. The Retiree Medical Trust was established exclusively for the Retiree Medical Plan which is a single employer Other Postemployment Benefit plan that was established on August 1, 1993 for eligible employees as defined in the plan document.

Health Reimbursement Arrangement Plan

This fund is used to account for the employer and employee contributions to the Health Reimbursement Arrangement, a defined contribution plan, which was established on June 17, 2008 for eligible employees, including employees represented by the Association of Orange County Deputy Sheriffs and Law Enforcement Management employees as defined in the plan document.

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS**

	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401(a) Defined Contribution Plan	Retiree Medical Plan	Health Reimbursement Arrangement Plan
ASSETS						
Pooled Cash/Investments	\$ 21,597	\$ 4,031	\$ --	\$ --	\$ 17,523	\$ 43
Restricted Cash and Investments with Trustee	141,085	--	5,121	10,234	96,098	29,632
Receivables						
Interest/Dividends	91	10	--	--	81	--
Due from Other Governmental Agencies	2,236	639	--	--	1,295	302
Total Assets Held in Trust	<u>165,009</u>	<u>4,680</u>	<u>5,121</u>	<u>10,234</u>	<u>114,997</u>	<u>29,977</u>
LIABILITIES						
Due to Other Governmental Agencies	3	--	--	--	3	--
Total Liabilities	<u>3</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3</u>	<u>--</u>
NET ASSETS						
Held in Trust	165,006	4,680	5,121	10,234	114,994	29,977
Total Net Assets Held in Trust	<u>\$ 165,006</u>	<u>\$ 4,680</u>	<u>\$ 5,121</u>	<u>\$ 10,234</u>	<u>\$ 114,994</u>	<u>\$ 29,977</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

Additions:	Total	Extra-Help Defined Benefit Plan	Extra-Help Defined Contribution Plan	401 (a) Defined Contribution Plan	Retiree Medical Plan	Health Reimbursement Arrangement Plan
Contributions to Pension Trust:						
Employer	\$ 43,069	\$ 225	\$ --	\$ 1,001	\$ 33,877	\$ 7,966
Employee	1,072	--	1,072	--	--	--
Interest and Investment Income	16,812	30	189	992	13,930	1,671
Less: Investment Expense	(62)	(4)	--	--	(58)	--
Total Additions	<u>60,891</u>	<u>251</u>	<u>1,261</u>	<u>1,993</u>	<u>47,749</u>	<u>9,637</u>
Deductions:						
Benefits Paid to Participants	<u>28,642</u>	<u>787</u>	<u>567</u>	<u>432</u>	<u>26,566</u>	<u>290</u>
Total Deductions	<u>28,642</u>	<u>787</u>	<u>567</u>	<u>432</u>	<u>26,566</u>	<u>290</u>
Change in Net Assets Held in Trust For: Employees' Retirement	32,249	(536)	694	1,561	21,183	9,347
Net Assets Held in Trust, Beginning of Year	<u>132,757</u>	<u>5,216</u>	<u>4,427</u>	<u>8,673</u>	<u>93,811</u>	<u>20,630</u>
Net Assets Held in Trust, End of Year	<u>\$ 165,006</u>	<u>\$ 4,680</u>	<u>\$ 5,121</u>	<u>\$ 10,234</u>	<u>\$ 114,994</u>	<u>\$ 29,977</u>



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

	Total	Unapportioned Tax and Interest Funds	Departmental Funds
<u>ASSETS</u>			
Pooled Cash/Investments	\$ 299,516	\$ 120,364	\$ 179,152
Restricted Cash and Investments with Trustee	61,786	--	61,786
Investments	9,124	--	9,124
Deposits In-Lieu of Cash	11,348	--	11,348
Receivables			
Accounts	12	2	10
Taxes	288,029	288,029	--
Interest/Dividends	6,888	6,499	389
Allowance For Uncollectible Receivables	(5)	(2)	(3)
Due from Other Governmental Agencies	8,298	1,443	6,855
Notes Receivable	17,828	--	17,828
Total Assets	\$ 702,824	\$ 416,335	\$ 286,489
 <u>LIABILITIES</u>			
Interest Payable	\$ 5,125	\$ 5,125	\$ --
Deposits from Others	12,620	--	12,620
Monies Held for Others	250,991	--	250,991
Due to Other Governmental Agencies	23,308	430	22,878
Unapportioned Taxes	410,780	410,780	--
Total Liabilities	\$ 702,824	\$ 416,335	\$ 286,489

County of Orange
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2011

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS**

<u>UNAPPORTIONED TAX AND INTEREST FUNDS</u>	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	\$ 131,904	\$ 6,645,152	\$ 6,656,692	\$ 120,364
Receivables				
Accounts	2	6	6	2
Taxes	313,688	16,370,530	16,396,189	288,029
Interest	9,175	69,220	71,896	6,499
Allowance for Uncollectible Receivables	(2)	2	2	(2)
Due from Other Governmental Agencies	1,655	26,887	27,099	1,443
Total Assets	<u>\$ 456,422</u>	<u>\$ 23,111,797</u>	<u>\$ 23,151,884</u>	<u>\$ 416,335</u>
LIABILITIES				
Interest Payable	\$ 8,234	\$ 33,105	\$ 36,214	\$ 5,125
Due to Other Governmental Agencies	782	213,470	213,822	430
Unapportioned Taxes	447,406	10,486,005	10,522,631	410,780
Total Liabilities	<u>\$ 456,422</u>	<u>\$ 10,732,580</u>	<u>\$ 10,772,667</u>	<u>\$ 416,335</u>

<u>DEPARTMENTAL FUNDS</u>	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	\$ 197,884	\$ 3,446,005	\$ 3,464,737	\$ 179,152
Imprest Cash Funds	--	40	40	--
Restricted Cash and Investments with Trustee	56,657	208,457	203,328	61,786
Investments	9,620	9,947	10,443	9,124
Deposits In-Lieu of Cash	11,865	12,680	13,197	11,348
Receivables				
Accounts	85	8	83	10
Interest	640	1,941	2,192	389
Allowance for Uncollectible Receivables	(2)	--	1	(3)
Due from Other Governmental Agencies	6,377	698,978	698,500	6,855
Notes Receivable	18,572	18,441	19,185	17,828
Total Assets	<u>\$ 302,141</u>	<u>\$ 4,532,358</u>	<u>\$ 4,548,010</u>	<u>\$ 286,489</u>
LIABILITIES				
Deposits From Others	\$ 11,520	\$ 77,160	\$ 76,060	\$ 12,620
Monies Held for Others	265,049	6,541,521	6,555,579	250,991
Due to Other Governmental Agencies	25,572	945,116	947,810	22,878
Total Liabilities	<u>\$ 302,141</u>	<u>\$ 7,563,797</u>	<u>\$ 7,579,449</u>	<u>\$ 286,489</u>

Supplemental Information
(Dollar Amounts in Thousands)

<u>TOTAL - ALL AGENCY FUNDS</u>	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	\$ 329,788	\$ 10,091,157	\$ 10,121,429	\$ 299,516
Imprest Cash Funds	--	40	40	--
Restricted Cash and Investments with Trustee	56,657	208,457	203,328	61,786
Investments	9,620	9,947	10,443	9,124
Deposits In-Lieu of Cash	11,865	12,680	13,197	11,348
Receivables				
Accounts	87	14	89	12
Taxes	313,688	16,370,530	16,396,189	288,029
Interest	9,815	71,161	74,088	6,888
Allowance for Uncollectible Receivables	(4)	2	3	(5)
Due from Other Governmental Agencies	8,032	725,865	725,599	8,298
Prepaid Costs	443	135,861	136,304	--
Notes Receivable	18,572	18,441	19,185	17,828
Total Assets	<u>\$ 758,563</u>	<u>\$ 27,644,155</u>	<u>\$ 27,699,894</u>	<u>\$ 702,824</u>
LIABILITIES				
Interest Payable	\$ 8,234	\$ 33,105	\$ 36,214	\$ 5,125
Deposits from Others	11,520	77,160	76,060	12,620
Monies Held for Others	265,049	6,541,521	6,555,579	250,991
Due to Other Governmental Agencies	26,354	1,158,586	1,161,632	23,308
Unapportioned Taxes	447,406	10,486,005	10,522,631	410,780
Total Liabilities	<u>\$ 758,563</u>	<u>\$ 18,296,377</u>	<u>\$ 18,352,116</u>	<u>\$ 702,824</u>





Illustration by Sandra Heaton, Orange County Parks

STATISTICAL SECTION
(UNAUDITED)

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the 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.	194
<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.	204
<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.	208
<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.	213
<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.	215

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 Ten Fiscal Years
 (Accrual Basis of Accounting)**

	2010-11	2009-10	2008-09	2007-08	2006-07
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 2,626,281	\$ 2,560,468	\$ 2,445,397	\$ 2,302,926	\$ 2,273,891
Restricted for:					
Expendable					
Other Postemployment					
Benefits	41,609	43,580	57,322	46,442	--
Pension Benefits	107,807	--	--	--	--
Capital Projects	56,219	58,947	85,197	211,426	247,277
Debt Service	87,253	76,936	66,515	168,468	155,918
Legally Segregated for Grants and Other Purposes	1,133,256	1,069,801	1,047,284	990,198	916,563
Nonexpendable					
Regional Park Endowment	315	154	149	139	125
Unrestricted	(73,741)	(9,986)	(1,271)	57,812	135,826
Total Governmental Activities Net Assets	\$ 3,978,999	\$ 3,799,900	\$ 3,700,593	\$ 3,777,411	\$ 3,729,600
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 591,664	\$ 537,375	\$ 493,658	\$ 395,227	\$ 359,544
Restricted for:					
Expendable					
Airport	50,899	48,225	176,225	218,293	194,038
Waste Management ⁽¹⁾	84,070	86,943	284,943	294,068	292,847
Unrestricted	313,568	321,778	--	--	--
Total Business-Type Activities Net Assets	\$ 1,040,201	\$ 994,321	\$ 954,826	\$ 907,588	\$ 846,429
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$ 3,217,945	\$ 3,097,843	\$ 2,939,055	\$ 2,698,153	\$ 2,633,435
Restricted for:					
Expendable					
Other Postemployment					
Benefits	41,609	43,580	57,322	46,442	--
Pension Benefits	107,807	--	--	--	--
Capital Projects	56,219	58,947	85,197	211,426	247,277
Debt Service	87,253	76,936	66,515	168,468	155,918
Legally Segregated for Grants and Other Purposes	1,133,256	1,069,801	1,047,284	990,198	916,563
Airport	50,899	48,225	176,225	218,293	194,038
Waste Management	84,070	86,943	284,943	294,068	292,847
Nonexpendable					
Regional Park Endowment	315	154	149	139	125
Unrestricted	239,827	311,792	(1,271)	57,812	135,826
Total Primary Government Net Assets	\$ 5,019,200	\$ 4,794,221	\$ 4,655,419	\$ 4,684,999	\$ 4,576,029

Notes: (1) In accordance with the GASB 2010-11 Comprehensive Implementation Guide, net assets for business-type activities have been reclassified in the government-wide statements to be consistent with the classification of net assets in the enterprise fund financial statements.

