NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The County of Ventura, California ("County") is a legal subdivision of the State of California and was established as a General Law County in 1873. It is governed by an elected five-member Board of Supervisors (Board) and provides the following services: general government, public protection, public ways and facilities, health and sanitation services, public assistance, and education.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either the County's ability to impose its will on the organization or the potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual component units may be obtained by writing to the County of Ventura, Auditor-Controller's Office, 800 South Victoria Avenue, Ventura, CA 93009-1540.

Blended Component Units

Using the criteria established by 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*, the County's management has determined that the following component units should be blended with activities of the County as follows:

- Special Revenue Funds – Watershed Protection Districts, County Service Areas, Fire Protection District, the County of Ventura Redevelopment Agency (RDA), and the In-Home Supportive Services Public Authority;

- Enterprise Fund – Waterworks Districts including the Lake Sherwood Community Services District, Camarillo Sewer, and Camarillo Roads and Lighting;

- Debt Service Funds – Ventura County Public Financing Authority (PFA), and the RDA;

- Capital Project Funds – the PFA and RDA;

- Pension Trust Fund – The County's Supplemental Retirement Plan (SRP).

The County is financially accountable for each of the blended component units. The basis for blending is that the County's Board acts as the governing board for the entities.

The Ventura County Employees' Retirement Association (VCERA) is not included in the County's Comprehensive Annual Financial Report. The VCERA is a separate legal entity controlled and governed by the Board of Retirement, which is independent of the County Board of Supervisors. The VCERA publishes a separately audited Comprehensive Annual Financial Report. According to the criteria established in Governmental Accounting Standards Board Statement No. 39, the VCERA was determined not to be a component unit of the County of Ventura. Audited financial statements of the VCERA may be obtained at 1190 South Victoria Avenue, Suite 200, Ventura, CA 93003.

Discretely Presented Component Unit

Children and Families First Commission

The Children and Families First Commission (Commission) was established in December 1998, under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq., of the Health and Safety Code. The Commission accounts for receipts and disbursements of California Children and Families First Trust Fund allocations and appropriations to the Commission. The Commission is a discretely presented component unit as the County Board appoints all members of the Commission's governing body and can remove appointed members at will. The separate financial statements may be obtained from Children and Families First Commission, 2580 East Main Street, Suite 203, Ventura, CA 93003.

B) New Accounting Pronouncements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning after June 15, 2010, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The County implemented the new requirements for the fiscal year 2010-11 financial statements.

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, effective immediately for the provisions related to the use and reporting of the alternative measurement method, and effective for periods beginning after June 15, 2011, for the provisions related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in OPEB plan financial statements. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of the measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The new requirements are not applicable to the County of Ventura.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011, improves financial reporting by addressing issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. The county intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The County intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA pronouncements*, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. The County intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The County intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 64, *Derivative instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011, clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The new requirements are not applicable to the County of Ventura.

C) Government-wide and Fund Financial Statements

Government-wide 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 include capital assets, long-term liabilities, depreciation, and accumulated depreciation.

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County’s governmental activities and for each segment (different identifiable activities) of the business-type activities of the County. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

The internal service funds’ activity, except for interfund services provided and used, is eliminated and net balances are primarily included in the governmental activities, with a lesser amount included in the business-type activities, because the internal service funds predominantly serve the governmental funds. Fiduciary funds are not reported on the government-wide financial statements. When restricted and unrestricted net assets are available, restricted resources would generally be considered to be used first, with the unrestricted resources used as they are needed.

Fund Financial Statements
The governmental fund financial statements are prepared under the modified accrual basis of accounting and the current financial resources measurement focus. The proprietary and fiduciary fund financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus, except agency funds which have no measurement focus. They provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major governmental and non-major enterprise funds.

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses, including salaries and benefits, services and supplies, and depreciation, represent the costs of providing goods and services to customers. Nonoperating expenses are those expenses such as losses from disposal of capital assets and interest expense that do not result from the principal activity of the fund but from secondary or auxiliary activities.