2005-06	2004-05	2003-04	2002-03	2001-02	
Governmental Activities					Invested in Capital Assets, Net of Related Debt
\$ 2,306,178	\$ 2,336,881	\$ 2,259,064	\$ 2,183,152	\$ 1,703,213	Restricted for:
					Expendable
					Other Postemployment Benefits
--	--	--	--	--	Pension Benefits
--	--	--	--	--	Capital Projects
255,201	240,768	207,838	209,994	210,688	Debt Service
121,840	24,196	155,964	61,066	33,785	Legally Segregated for Grants and Other Purposes
					Nonexpendable
738,515	648,092	628,881	711,714	581,662	Regional Park Endowment
109	97	91	87	82	Unrestricted
(33,051)	(44,929)	(280,592)	(374,852)	(363,291)	Total Governmental Activities Net Assets
<u>\$ 3,388,792</u>	<u>\$ 3,205,105</u>	<u>\$ 2,971,246</u>	<u>\$ 2,791,161</u>	<u>\$ 2,166,139</u>	
Business-Type Activities					Invested in Capital Assets, Net of Related Debt
\$ 343,390	\$ 335,795	\$ 315,335	\$ 293,959	\$ 240,969	Restricted for:
					Expendable
					Airport
146,332	113,402	97,573	77,931	90,410	Waste Management
264,502	233,999	217,194	201,698	192,022	Unrestricted
--	--	--	--	--	Total Business-Type Activities Net Assets
<u>\$ 754,224</u>	<u>\$ 683,196</u>	<u>\$ 630,102</u>	<u>\$ 573,588</u>	<u>\$ 523,401</u>	
Primary Government					Invested in Capital Assets, Net of Related Debt
\$ 2,649,568	\$ 2,672,676	\$ 2,574,399	\$ 2,477,111	\$ 1,944,182	Restricted for:
					Expendable
					Other Postemployment Benefits
--	--	--	--	--	Pension Benefits
--	--	--	--	--	Capital Projects
255,201	240,768	207,838	209,994	210,688	Debt Service
121,840	24,196	155,964	61,066	33,785	Legally Segregated for Grants and Other Purposes
					Airport
738,515	648,092	628,881	711,714	581,662	Waste Management
146,332	113,402	97,573	77,931	90,410	Nonexpendable
264,502	233,999	217,194	201,698	192,022	Regional Park Endowment
109	97	91	87	82	Unrestricted
(33,051)	(44,929)	(280,592)	(374,852)	(363,291)	Total Primary Government Net Assets
<u>\$ 4,143,016</u>	<u>\$ 3,888,301</u>	<u>\$ 3,601,348</u>	<u>\$ 3,364,749</u>	<u>\$ 2,689,540</u>	

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

	2010-11	2009-10	2008-09	2007-08	2006-07
Expenses					
Governmental Activities:					
General Government	\$ 223,710	\$ 165,489	\$ 268,092	\$ 264,049	\$ 281,739
Public Protection	1,174,859	1,160,823	1,230,894	1,164,458	1,055,593
Public Ways and Facilities	136,017	120,135	108,748	131,563	96,776
Health and Sanitation	586,525	578,983	593,331	576,160	527,541
Public Assistance	931,263	931,469	898,668	862,709	794,862
Education	39,788	41,009	41,265	37,728	32,722
Recreation and Cultural Services	101,993	90,649	81,896	75,612	80,279
Interest on Long-Term Debt	53,806	53,782	59,751	76,210	65,961
Subtotal Governmental Activities	<u>3,247,961</u>	<u>3,142,339</u>	<u>3,282,645</u>	<u>3,188,489</u>	<u>2,935,473</u>
Business-Type Activities:					
Airport	88,059	92,068	91,959	86,750	90,524
Waste Management	93,985	84,754	79,374	101,990	85,378
Compressed Natural Gas	349	95	--	--	--
Subtotal Business-Type Activities	<u>182,393</u>	<u>176,917</u>	<u>171,333</u>	<u>188,740</u>	<u>175,902</u>
Total Primary Government Expenses	<u>\$ 3,430,354</u>	<u>\$ 3,319,256</u>	<u>\$ 3,453,978</u>	<u>\$ 3,377,229</u>	<u>\$ 3,111,375</u>
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	\$ 33,561	\$ 27,452	\$ 44,782	\$ 40,659	\$ 45,647
Public Protection	310,773	278,355	289,014	295,740	283,215
Public Ways and Facilities	53,960	45,809	47,283	45,898	41,014
Health and Sanitation	93,815	86,430	82,059	95,069	85,305
Public Assistance	36,304	30,914	26,636	6,360	5,372
Education	1,576	1,449	1,338	1,349	4,743
Recreation and Cultural Services	37,560	38,223	40,138	40,449	39,028
Operating Grants and Contributions	1,706,231	1,741,762	1,641,501	1,735,820	1,759,887
Capital Grants and Contributions	170,516	16,828	94,031	46,308	69,340
Subtotal Governmental Activities Program Revenues	<u>2,444,296</u>	<u>2,267,222</u>	<u>2,266,782</u>	<u>2,307,652</u>	<u>2,333,551</u>
Business-Type Activities:					
Charges for Services					
Airport	124,298	126,656	125,095	126,139	127,747
Waste Management	102,595	82,442	93,456	99,548	111,362
Compressed Natural Gas	242	129	--	--	--
Operating Grants and Contributions	657	1,432	171	569	691 ⁽²⁾
Capital Grants and Contributions	6,544	8,077	7,466	15,188	6,731
Subtotal Business-Type Activities Program Revenues	<u>234,336</u>	<u>218,736</u>	<u>226,188</u>	<u>241,444</u>	<u>246,531</u>
Total Primary Government Program Revenues	<u>\$ 2,678,632</u>	<u>\$ 2,485,958</u>	<u>\$ 2,492,970</u>	<u>\$ 2,549,096</u>	<u>\$ 2,580,082</u>

	2005-06	2004-05	2003-04	2002-03	2001-02
\$	227,536	\$ 171,771	\$ 170,820	\$ 193,192	\$ 182,237
	972,996	947,698	905,229	892,817	863,159
	105,342	77,928	78,454	74,561	82,893
	467,640	455,059	447,743	441,047	430,954
	773,109	740,987	731,698	740,794	718,016
	40,452	30,641	31,978	29,108	28,583
	72,535	73,530	76,249	70,273	70,875
	64,680	81,841	78,474	53,853	125,664
	<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>
	84,362	79,882	78,235	75,770	75,446
	76,771	87,533	70,858	79,217	72,652
	--	--	--	--	--
	<u>161,133</u>	<u>167,415</u>	<u>149,093</u>	<u>154,987</u>	<u>148,098</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>

\$	38,645	\$ 38,977	\$ 30,569	\$ 35,668	\$ 25,794
	275,703	279,241	256,253	247,228	231,564
	42,483	34,884	44,728	33,516	29,900
	79,493	78,686	68,778	73,438	66,682
	4,709	3,794	3,436	4,607	3,899
	1,353	1,795	1,156	6,072	1,198
	34,974	32,882	31,219	30,622	29,091
	1,605,063	1,540,938	1,532,106	1,545,050	1,438,646
	18,178	66,889	55,337	509,839 ⁽¹⁾	44,185
	<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>
	101,775	95,562	90,657	83,330	76,456
	114,239	114,541	112,498	107,858	103,926
	-	-	-	-	-
	22,846	13,968	7,459	10,494	1,637
	1,720	10,703	6,183	16,374	1,610
	<u>240,580</u>	<u>234,774</u>	<u>216,797</u>	<u>218,056</u>	<u>183,629</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>

Expenses

Governmental Activities:
General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services
Interest on Long-Term Debt
Subtotal Governmental Activities
Business-Type Activities:
Airport
Waste Management
Compressed Natural Gas
Subtotal Business-Type Activities
Total Primary Government Expenses

Program Revenues

Governmental Activities:
Charges for Services
General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural
Cultural Services
Operating Grants and Contributions
Capital Grants and Contributions
Subtotal Governmental Activities Program Revenues
Business-Type Activities:
Charges for Services
Airport
Waste Management
Compressed Natural Gas
Operating Grants and Contributions
Capital Grants and Contributions
Subtotal Business-Type Activities Program Revenues
Total Primary Government Program Revenues

- 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) In FY 2006-07, the Unrestricted Investment Earnings were reclassified from Program Revenues to General Revenues for Business-Type Activities.

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

	2010-11	2009-10	2008-09	2007-08	2006-07
Net (Expense)/Revenue					
Governmental Activities	\$ (803,665)	\$ (875,117)	\$ (1,015,863)	\$ (880,837)	\$ (601,922)
Business-Type Activities	51,943	41,819	54,855	52,704	70,629
Total Primary Government					
Net Revenue/(Expense)	<u>\$ (751,722)</u>	<u>\$ (833,298)</u>	<u>\$ (961,008)</u>	<u>\$ (828,133)</u>	<u>\$ (531,293)</u>
General Revenue and Other					
Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Fund	\$ 298,953	\$ 290,054	\$ 263,893	\$ 273,259	\$ 283,112
Property Taxes, Levied for Flood Control District	73,260	67,103	68,747	68,042	63,209
Property Taxes, Levied for OC Parks	51,554	49,857	51,076	50,551	46,965
Property Taxes, Levied for OC Public Libraries	37,590	37,057	37,932	37,454	34,427
Property Tax Increments	30,755	31,917	35,276	32,376	25,828
Property Taxes in-Lieu of Motor Vehicle License Fees	228,421	229,635	232,760	224,210	206,933
Other Taxes	83,938	93,024	94,184	84,434	54,644
Grants and Contributions Not Restricted to Specific Programs	27,457	10,299	27,637	23,434	1,917
State Allocation of Motor Vehicle License Fees	49,889	46,697	50,390	54,656	58,487
Unrestricted Investment Earnings	23,703	15,541	13,583	27,773	60,856
Miscellaneous	64,563	54,496	49,438	66,887	60,762
Gain on Sale of Capital Assets	--	--	--	--	31,460
Transfers	12,681	11,188	14,129	16,802	14,130
Subtotal Governmental Activities	<u>982,764</u>	<u>936,868</u>	<u>939,045</u>	<u>959,878</u>	<u>942,730</u>
Business-Type Activities:					
Unrestricted Investment Earnings	5,509	6,411	17,332	29,206	34,500 ⁽²⁾
Miscellaneous Revenues	1,109	2,453	786	2,886	1,206
Special Items	--	--	--	(6,835)	--
Transfers	(12,681)	(11,188)	(14,129)	(16,802)	(14,130)
Subtotal Business-Type Activities	<u>(6,063)</u>	<u>(2,324)</u>	<u>3,989</u>	<u>8,455</u>	<u>21,576</u>
Total Primary Government	<u>\$ 976,701</u>	<u>\$ 934,544</u>	<u>\$ 943,034</u>	<u>\$ 968,333</u>	<u>\$ 964,306</u>
Change in Net Assets					
Governmental Activities	\$ 179,099	\$ 61,751	\$ (76,818)	\$ 79,041	\$ 340,808
Business-Type Activities	45,880	39,495	58,844	61,159	92,205
Total Primary Government	<u>\$ 224,979</u>	<u>\$ 101,246</u>	<u>\$ (17,974)</u>	<u>\$ 140,200</u>	<u>\$ 433,013</u>

2005-06	2004-05	2003-04	2002-03	2001-02	
\$ (623,689)	\$ (501,369)	\$ (497,063)	\$ (9,605)	\$ (631,422)	Net (Expense)/Revenue
79,447	67,359	67,704	63,069	35,531	Governmental Activities
					Business-Type Activities
					Total Primary Government
					Net Revenue/(Expense)
\$ (544,242)	\$ (434,010)	\$ (429,359)	\$ 53,464	\$ (595,891)	General Revenue and Other
					Changes in Net Assets
					Governmental Activities:
					Taxes
\$ 271,925	\$ 247,390 ⁽³⁾	\$ 211,944	\$ 180,671	\$ 181,113	Property Taxes, Levied for General Fund
53,662	49,295	47,677	45,397	41,158	Property Taxes, Levied for Flood Control District
39,869	37,504	35,450	33,761	30,630	Property Taxes, Levied for OC Parks
31,408	28,893	25,739	24,243	22,666	Property Taxes, Levied for OC Public Libraries
26,580	24,122	21,602	19,364	17,327	Property Tax Increments
158,240	141,319 ⁽³⁾	--	--	--	Property Taxes in-Lieu of Motor Vehicle License Fees
50,676	48,862	51,104	51,694	7,917	Other Taxes
					Grants and Contributions Not Restricted to Specific Programs
1,881	9,442	11,969	22,707	58,614	State Allocation of Motor Vehicle License Fees
56,873	54,325 ⁽³⁾	189,732	178,446	172,916	Unrestricted Investment Earnings
38,588	30,674	25,753	18,195	32,835	Miscellaneous
66,239	48,823	44,023	46,258	52,288	Gain on Sale of Capital Assets
--	--	--	--	--	Transfers
11,435	14,579	12,155	13,419	19,606	Subtotal Governmental Activities
807,376	735,228	677,148	634,155	637,070	
					Business-Type Activities:
--	--	--	--	14,647	Unrestricted Investment Earnings
3,016	314	965	537	1,211	Miscellaneous Revenues
--	--	--	--	--	Special Items
(11,435)	(14,579)	(12,155)	(13,419)	(19,606)	Transfers
(8,419)	(14,265)	(11,190)	(12,882)	(3,748)	Subtotal Business-Type Activities
\$ 798,957	\$ 720,963	\$ 665,958	\$ 621,273	\$ 633,322	Total Primary Government
					Change in Net Assets
\$ 183,687	\$ 233,859	\$ 180,085	\$ 624,550	\$ 5,648	Governmental Activities
71,028	53,094	56,514	50,187	31,783	Business-Type Activities
\$ 254,715	\$ 286,953	\$ 236,599	\$ 674,737	\$ 37,431	Total Primary Government

- Notes: (2) In FY 2006-07, the Unrestricted Investment Earnings were reclassified from Program Revenues to General Revenues for Business-Type Activities.
(3) 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.

**Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)**

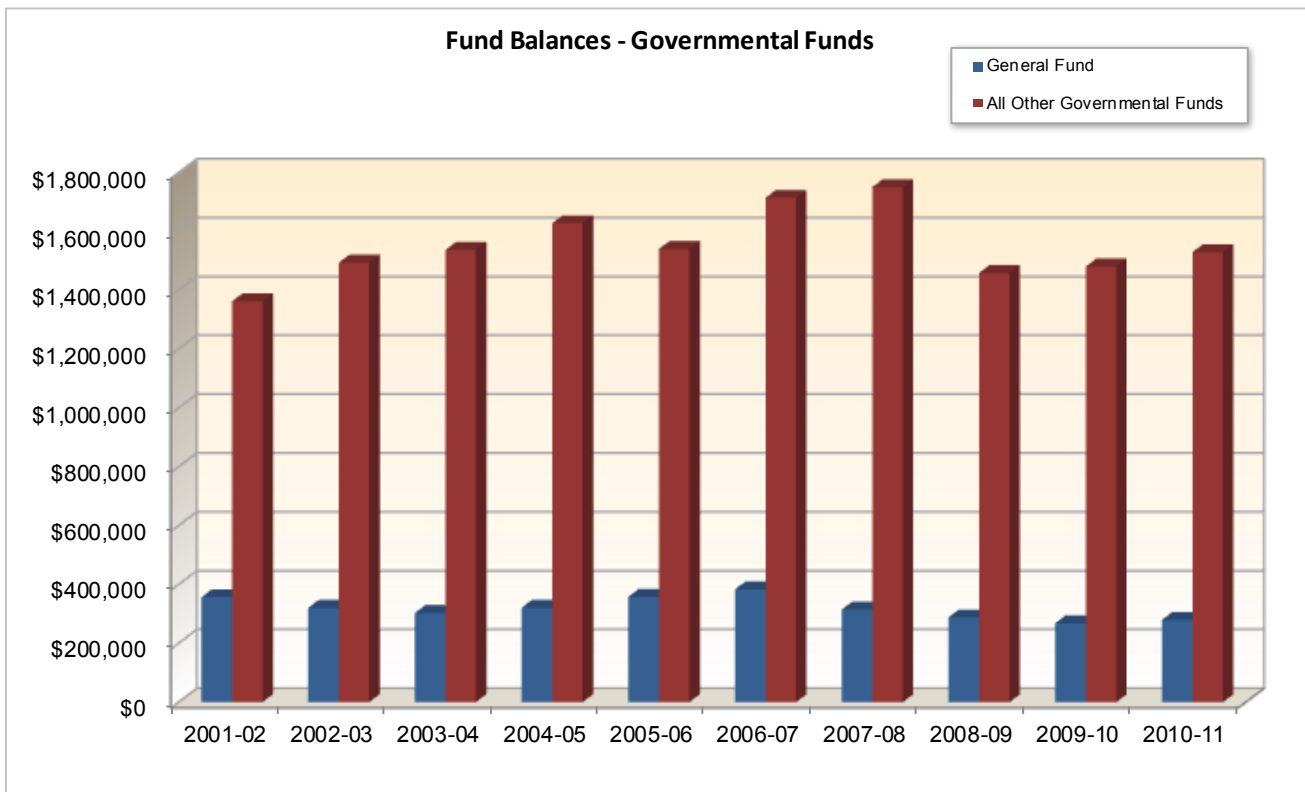
	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
General Fund					
Reserved	\$ -	\$ 53,190	\$ 49,423	\$ 99,877	\$ 89,001
Unreserved	-	215,094	238,621	215,096	294,739
Nonspendable*	266,328	-	--	--	--
Restricted*	10,872	-	--	--	--
Assigned*	1,394	-	--	--	--
Total General Fund	\$ 278,594	\$ 268,284	\$ 288,044	\$ 314,973	\$ 383,740
All Other Governmental Funds					
Reserved	\$ -	\$ 540,745	\$ 517,375	\$ 671,739	\$ 626,134
Unreserved, Reported in:					
Special Revenue Funds	-	894,148	878,113	880,288	838,291
Debt Service Funds	-	(1,813)	(9,903)	--	17,456
Capital Projects Funds	-	47,362	73,045	198,348	232,317
Permanent Fund	-	154	149	139	125
Nonspendable*	20,802	--	--	--	--
Restricted*	1,482,755	--	--	--	--
Assigned*	34,173	--	--	--	--
Unassigned*	\$ (8,074)	--	--	--	--
Total All Other Governmental Funds	\$ 1,529,656	\$ 1,480,596	\$ 1,458,779	\$ 1,750,514	\$ 1,714,323