The County reports the following major governmental funds:

- The *General* Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance, education, and debt service.

- The *Roads* Fund provides for planning, design, construction, maintenance, and administration of County roads. It also engages in traffic safety and other transportation planning activities. Revenues consist primarily of the County's share of state highway use taxes, sales taxes, and federal grants.

- The *Watershed Protection Districts (formerly Flood Control Districts)* Fund controls flood and storm waters and conserves such waters for beneficial public use. Revenues are primarily received from property taxes, aid from other governmental units, and charges for current services.

- The *Fire Protection District* Fund provides fire protection to the unincorporated areas of the County as well as the cities of Camarillo, Moorpark, Ojai, Port Hueneme, Simi Valley, and Thousand Oaks. Support is principally from property taxes and aid from other governmental units.

The County reports the following major enterprise funds:

- The *Medical Center* Fund is part of the County Health Care Agency which operates a two campus hospital. The main campus in Ventura is a general acute care facility providing emergency room, inpatient, and mental health inpatient services. The Santa Paula campus is licensed and accredited as part of Ventura County Medical Center (VCMC) and is licensed for 49 acute beds. VCMC maintains comprehensive neonatal, emergency and outpatient medical care programs. Outpatient care is provided by a fully integrated system of ten community-based clinics and seventeen specialty clinics located throughout the county. It also provides support services to related public and mental health programs administered by the Health Care Agency. The fund provides indigent care which is subsidized, in part, by transfers from the General Fund for such services.

- The *Department of Airports* Fund operates the County-owned general aviation facilities at the Camarillo and Oxnard airports and provides administrative, fiscal, and other support services for airport tenants and the flying public. This fund accounts for aid from other governmental units in support of aviation and also provides support services for the operation of the streets, street lighting, and storm drains at the Camarillo airport.

- The *Waterworks Districts* Fund performs necessary administrative, maintenance, and operations functions to provide uninterrupted water delivery services and sewer collection and disposal services to various communities of Ventura County. These districts include Waterworks Districts 1, 16, 17, 19, Camarillo Sewer, and Lake Sherwood.

The County reports the following additional funds and fund types:

- *Internal Service* Fund accounts for the County's fleet maintenance; engineering, construction, and maintenance services; telecommunication and information systems; general services; and self-insurance programs – workers' compensation, long-term disability, employee benefits, medical malpractice, and general insurance on a cost-reimbursement basis.

- The *Supplemental Retirement Plan (SRP) Trust* Fund accounts for the assets, contributions, and benefit payments of the SRP established January 1, 1992, under provisions of the Internal Revenue Code Section 401(a).

- The *Investment Trust* Fund (a single cash pool managed by the Treasury) accounts for the assets of legally separate entities that deposit cash with the County Treasurer. The entities include school and community college districts and special districts governed by local boards. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County follows procedures of GASB Statement No. 31, *Accounting and Financial*

Reporting for Certain Investments and for External Investment Pools. Detailed information about the major legal entities included in the Investment Trust Fund is provided in the Schedule of Fiduciary Net Assets and Schedule of Changes in Fiduciary Net Assets in the Supplementary Information section.

- *County Agency* Fund accounts for assets held for distribution by the County as an agent for various local tax entities.

D) Measurement Focus and Basis of Accounting

The government-wide, proprietary, pension and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized when the underlying transactions take place. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within six months following the end of the fiscal year. Property taxes are accrued if they are collectible within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. General capital asset acquisitions and general principal payments are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its governmental activities, business-type activities, and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting of Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected to not apply the FASB standards issued subsequent to November 30, 1989, for its business-type activities and enterprise funds. The GASB periodically updates its codification of the existing governmental accounting and financial reporting standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes generally accepted accounting principles (GAAP) for governmental users.

E) Cash and Investments

For purposes of reporting cash flows, cash and investments include cash in banks and investments held by the County Treasurer in a cash management pool generally with original maturities of 90 days or less. In accordance with GASB No. 31, investments are stated at fair value. County fair value is determined annually based on market values provided by its investment custodian (Wells Fargo Bank) as of June 30, 2011. The fair value of participants' aggregate position in the pool is the same as the aggregate value of the pool shares. The participants share a ratable portion of the pool's activity and its value based on average daily balances. For SRP, investment income components (interest, dividends, and net increase or decrease in fair value) are determined at year-end as reported by the various trustees and custodians on the accrual basis.

F) Inventories and Other Assets

Inventories consisting of materials and supplies, are valued at cost, approximating market value, primarily on a first-in, first-out (FIFO) basis. The costs of governmental fund inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Inventories and prepaid items recorded in governmental funds are offset by nonspendable fund balance to indicate the portion of fund balance that is not in spendable form.

G) Capital Assets

Capital asset components consist of land, easements, construction in progress, land improvements, structures and improvements, equipment, vehicles, software, and infrastructure. The County defines capital assets as assets with an estimated useful life in excess of one year.

The capitalization level and estimated useful lives are as follows:

Category	Capitalization Level	Useful Life	
Land improvements	$5,000	5-75	
Structures and improvements	$25,000, except $5,000 for Airports, and $50,000 for Waterworks	30-75	*
Betterments	$5,000	30-75	
Equipment	$5,000	2-30	
Vehicles	$5,000	2-25	
Software	$5,000, purchased software; $50,000, internally generated software	3-10	
Capital leases	As above, based on category	5-40	
Infrastructure	All new construction and major renovations are capitalized; all other costs are considered maintenance and are expensed.	40-100	

* Except for certain fixed equipment which may have a shorter useful life.

The County has two networks of infrastructure assets – roads and watershed protection. The roads network includes roads, bridges, and traffic signals. The watershed protection network includes flood channels, debris dams, detention basins, pump stations, and rights of way.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Assets acquired from gifts or donations are valued at their estimated fair market value on the date contributed. Self-constructed assets, including structures and improvements and internally generated software, are recorded at the amount of direct labor, material, and net interest costs incurred (for proprietary funds) if financed by tax-exempt borrowing.

Acquisitions of capital assets are recorded as expenditures in the governmental funds statement. Capital assets are capitalized and depreciated on the government-wide and the proprietary funds statements. Land, easements, construction in progress, and assets not used in operations are not depreciated. Other components used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lower of the capital lease period or their estimated useful lives. The County has elected the depreciation approach for infrastructure.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

H) Compensated Absences

County policy permits employees to accumulate earned but unused vacation, sick pay, and compensatory time. A liability for all vacation pay and compensatory time and 25 percent of unused accumulated sick leave for those employees with at least ten years of service is accrued when earned in the government-wide and proprietary funds financial statements. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured as a result of employee resignations and retirements prior to year-end and are paid by the County subsequent to year-end.

I) Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans) and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in the general fund and as restricted, committed, or assigned fund balance in other governmental funds as applicable.

Services provided or used and deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are repayments (adjustments to the expenditures or expenses) from the funds responsible for certain expenditures or expenses to the funds that initially paid for them. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

J) Fund Balance Policy

The County has adopted a policy to achieve a minimum level of unrestricted fund balance in the General Fund of 10 percent of total appropriations/revenue, with a long term goal of 15 percent. In addition, a General Reserve governed by Government Code 29127, which may only be used for legally declared emergencies, is maintained at one percent of General Fund appropriations.

K) Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L) Reclassifications

Certain prior year balances may have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon reported net assets.