Fiscal Year				
2005-06	2004-05	2003-04	2002-03	2001-02
\$ 68,082	\$ 67,554	\$ 70,861	\$ 56,819	\$ 75,206
290,053	253,788	232,304	263,810	281,464
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ 358,135	\$ 321,342	\$ 303,165	\$ 320,629	\$ 356,670

General Fund
 Reserved
 Unreserved
 Nonspendable*
 Restricted*
 Assigned*
Total General Fund

\$ 594,090	\$ 657,214	\$ 603,438	\$ 606,227	\$ 605,949
694,973	616,943	626,323	703,493	599,438
5,323	122,873	110,042	1,354	210
245,770	230,474	197,047	182,493	156,793
110	97	91	87	82
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ 1,540,266	\$ 1,627,601	\$ 1,536,941	\$ 1,493,654	\$ 1,362,472

All Other Governmental Funds
 Reserved
 Unreserved,
 Reported in:
 Special Revenue Funds
 Debt Service Funds
 Capital Projects Funds
 Permanent Fund
 Nonspendable*
 Restricted*
 Assigned*
 Unassigned
Total All Other Governmental Funds



* Note: In accordance with GASB No. 54, the classification of Fund Balance was redefined.

**Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Basis of Accounting)**

	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
Revenues					
Taxes	\$ 738,109	741,850	\$ 727,159	\$ 719,742	\$ 674,278
Licenses, Permits and Franchises	16,831	14,976	17,965	20,516	23,289
Fines, Forfeitures and Penalties	93,461	102,959	112,882	89,700	73,353
Use of Money and Property	89,514	88,350	69,667	146,983	165,042
Intergovernmental	1,745,066	1,769,253	1,697,017	1,743,637	1,722,951
Charges for Services	478,916	418,373	443,456	423,611	406,071
Contributions from Property Owners	--	--	--	--	--
Other	64,125	65,727	89,064	91,197	104,046
Total Revenues	3,226,022	3,201,488	3,157,210	3,235,386	3,169,030
Expenditures					
General Government	207,193	211,434	277,369	252,781	204,585
Public Protection	1,068,267	1,054,947	1,117,882	1,103,442	1,005,737
Public Ways and Facilities	110,789	106,985	110,548	117,963	90,683
Health and Sanitation	576,793	559,315	576,964	564,335	516,901
Public Assistance	911,704	903,733	878,436	851,836	788,326
Education	37,671	38,921	39,666	37,091	35,904
Recreation and Cultural Services	84,506	82,826	79,889	70,084	73,386
Capital Outlay	84,311	124,077	155,286	143,468	154,373
Debt Service					
Principal Retirement	87,685	88,962	205,268	301,066	191,012
Escrow Bond Agent	--	--	--	--	--
Interest	40,634	39,565	46,697	53,478	58,586
Debt Issuance Costs	--	--	--	--	799
Total Expenditures	3,209,553	3,210,765	3,488,005	3,495,544	3,120,292
Excess of Revenues Over (Under) Expenditures	16,469	(9,277)	(330,795)	(260,158)	48,738
Other Financing Sources (Uses)					
Transfers In	395,752	382,154	793,528	359,791	298,138
Transfers Out	(388,274)	(370,820)	(781,397)	(345,674)	(288,045)
Bonds Issued	36,000	--	--	--	32,700
Premium on Bonds Issued	--	--	--	--	2,140
Principal Payment on Demand Bonds	--	--	--	211,065	105,991
Remarketed Refunding Debt Issued	--	--	--	--	--
Payment to Remarketing Agent	--	--	--	--	--
Refunding Bonds Issued	--	--	--	--	--
Payment to Refunded Bond Escrow	(710)	--	--	--	--
Capital Leases	133	--	--	2,400	--
Total Other Financing Sources	42,901	11,334	12,131	227,582	150,924
Net Change in Fund Balances	\$ 59,370	2,057	\$ (318,664)	\$ (32,576)	\$ 199,662
Debt Service as a Percentage of Noncapital Expenditures:	4.12%	4.18%	7.54%	10.43%	8.44%

		Fiscal Year				
		2005-06	2004-05	2003-04	2002-03	2001-02
\$	618,429	\$ 530,596	\$ 367,087	\$ 341,426	\$ 320,544	
	18,011	19,767	15,867	15,730	11,807	
	70,624	70,686	60,038	68,406	63,881	
	100,207	112,592	95,360	117,443	102,145	
	1,614,484	1,531,370	1,593,175	1,625,639	1,546,234	
	386,332	379,216	360,719	345,609	306,932	
	18,094	65,955	54,570	83,468	28,991	
	90,721 ⁽¹⁾	268,174	215,343	137,677	92,560	
	<u>2,916,902</u>	<u>2,978,356</u>	<u>2,762,159</u>	<u>2,735,398</u>	<u>2,473,094</u>	
	303,827 ⁽¹⁾	356,883	293,679	221,977	161,023	
	910,531	874,789	875,096	826,232	788,238	
	95,161	71,075	70,740	68,523	72,219	
	458,741	446,887	439,380	435,898	417,373	
	664,723	731,100	723,079	724,443	698,234	
	40,061	29,745	31,069	27,684	26,748	
	67,776	67,411	66,606	67,654	61,601	
	99,519	207,146	124,210	149,914	151,296	
	67,602	61,503	69,476	61,176	33,498	
	230,719	--	4,314	--	12,914	
	57,028	67,134	67,699	71,921	73,286	
	4,402	--	1,279	43	1,645	
	<u>3,000,090</u>	<u>2,913,673</u>	<u>2,766,627</u>	<u>2,655,465</u>	<u>2,498,075</u>	
	(83,188)	64,683	(4,468)	79,933	(24,981)	
	245,441	244,551	303,456	281,927	624,869	
	(239,834)	(239,314)	(295,587)	(269,537)	(606,836)	
	--	--	--	--	--	
	29,290	--	1,660	--	3,491	
	--	--	--	--	--	
	--	--	--	--	34,000	
	--	--	--	--	(34,000)	
	565,762	--	38,465	--	106,445	
	(568,409)	--	(35,844)	--	(101,997)	
	396	38,917	18,142	2,817	1,696	
	<u>32,646</u>	<u>44,154</u>	<u>30,292</u>	<u>15,207</u>	<u>27,668</u>	
\$	<u>(50,542)</u>	<u>\$ 108,837</u>	<u>\$ 25,824</u>	<u>\$ 95,140</u>	<u>\$ 2,687</u>	
	12.40%	4.75%	5.40%	5.31%	5.17%	

Revenues

- Taxes
- Licenses, Permits and Franchises
- Fines, Forfeitures and Penalties
- Use of Money and Property
- Intergovernmental
- Charges for Services
- Contributions from Property Owners
- Other
- Total Revenues

Expenditures

- General Government
- Public Protection
- Public Ways and Facilities
- Health and Sanitation
- Public Assistance
- Education
- Recreation and Cultural Services
- Capital Outlay
- Debt Service
 - Principal Retirement
 - Escrow Bond Agent
 - Interest
 - Debt Issuance Costs
- Total Expenditures
- Excess of Revenues
- Over (Under) Expenditures

Other Financing Sources (Uses)

- Transfers In
- Transfers Out
- Bonds Issued
- Premium on Bonds Issued
- Principal Payment on Demand Bonds
- Remarketed Refunding Debt Issued
- Payment to Remarketing Agent
- Refunding Bonds Issued
- Payment to Refunded Bond Escrow
- Capital Leases
- Total Other Financing Sources
- Net Change in Fund Balances

Debt Service as a Percentage
of Noncapital Expenditures:

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.

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⁾
2010-11	\$ 304,895,403	\$ 97,097,750	\$ 3,038,747	\$ 21,198,638
2009-10	302,855,181	100,686,715	2,814,952	21,516,171
2008-09	310,398,180	97,515,067	3,125,331	21,026,522
2007-08	302,853,813	89,547,612	2,772,022	20,318,430
2006-07	277,879,918	82,230,790	2,948,207	20,831,767
2005-06	249,353,174	74,875,049	2,282,746	18,341,319
2004-05	223,183,830	70,139,371	2,224,382	18,385,370
2003-04	202,223,018	66,861,856	1,980,662	17,724,564
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