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE

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. The requirements of this Statement are effective for the FY 2010-11 financial statements. The new definition of a special revenue fund requires that a substantial portion of the inflows be derived from restricted or committed revenue sources. Based on this definition the Stormwater Unincorporated fund, previously a special revenue fund, no longer meets the requirements of a special revenue fund and for reporting purposes is included in the General Fund. Beginning fund balance has been restated as follows:

	General Fund	Stormwater Unincorporated
Fund Balance at June 30, 2010	$ 213,762	$ 1,128
GASB Statement No. 54 Adjustment	1,128	(1,128)
Fund Balance at June 30, 2010 as restated	$ 214,890	$ -

NOTE 3 - CASH AND INVESTMENTS

The County sponsors an Investment Pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the Investment Pool. The respective funds' shares of the total pool are included in the accompanying basic financial statements under the captions "Cash and investments" and "Restricted cash and investments." Cash and investments managed separately from the Investment Pool include those of the PFA and SRP.

The Investment Pool is comprised of internal and external pool participants. The internal pool participants include the funds and component units of the reporting entity and are reported in the various County funds. The external pool participants include legally separate entities, which are not part of the sponsor's reporting entity. The external investment component of the Investment Pool is reported in the accompanying financial statements as an investment trust fund within the fiduciary funds and uses the economic resources measurement focus and accrual basis of accounting.

The County has adopted an Investment Policy Statement (IPS), which complies with the requirements of California Government Code, and serves as the basis for the type of investments, maturity limit, credit rating, and diversification of securities comprising the Investment Pool. The objectives of the IPS are safety of principal, maintenance of liquidity, and earning a competitive rate of return.

Investments permitted by the IPS include obligations of the U. S. Treasury, agencies and instrumentalities, or commercial paper rated A-1 or better by Standard and Poor's Ratings Services (S & P) or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, corporate notes, negotiable certificates of deposit, obligations of the State of California, and obligations of any local agency within California.

Total cash and investments at fair value as reported at June 30, 2011, are as follows (in thousands):

Governmental activities	$ 854,795
Business-type activities	94,670
Primary government	949,465
Component unit	38,599
Total government-wide	988,064
Fiduciary funds:	
Pension trust funds	12,014
Investment trust fund	973,304
Agency funds	17,711
Total cash and investments	$ 1,991,093

Cash and investments at fair value for County funds, including those funds managed separately from the Treasury, at June 30, 2011, are summarized as follows (in thousands):

	Treasury	Fiscal Agents	SRP Pension Trust	Total
Cash:				
Cash on hand	$ 4	$ 21	$ -	$ 25
Deposits (net outstanding checks)	1,205	20,579	276	22,060
Total cash (net outstanding checks)	1,209	20,600	276	22,085
Investments:				
In Treasurer's pool	1,954,816	-	-	1,954,816
With fiscal agents	-	2,454	-	2,454
In pension portfolios	-	-	11,738	11,738
Total investments	1,954,816	2,454	11,738	1,969,008
Total cash and investments	$ 1,956,025	$ 23,054	$ 12,014	$ 1,991,093

Cash

The cash portion of "cash and investments" includes demand deposits.

At June 30, 2011, the carrying amount of the County's cash was $22,085,000, and the bank balance per various institutions was $37,831,000. Treasury cash of $1,209,000 reflects outstanding checks of $15,746,000. Treasurer's pool investments are managed daily to maximize earnings and provide cash as needed. Of the bank balance in financial institutions, $894,000 is covered by federal depository insurance and $36,937,000 was uninsured. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code (GC) to collateralize the County's deposits by pledging government securities or first trust deed mortgage notes. In accordance with GC 53652, the market value of the pledged securities and first trust deed mortgage notes must be at least 110 percent and 150 percent of the County's deposits, respectively, as provided for in the County's Contract for Deposit of Moneys.

"Restricted assets - cash and investments" in the amount of $13,443,000 are held in the proprietary funds and include $1,500,000 for Health Care Plan tangible net equity deposit. The remainder of $11,546,000 for the Medical Center, $8,000 for Channel Islands Harbor, $215,000 for Waterworks and $174,000 for General Services internal service fund is restricted by trust agreements for debt service.

Investments–Investment Pool (Treasury)
Fair value calculations at fiscal year-end for the Investment Pool are based on market values provided by the County's investment custodian. The net change in fair value from carrying value at June 30, 2011, amounted to an increase of $6,870,000. The net change in fair value from June 30, 2010 to June 30, 2011, was a decrease of $648,000.

The County investment pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2011, the County's investment in LAIF was $50,000,000, which approximates fair value and is the same as the value of the pool shares, which is determined on an amortized cost basis.

The County is not registered with the Securities and Exchange Commission as an investment company. No legally binding guarantees have been provided during the period to support the value of shares in the pool. Investment earnings are allocated based on the average daily balance in the Investment Pool for the calendar quarter. The earnings are distributed to participants twice per quarter as cash is received.

As of June 30, 2011, the major classes of the County's investments, including those managed outside the Treasury, consisted of the following (in thousands):

	Interest Rate Range	Maturity Date/Range	Cost	Fair Value	Weighted Average Maturity (Years)	Credit Rating (S & P/ Moody's)
Investments in Investment Pool						
U.S. agency securities	0.24 - 5.38	7/18/11 - 4/7/14	$ 1,769,274	$ 1,775,868	1.05	AAA, Aaa
Commercial paper	0.32 - .040	7/14/11 - 11/28/11	128,672	128,948	0.15	A-1+, P-1
Local agency investment fund	0.51		50,000	50,000	-	Unrated
Total investments in Investment Pool			1,947,946	1,954,816	0.97	
Investments outside Investment Pool						
With Fiscal Agents:						
Government agency securities	5.625	6/30/11 - 2/15/12	2,441	2,454	0.63	AAA, Aaa
SRP Pension Trust:						
Bond mutual funds			2,136	2,745	6.74	Unrated
Equity mutual funds			7,178	8,993	-	Unrated
Subtotal			9,314	11,738	1.58	
Total investments outside Investment Pool			11,755	14,192		
Total fair value				$ 1,969,008		

The Investment Pool does not issue financial statements separate from the County's Comprehensive Annual Financial Report. The following represents a condensed statement of net assets and changes in net assets for the pool (internal and external) as of June 30, 2011 (in thousands):

Statement of Net Assets	Total
Net assets held for pool participants	$ 1,956,025
Equity of internal pool participants	$ 944,928
Equity of external pool participants	972,498
Equity of discretely presented component unit	38,599
Total equity	$ 1,956,025
Statement of Changes in Net Assets	
Net assets at July 1, 2010	$ 1,926,296
Increase in investment by pool participants, net	29,729
Net assets at June 30, 2011	$ 1,956,025

The Investment Pool includes both voluntary and involuntary participants for whom cash and investments are held by the County Treasurer. The total percentage share of the Investment Pool related to involuntary participants is estimated at 41 percent. Legal provisions require certain special districts to maintain surplus cash in the Investment Pool including public school districts, cemetery districts, recreation and park districts, and the Air Pollution Control District.

Investments – SRP

The SRP adopts an investment policy which emphasizes safety, diversification and yield and follows the "prudent investor rule" as required by the Employment Retirement Income Security Act of 1974. Investments permitted by the policy include fixed income and equity mutual funds. Fair value calculations at fiscal year-end for the SRP are based on market values provided by the SRP's investment custodian.

Risk Disclosures

Custodial Credit Risk

Investment Pool. Custodial credit risk is the risk that the County will not be able to recover deposits or collateral securities that are in possession of an outside party. The risk is mitigated through federal depository insurance coverage and collateralization in accordance with California Government Code Section 53652. Information about the composition of insured and uninsured deposits at June 30, 2011, is provided in the section "Cash."

Credit Risk

Investment Pool. State law and the IPS limit investments in commercial paper to those with the rating of A-1 or better by S & P or P-1 by Moody's Investors Service. The County does not have credit limits on government agency securities. Certificates of deposit are required to be insured by the FDIC.