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

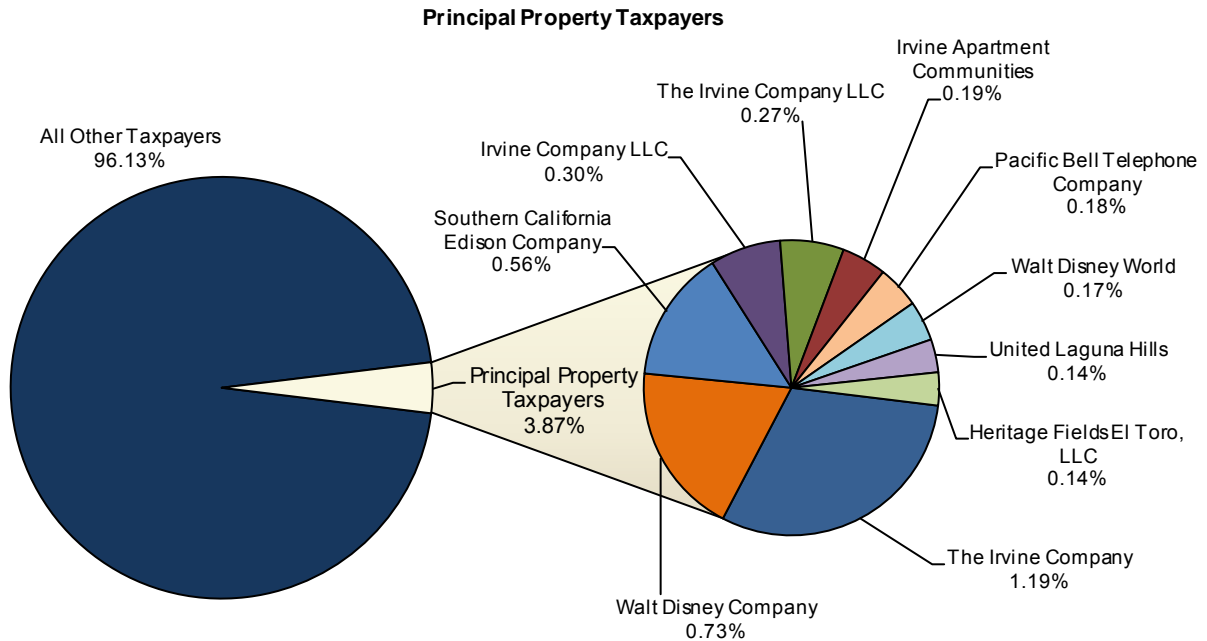
Total Taxable Assessed Value	Less: Exempt & Non-Reimbursed Exemptions	Net Taxable Assessed Value	Total Direct Tax Rate Percent ⁽¹⁾
\$ 426,230,538	\$ (9,452,472)	\$ 416,778,066	1.00
427,873,019	(9,063,739)	418,809,280	1.00
432,065,100	(8,051,290)	424,013,810	1.00
415,491,877	(6,757,810)	408,734,067	1.00
383,890,682	(6,613,199)	377,277,483	1.00
344,852,288	(5,615,327)	339,236,961	1.00
313,932,953	(5,265,627)	308,667,326	1.00
288,790,100	(4,859,310)	283,930,790	1.00
270,163,183	(4,349,312)	265,813,871	1.00
249,279,295	(4,138,290)	245,141,005	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, 2011 and June 30, 2002**

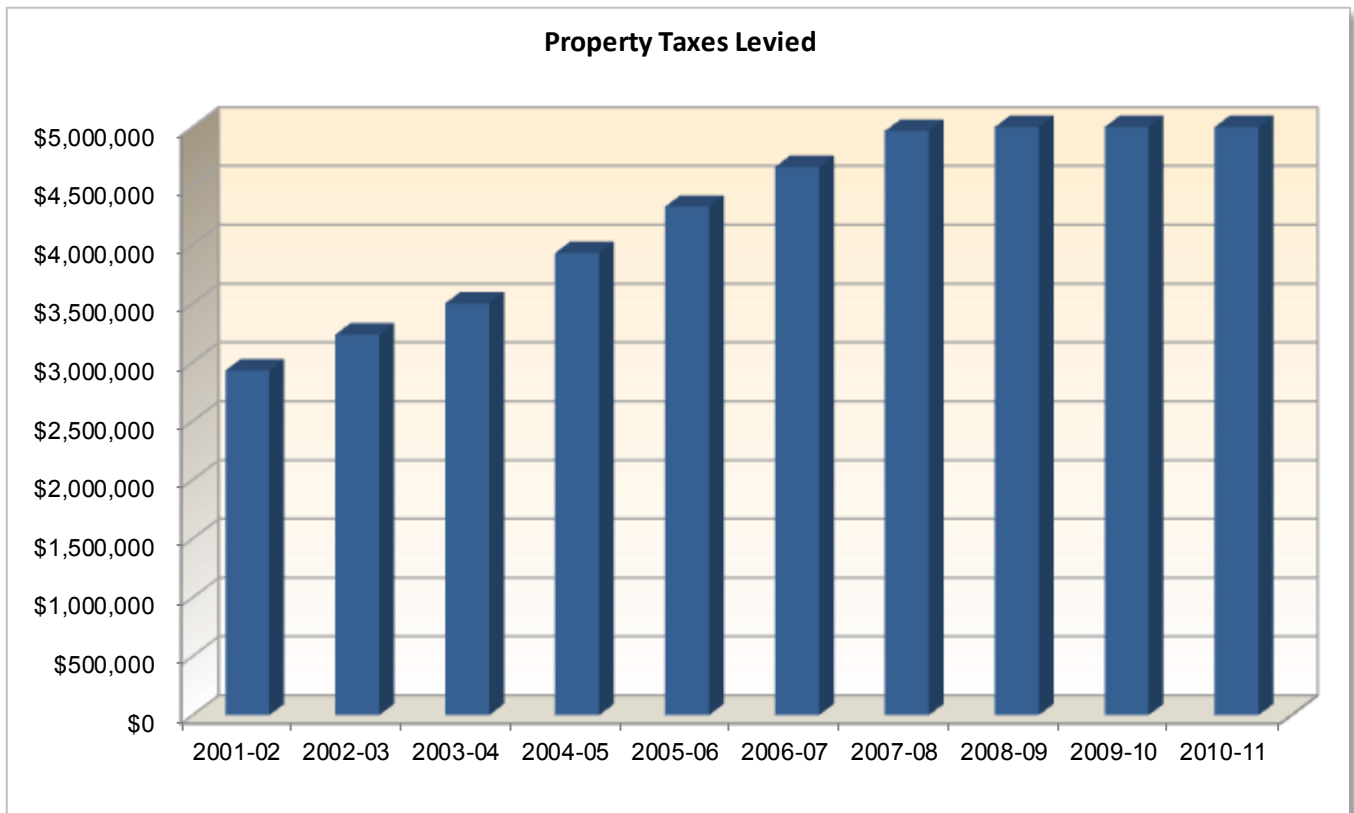
Taxpayer	2011			2002		
	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied	Actual Taxes Levied	Rank	Percentage of Total Taxes Levied
The Irvine Company	\$ 60,286	1	1.19%	\$ 60,511	1	2.31%
Walt Disney Company	36,701	2	0.73%			
Southern California Edison Company	28,050	3	0.56%	11,991	4	0.46%
Irvine Company LLC	15,067	4	0.30%			
The Irvine Company LLC	13,538	5	0.27%			
Irvine Apartment Communities	9,744	6	0.19%			
Pacific Bell Telephone Company	9,001	7	0.18%	12,147	3	0.46%
Walt Disney World	8,446	8	0.17%	35,146	2	1.34%
United Laguna Hills	7,283	9	0.14%	5,068	6	0.19%
Heritage Fields El Toro, LLC	7,012	10	0.14%			
Rockwell Semiconductor Systems				5,098	5	0.19%
AES Huntington Beach				3,317	10	0.13%
Boeing				3,394	9	0.13%
Irvine Company of W VA				4,902	7	0.19%
McDonnell Douglas Corporation				4,360	8	0.17%
Total	\$ 195,128		3.87%	\$ 145,934		5.57%



Source: Treasurer-Tax Collector, County of Orange

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

Fiscal Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collections Within the Fiscal Year of the Levy ⁽²⁾		Collections of Delinquent Taxes from Prior Years	Total Collections for the Fiscal Year ⁽³⁾	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010-11	5,045,802	4,960,748	98.31%	116,255	5,077,003	100.62%
2009-10	5,019,061	4,904,188	97.71%	177,318	5,081,506	101.24%
2008-09	5,076,796	4,901,574	96.55%	167,321	5,068,895	99.84%
2007-08	4,965,990	4,784,438	96.34%	103,391	4,887,829	98.43%
2006-07	4,661,169	4,499,537	96.53%	61,208	4,560,745	97.85%
2005-06	4,323,550	4,133,562	95.61%	46,584	4,180,146	96.68%
2004-05	3,929,458	3,844,104	97.83%	41,080	3,885,184	98.87%
2003-04	3,501,754	3,437,180	98.16%	46,924	3,484,104	99.50%
2002-03	3,236,257	3,154,950	97.49%	46,878	3,201,828	98.94%
2001-02	2,930,982	2,874,785	98.08%	40,644	2,915,429	99.47%



- Notes:
- (1) Total tax levy includes secured, supplemental, unsecured and redevelopment agency tax increment.
 - (2) Total tax collections are reported net of refunds and impounds.
 - (3) Total collections to date include collections of current year taxes and collections of delinquent taxes from prior years. The percentage of levy represents the ratio of total collections to date to the taxes levied for that fiscal year.

Source: Auditor-Controller, County of Orange

**Ratios of Outstanding Debt ⁽¹⁾ by Type
 Last Ten Fiscal Years (in Thousands except Per Capita)
 (Accrual Basis of Accounting)**

Governmental Activities							
Fiscal Year	Refunding Recovery Bonds	Redevelopment Bonds	Certificates of Participation	Pension Obligation Bonds	Teeter Plan Revenue Bonds	Lease Revenue Bonds	Capital Lease Obligations ⁽²⁾
2010-11	\$ 67,028	\$ 47,009	\$ 4,064	\$ 54,680	\$ --	\$ 249,924	\$ 76,074
2009-10	81,619	49,729	4,758	59,331	--	309,517	80,114
2008-09	95,206	52,306	5,502	69,711	--	365,850	84,952
2007-08	108,175	54,750	6,306	72,728	123,725	420,668	90,769
2006-07	120,019	57,122	7,165	89,891	123,725	470,616	93,533
2005-06	131,420	58,994	8,092	99,714	123,725	486,020	101,546
2004-05	210,705	60,825	589,909	111,772	123,725	75,895	106,189
2003-04	225,870	62,955	619,394	116,772	123,725	80,862	71,712
2002-03	240,110	75,107	647,409	120,772	123,725	87,298	58,233
2001-02	247,455	76,997	673,934	134,612	124,425	93,982	59,398

**Ratios of Outstanding Debt ⁽¹⁾ by Type
Last Ten 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⁾	
\$ 256,683	\$ 19,921	\$ 775,383	0.51%	\$ 245	
264,099	25,738	874,905	0.59%	279	
33,502	31,144	738,173	0.48%	237	
89,897	36,177	1,003,195	0.65%	324	
101,925	40,881	1,104,877	0.77%	360	
113,156	45,272	1,167,939	0.88%	383	
123,544	49,386	1,451,950	1.16%	481	
133,051	53,232	1,487,573	1.26%	499	
140,129	56,883	1,549,666	1.39%	527	
163,665	60,395	1,634,863	1.50%	556	

- Notes:
- (1) Details regarding the County's outstanding debt can be found in Note 10, Short-Term Obligations and 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.

Source: Auditor-Controller, County of Orange

**Ratio of Net General Debt ⁽¹⁾ Outstanding
 Last Ten Fiscal Years (in Thousands except Per Capita)
 (Accrual Basis of Accounting)**

General Debt Outstanding						
Fiscal Year	Refunding Recovery Bonds	Pension Obligation Bonds	Restricted for Debt Payments	Total (Excess)/ Under	Percentage of Assessed Value	Per Capita ⁽²⁾
2010-11	\$ 67,028	\$ 54,680	\$ 54,680	\$ 67,028	0.02%	\$ 21
2009-10	81,619	59,331	59,331	81,619	0.02%	26
2008-09	95,206	69,711	69,711	95,206	0.02%	31
2007-08	108,175	72,728	72,728	108,175	0.03%	35
2006-07	120,019	89,891	89,891	120,019	0.04%	39
2005-06	131,420	99,714	99,714	131,420	0.04%	43
2004-05	210,705	111,772	258,991	63,486	0.02%	21
2003-04	225,870	116,772	263,275	79,367	0.03%	27
2002-03	240,110	120,772	337,697	23,185	0.01%	8
2001-02	247,455	134,612	315,459	66,608	0.03%	23

Notes: (1) Details regarding the County's outstanding debt can be found in Note 10, Short-Term Obligations and 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.

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
2010-11	\$ 420,751,575	\$ 5,259,395	\$ --	\$ 5,259,395	0%
2009-10	422,965,596	5,287,070	--	5,287,070	0%
2008-09	428,809,224	5,360,115	--	5,360,115	0%
2007-08	412,669,779	5,158,372	--	5,158,372	0%
2006-07	377,277,483	4,715,969	--	4,715,969	0%
2005-06	339,236,961	4,240,462	--	4,240,462	0%
2004-05	308,667,326	3,858,342	--	3,858,342	0%
2003-04	283,930,790	3,549,135	--	3,549,135	0%
2002-03	265,813,871	3,322,673	--	3,322,673	0%
2001-02	245,141,005	3,064,263	--	3,064,263	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 Ten Fiscal Years**

Redevelopment Agency Bonds							Public Facilities Corporation Bonds						
Funding Source: Property Tax Increment and Interest Earnings							Funding Source: Interest Earnings and Transfers						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service			Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage					Principal	Interest	Coverage
2010-11	\$ 26,136	\$ 13,501	\$ 12,635	\$ 2,730	\$ 2,402	2.46	2010-11	\$ 2,525	\$ --	\$ 2,525	\$ 694	\$ 1,906	0.97
2009-10	32,632	20,418	12,214	2,620	2,513	2.38	2009-10	2,743	-	2,743	744	1,861	1.05
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							Teeter Plan Obligation Commercial Paper Program Note						
Funding Source: Interest Earnings, Rents and Concessions, and Transfers							Funding Source: Penalties and Costs on Delinquent Taxes and Interest Earnings						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service			Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage					Principal	Interest	Coverage
2010-11	\$ 74,725	\$ --	\$ 74,725	\$ 58,990	\$ 13,643	1.03	2010-11	\$ 25,679	\$ 1,989	\$ 23,690	\$ --	\$ 654	36.22
2009-10	74,838	--	74,838	56,580	16,151	1.03	2009-10	35,113	2,203	32,910	--	917	35.89
2008-09	77,027	--	77,027	56,225	18,385	1.03	2008-09	35,117	45,284	(10,167) ⁽¹⁾	--	1,170	(8.69)
2007-08	77,308	--	77,308	51,680	20,283	1.07	2007-08	--	--	--	--	--	--
2006-07	76,162	2,137	74,025	52,050	21,656	1.00	2006-07	--	--	--	--	--	--
2005-06	73,479	--	73,479	5,340	10,422	4.66	2005-06	--	--	--	--	--	--
2004-05	8,910	--	8,910	5,170	3,747	1.00	2004-05	--	--	--	--	--	--
2003-04	9,288	4	9,284	5,010	3,912	1.04	2003-04	--	--	--	--	--	--
2002-03	9,988	--	9,988	4,550	4,369	1.12	2002-03	--	--	--	--	--	--
2001-02	--	--	--	--	--	--	2001-02	--	--	--	--	--	--

Airport Revenue Bonds							Waste Management Revenue Bonds						
Funding Source: Rents and Concessions, Other Charges for Services, Interest Earnings, Miscellaneous Revenue, and Available Passenger Facility Charge Revenue							Funding Source: Sanitation Services and Interest Earnings						
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service			Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage					Principal	Interest	Coverage
2010-11	\$ 120,088	\$ 70,521	\$ 49,567	\$ 7,460	\$ 12,906	2.43	2010-11	\$ 106,731	\$ 72,375	\$ 34,356	\$ 5,950	\$ 1,217	4.79
2009-10	121,761	68,771	52,990	2,865	7,163	5.28	2009-10	88,283	64,524	23,759	5,620	1,527	3.32
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

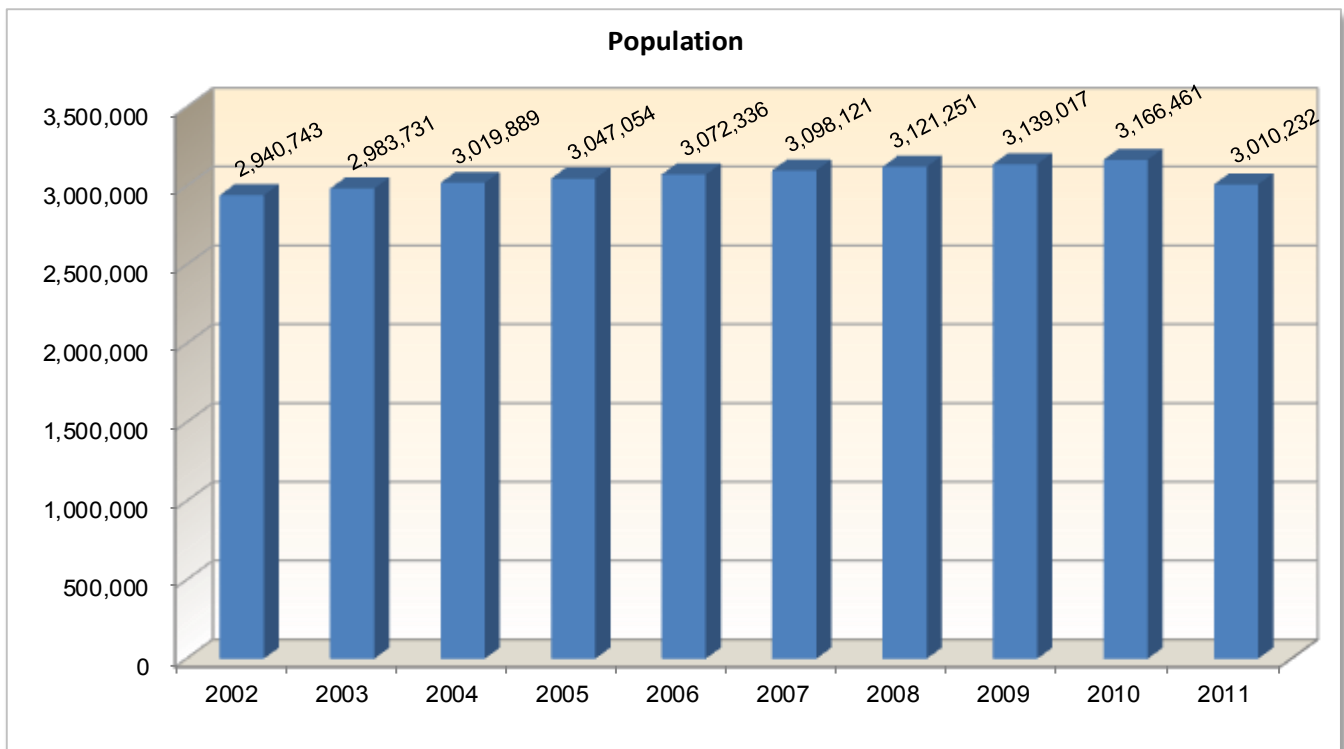
Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

(1) For FY 2008-09, there is a deficit balance for Net Available Revenue due to additional expenditures resulting from the establishment of the Teeter tax loss reserves in the Tax Loss Reserve Agency Fund during the first year of the program.