SRP. The SRP does not have a formal policy regarding credit risk. As of June 30, 2011, the SRP's investments in a money market mutual fund and bond mutual funds were unrated.

Concentration of Credit Risk

Investment Pool. State law and the IPS limit investments in commercial paper to 40 percent of the investment pool and 10 percent of the investment pool per issuer. The following is a summary of the concentration of credit risk as a percentage of the Investment Pool's fair value at June 30, 2011:

Investment	Percentage of Investment Pool
Federal Home Loan Banks	26.46 %
Federal Home Loan Mortgage Corporation	16.53 %
Federal Farm Credit Banks	25.33 %
Federal National Mortgage Association	22.52 %
General Electric Capital Corporation	6.60 %
Local Agency Investment Fund	2.56 %
Total	100.00 %

SRP. Investments in mutual funds are excluded from the requirement to disclose concentration of credit risk. As of June 30, 2011, the SRP was not exposed to concentration of credit risk.

Interest Rate Risk

Investment Pool. Through its IPS, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of the Investment Pool's holdings to 375 days. At June 30, 2011, the weighted average maturity of the Investment Pool was 353 days.

SRP. The SRP does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The SRP has exposure to interest rate risk by investing $2,745,000, or 23 percent, of its investments in bond mutual funds.

Foreign Currency Risk

Investment Pool. The Investment Pool is precluded from investing in foreign currency by the IPS; therefore, it is not subject to foreign currency risk.

NOTE 4 - PROPERTY TAXES

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Codes and Revenue and Taxation Codes. Property is originally assessed at 100 percent of full cash or market value at the date of transfer or completion of construction pursuant to Article XIII(A) of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. Annual increases are limited to 2 percent of base year values.

The property tax levy to support general operations of various jurisdictions is limited to one percent of full cash value and is distributed in accordance with statutory formulas. Amounts levied each fiscal year to finance the annual requirements of voter approved debt are excluded from this limitation and are calculated and levied each fiscal year. The rates are formally adopted by either the Board or the city councils and, in some instances, the governing board of a special district.

The County is divided into approximately 2,488 tax rate areas, which are unique combinations of various jurisdictions serving a specific geographic area. In fiscal year 2010-11, the rates levied within each tax rate area varied from a low of 1.000000 to a high of 1.220537 per $100 of assessed valuation. Property taxes are levied on both real and personal property. Secured property taxes are levied July 1, and payable in two equal installments: the first is generally due November 1, and delinquent with penalties after December 10; the second is generally due on February 1, and delinquent with penalties after April 10. Unsecured property taxes become delinquent with penalties after August 31. Secured property taxes become a lien on the property on January 1, or the date on which title to the property transfers or improvements to the property are completed. Supplemental property tax assessments/refunds associated with changes in assessed valuations due to transfers of title and completed property improvements are levied in two equal installments and have variable due dates based on the date of title transfer and/or completion of the property improvements.

The County elected the alternative property tax treatment (Teeter Plan) effective July 1, 1993, whereby the County, through the Property Tax Resource Allocation Fund (PTRAF), purchases the current secured unpaid taxes remaining at year-end from participating agencies. In return, the PTRAF records a tax receivable and receives the delinquent secured taxes. The Property Tax Loss Reserve Fund (PTLRF) receives delinquent penalties and redemption interest accruing to delinquent collections related to participating agencies. The participating agencies, including the County, certain special districts, and the school districts, in turn, receive their full tax distribution with no liability for uncollected taxes to the PTRAF. Therefore, for participating agencies, revenue is measurable and available and is recorded in the period the payment of current secured unpaid taxes is received prior to fiscal year-end. The balance in the PTRAF is recorded to the General Fund for financial reporting purposes only as of fiscal year-end.

NOTE 5 - RECEIVABLES

Year-end receivables of the County's major, non-major, and proprietary funds, as well as governmental and business-type activities, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

Governmental Funds	General Fund	Roads	Watershed Protection Districts	Fire Protection District	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Receivables:							
Taxes	$ 311	$ -	$ 12	$ 74	$ 7	$ -	$ 404
Accounts	77,291	3,040	2,147	3,197	16,515	2,341	104,531
Interest	920	125	133	212	160	408	1,958
Gross Receivables	78,522	3,165	2,292	3,483	16,682	2,749	106,893
Loans and other long-term receivables	28,999	688	1,267	300	12,820	191	44,265
Total receivables	$ 107,521	$ 3,853	$ 3,559	$ 3,783	$ 29,502	$ 2,940	$ 151,158

Proprietary Funds	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Total Enterprise Funds and Business-type Activities
Receivables:					
Accounts	$ 201,010	$ 1,748	$ 4,816	$ 2,140	$ 209,714
Interest	13	6	62	58	139
Other	275	-	-	-	275
Gross Receivables	201,298	1,754	4,878	2,198	210,128
Less: Allow./Uncollectible Acct	(127,552)	(20)	(116)	-	(127,688)
Total Receivables - fund statements	73,746	1,734	4,762	2,198	82,440
Loans and other long-term receivables	266	-	-	60	326
Total receivables	$ 74,012	$ 1,734	$ 4,762	$ 2,258	$ 82,766

The balance of loans and other long-term receivables at year-end for governmental activities include SB90 revenue of $28,499,000, in the General Fund, the accrual of revenue from the state and federal government for disaster reimbursements in the Roads Fund of $688,000 and the Watershed Protection Districts Fund of $1,267,000, and special assessment receivable of $10,279,000 and Department of Housing and Urban Development Grant long-term receivable of $1,474,000 in non-major Governmental Funds.

Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8 percent of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu of sales tax, and supplemental property tax, apportioned to cities, counties, and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County of Ventura, including the Ventura County Library, Fire Protection District, and Watershed Protection Districts, was $32,008,000.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100 percent of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The County of Ventura including the Ventura County Library, Fire Protection District, and Watershed Protection Districts participated in the securitization program and, accordingly, property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

The County Service Areas did not participate in the securitization Program and the borrowing by the State of California was recognized as a receivable of $76,000 in the accompanying financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State of California (expected to be fiscal year 2012-13). In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-10).

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/ Payables (Short-Term):
The composition of interfund balances as of June 30, 2011, is as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
General Fund			
	Roads Fund	$ 76	
	Watershed Protection Districts	70	
	Fire Protection District	40	
	Non-major Governmental Funds	5,089	
	Medical Center	2,387	
	Department of Airports	3	
	Waterworks Districts	5	
	Non-major Enterprise Funds	274	
	Internal Service Funds	286	
			$ 8,230

Receivable Fund	Payable Fund	Amount	
Roads Fund			
	General Fund	$ 414	
	Watershed Protection Districts	1	
	Non-major Governmental Funds	1	
	Internal Service Funds	33	
			$ 449
Watershed Protection Districts			
	General Fund	258	
	Roads Fund	1	
	Internal Service Funds	2	
			261
Fire Protection District			
	General Fund	785	
	Internal Service Funds	286	
			1,071
Non-major Governmental Funds			
	General Fund	2,070	
	Non-major Governmental Funds	165	
	Medical Center	16	
			2,251
Medical Center			
	General Fund	1,927	
	Non-major Governmental Funds	131	
	Non-major Enterprise Funds	1	
			2,059
Department of Airports			
	General Fund	14	
	Internal Service Funds	1	
			15
Waterworks Districts			
	Fire Protection District	2	
	Non-major Governmental Fund	1	
	Department of Airports	1	
	Internal Service Funds	7	
			11
Non-major Enterprise Funds			
	General Fund	15	
			15
Internal Service Funds			
	General Fund	2,847	
	Roads Fund	1,756	
	Watershed Protection Districts	2,266	
	Fire Protection District	218	
	Non-major Governmental Funds	442	
	Medical Center	431	
	Department of Airports	19	
	Waterworks Districts	732	
	Non-major Enterprise Funds	825	
	Internal Service Funds	807	
			10,343
Total Due To/Due From			$ 24,705

The balance of $4,865,000 due to the General Fund from Non-major Governmental Funds is primarily the reimbursement of payroll expenditures from Mental Health Services Act and a short-term cashflow loan to the Department of Child Support Services.