Source: Auditor-Controller, County of Orange

**Demographic and Economic Statistics
Last Ten Calendar Years**

Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income (Absolute Dollars) ⁽²⁾	Median Age ⁽³⁾	Public School Enrollment (In Thousands) ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2011	3,010,232	159,007,100	52,822	N/A	502,895	8.6%
2010	3,166,461	153,098,600	48,350	37.2	502,239	9.6%
2009	3,139,017	148,372,600	47,267	36.9	504,136	9.6%
2008	3,121,251	155,068,400	49,681	36.1	503,225	5.7%
2007	3,098,121	153,446,600	49,529	35.9	503,955	3.8%
2006	3,072,336	143,949,044	48,209	35.3	510,114	3.4%
2005	3,047,054	133,031,819	44,453	35.1	513,744	3.8%
2004	3,019,889	125,670,056	42,115	34.7	515,464	4.3%
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

Sources:

- (1) California Department of Finance, Demographic Research Unit, <http://www.dof.ca.gov>
- (2) For years prior to 2007, the source is the U.S Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov>. For 2007, 2008, 2009, and 2010 the source for personal income is from the Chapman University Economic & Business Review Volume 28 Number 2, June 2010. Personal income in 2010 is an estimate. In addition, per capita personal income for 2007, 2008, 2009 and 2010 was calculated by dividing personal income by the population.
- (3) U.S Census Bureau, American Community Survey, <http://www.census.gov>
- (4) California Department of Education, <http://www.cde.ca.gov>
- (5) State of California, Employment Development Department, <http://www.edd.ca.gov/>

**Principal Employers
 Last Year and Nine Years Ago**

2010

Employer	Number of Employees	Rank	Percentage of Total County Employment
University of California, Irvine	20,650	1	1.31%
Walt Disney Co.	20,000	2	1.27%
County of Orange	17,324	3	1.10%
St. Joseph Health System	11,965	4	0.76%
Boeing Co.	8,060	5	0.51%
Bank of America Corporation	6,500	6	0.41%
Yum Brands Inc.	6,500	7	0.41%
Supervalu Inc.	5,900	8	0.37%
Kaiser Permanente	5,397	9	0.34%
Target Corporation	5,325	10	0.34%

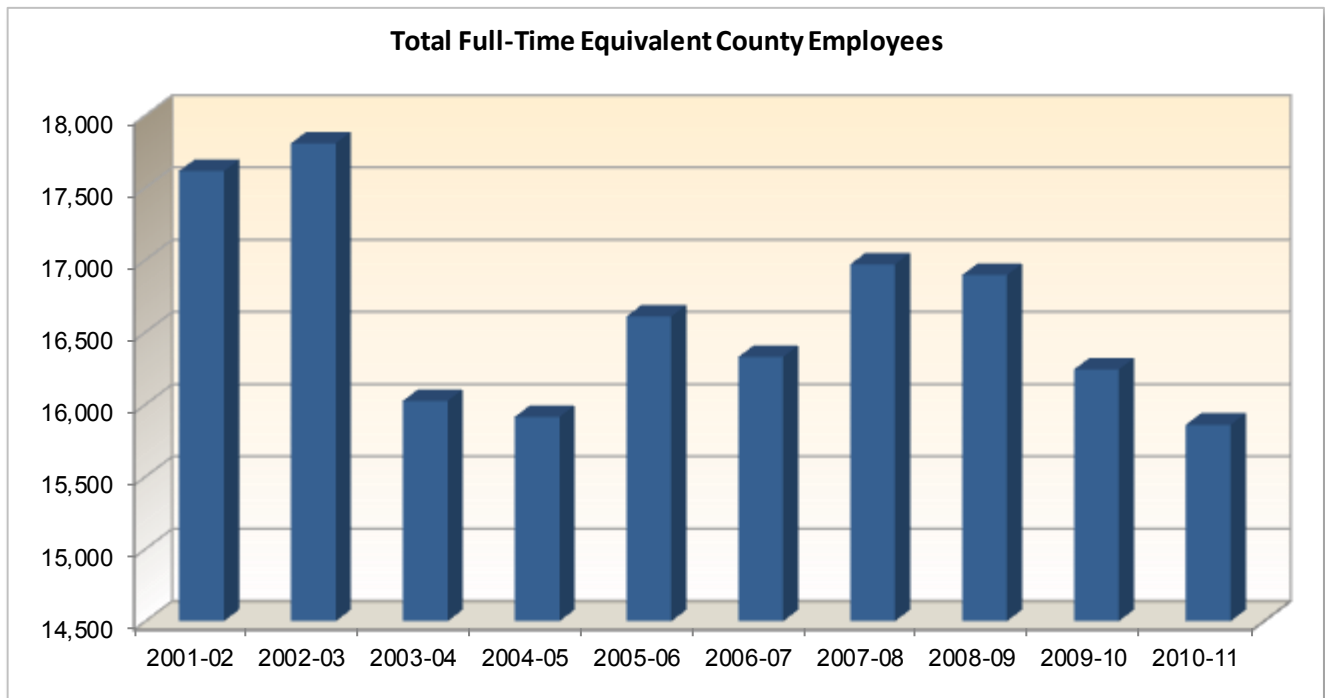
2002

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Co.	21,275	1	1.39%
County of Orange	17,290	2	1.13%
University of California Irvine	14,981	3	0.98%
Boeing Co.	11,179	4	0.73%
Albertsons Inc.	9,500	5	0.62%
St. Joseph Health System	9,435	6	0.62%
Tenet Healthcare Corp.	8,389	7	0.55%
SBC Communications, Inc.	7,100	8	0.46%
Target Corp.	4,878	9	0.32%
BankAmerica Corp	4,813	10	0.31%

Source: Orange County Business Journal, Book of Lists, December 31, 2010, for all employers other than the County; and Orange County CEO Budget Office, number of County employees, obtained from County of Orange, FY 2010-11 Third Quarter Budget Report, May 3, 2011

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

Function/Program	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04 ⁽¹⁾	2002-03	2001-02
General Government	1,314	1,346	1,383	1,377	1,334	1,384	1,342	1,335	1,317	1,303
Public Protection	6,692	6,879	7,298	7,226	6,943	7,068	6,786	6,941	8,667	8,561
Public Ways and Facilities	569	585	622	621	579	598	544	532	500	481
Health and Sanitation	2,292	2,346	2,507	2,550	2,441	2,478	2,424	2,458	2,407	2,424
Public Assistance	3,935	4,023	4,000	4,123	3,992	4,029	3,787	3,728	3,946	3,909
Education	324	325	350	360	351	359	344	349	345	328
Recreation and Cultural Services	289	285	277	264	257	265	279	277	259	254
Airport	168	169	168	161	157	150	136	136	129	123
Waste Management	261	267	272	270	258	263	259	256	226	224
Orange County Children and Families Commission	14	16	17	17	16	15	12	12	10	7
Total Full-time Equivalent Employees ⁽²⁾	15,858	16,241	16,894	16,969	16,328	16,609	15,913	16,024	17,806	17,614



Notes: (1) In FY 2003-04, the State of California assumed control of Superior Court.
(2) A full-time equivalent employee is calculated by dividing total labor hours by the total of hours (2080) in a fiscal year.

Source: County Executive Office, County of Orange

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

Function/Program	2010-11	2009-10	2008-09
<u>General Government</u>			
Auditor-Controller			
Property Tax Bills Prepared	1,189,320	1,144,933	1,148,720
Assessor			
Number of Real Property Valued	899,644	897,547	888,770
Number of Unsecured Property Assessed	161,005	168,208	169,821
New Parcels Created and Mapped	2,739	9,413	9,185
New Construction Events	9,372	13,172	16,565
County Executive Office			
Volunteer Program Service Hours	935,284	882,680	839,125
Clerk-Recorder			
Marriage Licenses Issued	20,868	20,292	21,339
Copies of Birth Certificates Issued	85,773	87,999	98,231
Property-Related Document Recordings	725,323	669,332	629,373
Treasurer-Tax Collector			
Orange County Investment Pool Return	\$ 22,295,390	\$ 35,656,277	\$ 67,241,720
Orange County Educational Investment Pool Return	\$ 18,572,657	\$ 35,449,102	\$ 61,318,814
Registrar of Voters			
Registered Voters	1,621,934	1,603,312	1,607,989
Highest Number of Ballots Cast	898,205	482,708	1,167,657
Elections Conducted	5	5	4
<u>Public Protection</u>			
Sheriff-Coroner			
Patrolled Cities Population	553,148	584,947	581,109
Patrolled Unincorporated Areas Population	121,488	120,088	119,480
Number of Bookings to Orange County Jail System	63,615	58,322	61,778
Average Daily Jail Head Count	5,721	5,171	6,090
District Attorney			
Defendants Prosecuted - Adult	64,418	64,969	70,058
Defendants Prosecuted - Juvenile	7,907	6,894	7,740
Probation			
Physical Arrests - Adult	1,926	1,822	1,725
Physical Arrests - Juvenile	488	685	595
Public Defender			
Cases Appointed Annually	77,661	76,191	83,029
<u>Recreation</u>			
OC Community Resources			
Exotic Invasive Plant Removal (acres)	629	61	1,475
Native Vegetation Restoration (acres)	2,448	82	144
New Open Space Management (acres)	--	--	--
Dana Point Harbor			
Slip and Dry Storage Tenants	2,748	2,750	2,836
Boat Launches	15,150	18,759	19,903
Sailing and Event Center Participants	108,070	83,738	66,163
Ocean Institute Students	125,000	125,060	126,957
Hotel Guests	26,972	25,252	28,650
Catalina Express Passengers	114,176	106,305	111,648
Special Events at the Harbor	16	16	16

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

* Means Not Available
Source: County Departments

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

Function/Program	2010-11	2009-10	2008-09
<u>Public Ways and Facilities</u>			
OC Public Works (OCPW)			
Building and Home Inspections	13,215	11,222	24,731
<u>Health and Sanitation</u>			
OC Community Resources			
Animal Licenses	173,570	176,123	158,202
Health Care Agency			
911 Emergency Medical Services Responses	156,638	158,863	160,369
Retail Food Facility Inspections Conducted	34,962	36,445	33,146
Hazardous Waste Inspections Conducted	6,237	6,600	5,847
Number of Home Visits by Public Health Nurses	29,260	30,091	29,505
Number of Low Income Children Dental Health Services	1,533	1,520	979
Number of Ocean Water Days of Closure (In Beach-Miles)	61	20	26
<u>Public Assistance</u>			
OC Community Resources			
Adult Day Care Hours of Service	93,425	92,964	101,732
Elderly Nutrition Program Meals Delivered	1,846,571	1,796,596	1,725,058
One-Way Transportation Trips Provided to Seniors	287,611	213,832	233,382
Social Service Agency			
Average Medi-Cal Recipients	403,142	376,101	343,222
Average Monthly Child Abuse Hotline Calls	3,003	3,165	3,242
Average Monthly Food Stamp Recipients	185,489	150,141	109,491
Average Monthly In-Home Supportive Services	18,335	17,595	16,364
Average Persons Receiving Cash Assistance	58,770	53,214	44,115
Average Children in Foster Care/Relative Care	2,148	2,336	2,466
Average Elder and Adult Abuse Unduplicated Reports Received	604	598	531
<u>Education</u>			
Library			
Total Volumes Borrowed at Library Branches	7,796,954	7,629,378	7,314,615
<u>Airport</u>			
Passengers	8,611,054	8,812,169	8,552,590
Air Cargo Tonnage	15,150	14,870	15,197
Takeoffs & Landings	260,466	213,404	215,585
<u>Waste Management</u>			
Solid Waste Tonnage	3,495,649	3,502,715	3,876,902
Gallons of Leachate and Impacted Ground Water Collected	3,209,725	3,390,965	3,441,343

2007-08	2006-07	2005-06	2004-05	Function/Program
				<u>Public Ways and Facilities</u>
				OC Public Works (OCPW)
31,363	32,365	38,945	57,563	Building and Home Inspections
				<u>Health and Sanitation</u>
				OC Community Resources
155,875	166,137	167,340	157,921	Animal Licenses
				Health Care Agency
150,545	147,067	141,850	141,284	911 Emergency Medical Services Responses
33,451	31,475	31,216	28,433	Retail Food Facility Inspections Conducted
6,194	6,223	6,122	6,294	Hazardous Waste Inspections Conducted
30,447	38,245	42,646	35,600	Number of Home Visits by Public Health Nurses
				Number of Low Income Children Dental Health Services
660	1,055	993	1,142	Number of Ocean Water Days of Closure (In Beach-Miles)
11	3	19	79	
				<u>Public Assistance</u>
				OC Community Resources
89,584	76,005	85,116	79,035	Adult Day Care Hours of Service
1,736,877	1,606,272	1,665,392	1,667,021	Elderly Nutrition Program Meals Delivered
225,783	242,415	226,689	213,998	One-Way Transportation Trips Provided to Seniors
				Social Service Agency
326,506	317,771	316,949	300,934	Average Medi-Cal Recipients
3,427	3,049	2,782	2,909	Average Monthly Child Abuse Hotline Calls
88,284	82,132	79,487	79,931	Average Monthly Food Stamp Recipients
14,425	12,765	11,877	11,063	Average Monthly In-Home Supportive Services
38,840	38,790	40,886	44,008	Average Persons Receiving Cash Assistance
2,797	2,692	2,531	2,741	Average Children in Foster Care/Relative Care
				Average Elder and Adult Abuse Unduplicated Reports Received
549	509	444	449	
				<u>Education</u>
				Library
6,908,477	6,767,502	6,919,627	6,913,954	Total Volumes Borrowed at Library Branches
				<u>Airport</u>
9,566,043	9,910,016	9,600,753	9,530,981	Passengers
21,084	22,853	24,246	23,162	Air Cargo Tonnage
319,791	343,572	348,993	349,936	Takeoffs & Landings
				<u>Waste Management</u>
4,207,649	4,706,367	5,063,988	5,124,842	Solid Waste Tonnage
				Gallons of Leachate and Impacted Ground Water Collected
3,766,898	3,695,743	3,922,890	3,713,480	

* Means Not Available
Source: County Departments

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

Function/Program	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<u>General Government</u>							
Auditor-Controller							
Hall of Finance and Records	1	1	1	1	1	1	1
Clerk-Recorder							
OC Archives Building	1	1	1	1	0	0	0
Registrar of Voters							
Vote by Mail Processing System	6	4	4	3	3	2	2
Trailer	1	1	1	1	1	1	1
Vehicle/Truck	3	3	3	3	2	2	0
<u>Public Protection</u>							
Probation Department							
Juvenile Institutions	5	5	5	6	6	5	5
District Attorney							
Justice Center Offices	5	5	5	6	6	6	6
Sheriff-Coroner							
Crime/Forensic Lab	1	1	1	1	1	1	1
Jail Facilities	3	3	3	3	3	3	3
Vehicles	844	844	859	855	777	646	624
Buses	13	13	13	12	14	16	14
Helicopters	2	2	2	2	3	3	3
Boats	5	5	5	5	3	3	3
Robot Andros	3	3	3	3	3	2	1
Haz-mat Vehicles	4	4	4	4	4	4	4
K-9 units	14	14	14	13	12	20	20
<u>Public Assistance</u>							
Social Service Agency							
Vehicles	10	8	7	8	7	7	7
Office Locations	19	20	21	27	27	30	30
<u>Parks and Recreation</u>							
OC Community Resources							
Park Land (acres)	57,688	39,490	39,490	32,000	32,000	32,000	32,000
Recreational Trails (in miles)	295	292	300	300	300	300	300
Zoo	1	1	1	1	1	1	1
Urban Regional Parks	12	12	12	12	12	12	12
Wilderness Parks	5	5	5	5	5	5	5
Nature Preserves	4	4	3	3	3	3	3
Harbors	2	2	2	2	2	2	2
Beaches	9	9	9	9	9	9	9
Historical Sites	7	7	7	7	7	7	7
Boats	15	14	14	15	9	17	17
Tractors	22	18	17	9	16	9	8
Trailers	24	20	17	15	21	15	14
Vehicles/Trucks	233	208	176	165	135	119	119
Dana Point Harbor							
Harbor	1	1	1	1	1	1	1
Marinas	2	2	2	2	2	2	2
Public Parking Areas	9	9	9	9	9	9	*

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

Function/Program	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<u>Parks and Recreation (Continued)</u>							
Dana Point Harbor (Continued)							
Beaches	1	1	1	1	1	1	1
Access Points to Ocean	6	6	6	6	6	6	*
Hotel	1	1	1	1	1	1	1
Ocean Education Center	1	1	1	1	1	1	1
Sailing and Events Center	1	1	1	1	1	1	1
Shops	25	25	26	26	26	26	*
Restaurants	15	16	15	15	15	15	*
Fuel Dock	1	1	1	1	1	1	1
Shipyards	1	1	1	1	1	1	*
Boater Service Buildings	15	15	15	15	15	15	*
Parcel 11 (Former Restaurant)	1	*	*	*	*	*	*
Parcel 23 (Dana Point Yacht Club)	1	*	*	*	*	*	*
<u>Public Ways and Facilities</u>							
OC Public Works							
Hall of Administration	1	1	1	1	1	1	1
Data Center	1	1	1	1	1	1	1
Alternate Fuel Vehicles	59	59	59	59	50	31	40
Vehicles/Trucks	50	50	47	47	48	34	21
OC Flood Control District							
Watersheds	19	11	11	11	13	13	13
Dams	3	3	3	3	3	3	3
Dump Trucks	13	13	13	14	14	14	13
Tractors	10	19	19	20	20	19	19
Trailers	15	14	14	13	13	13	12
Vehicles/Trucks	161	122	166	162	154	150	145
Roads							
Street Miles	320	320	320	320	317	312	311
Dump Trucks	9	1	8	8	8	8	8
Tractors	4	3	12	13	13	11	9
Trailers	9	11	14	14	14	12	10
Vehicles/Trucks	151	144	158	157	143	138	130
<u>Education</u>							
Library Branches	33	33	33	33	32	32	32
Library Headquarters	1	1	1	1	1	1	1
<u>Health</u>							
Public Health Services							
Public Health Laboratory	1	1	1	1	1	1	1
Water Quality Laboratory	1	1	1	1	1	1	1
Public Health Clinics	1	1	1	11	11	15	15
Trailers	1	1	2	2	2	*	*
Behavioral Health Services							
Behavioral Health Clinics	1	1	1	32	20	*	*
Vehicles/Trucks	15	15	14	20	20	*	*
Trailers	1	1	1	1	1	*	*
Regulatory Health Services							
Vehicles/Trucks	5	5	7	45	45	*	*
Haz-mat Truck	1	1	1	1	1	*	*
Medical and Institutional Health Services							
Clinics	-	-	-	6	6	*	*
Health Disaster Management							
Vehicles/Trucks	6	5	3	2	2	*	*
Trailers	24	24	22	21	21	*	*
Forklifts	1	1	2	1	1	*	*

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

Function/Program	2010-11	2009-10	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	1	1
Trailers	3	3	3	2	2	*	*
<u>Airport</u>							
Acres	501	501	501	501	501	501	501
Runways	2	2	2	2	2	2	2
Public Parking Structures/Lots	5	5	5	5	5	5	5
Terminals	1	1	1	1	1	1	1
Fire Trucks	4	4	4	4	4	4	4
<u>Waste Management</u>							
Active Landfills	3	3	3	3	3	3	3
Inactive Landfills	2	2	2	2	2	2	2
Household Hazardous Waste							
Collection Centers	4	4	4	4	4	4	4
Dozers	8	10	10	10	12	15	17
Dump Trucks	14	14	14	14	14	4	4
Loaders	22	21	21	21	21	12	15
Scrapers	11	13	13	15	15	10	10
Excavator	2	-	-	-	-	-	-
Tractors	29	29	28	27	26	34	28
Graders	4	3	6	5	5	5	5
Compactors	8	5	5	6	5	8	10
Water/Fuel Trucks	11	12	13	12	12	12	13

* Means Not Available
 Source: County Departments

**Auditor-Controller
County of Orange
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Santa Ana, CA 92702
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