The balance of $2,387,000 due to the General Fund from the Medical Center is primarily the allocation of Health Care Agency and Access Coverage Enrollment Program (ACE) administration costs.

The balance of $2,070,000 due to Non-major Governmental Funds from the General Fund is primarily the transfer of Short Doyle Medi-Cal revenue.

The balance of $1,927,000 due to the Medical Center from the General Fund relates primarily to the accrual of Realignment revenue, Mental Health Medicare billing, Public Health clinical lab services, and rent and maintenance charges.

The remaining interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from Other Funds (in thousands):

Receivable Fund	Payable Fund	
General Fund	Non-major Governmental Fund	$ 5,713
General Fund	Waterworks Districts	1,237
Total Advances		$ 6,950

The General Fund extends long-term advances, when needed for cash flow purposes, to funds outside the General Fund that receive funding on a reimbursement basis. Repayment is expected when available cash is in excess of that needed for operations.

The General Fund has extended a long-term advance, interest free, for cash flow purposes, to:

- In-Home Supportive Services Public Authority (IHS) in the amount of $1,950,000. IHS receives funding after the expenditures have been incurred. This advance was authorized for up to $3,250,000.

Based on available information, this loan is not expected to be repaid by June 30, 2012.

The General Fund extended a loan in the amount of $3,763,000, with interest at the Investment Pool rate, to the County Service Areas for the El Rio Sewer Collection System Project and $1,237,000 to Waterworks Districts for the Piru Wastewater Treatment Plant Project. These loans were authorized for a total of $5,000,000 and are to be repaid by December 31, 2012.

Advances are included in the internal balances on the Statement of Net Assets.

Transfers

Transfers are used to move funding for capital projects, lease payments or debt service, subsidies of various County operations, and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity (in thousands):

Transfer From	Transfer To	Amount	Purpose
General Fund	Non-major Governmental Funds	$ 8,247	Transfer funds for scheduled debt service
	Non-major Governmental Funds	3,554	Subsidy for operating expenses
	Non-major Governmental Funds	803	Health and welfare realignment
	Medical Center	13,606	Health and welfare realignment and tobacco settlement revenues
	Medical Center	26,697	Subsidy for operating expenses
	Non-major Enterprise Funds	780	Subsidy for operating expenses
	Internal Service Funds	20	Subsidy for capital asset purchase
	Internal Service Funds	29	Subsidy for operating expenses
	Internal Service Funds	713	Subsidy for capital projects
		54,449	
Roads Fund	Internal Service Funds	64	Subsidy for capital asset purchase
Watershed Protection Districts	Internal Service Funds	93	Subsidy for capital asset purchase
Non-major Governmental Funds	General Fund	25	Subsidy for prosecution costs
	Non-major Governmental Funds	288	Subsidy for operating costs and housing set-aside
	Non-major Governmental Funds	11	Transfer of endowment interest
		324	
Medical Center	General Fund	6	Transfer ACE administrative cost
		6	
Total		$ 54,936	

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows (in thousands):

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities:				
Capital assets, nondepreciable:				
Land	$ 29,614	$ 328	$ 16	$ 29,926
Easements	200,591	266	322	200,535
Construction in progress	85,030	33,280	8,153	110,157
Total capital assets, nondepreciable	315,235	33,874	8,491	340,618
Capital assets, depreciable/amortizable:				
Land improvements	13,304	2,138	-	15,442
Structures and improvements	439,990	7,002	60	446,932
Equipment	94,959	5,900	2,603	98,256
Vehicles	72,249	9,302	4,471	77,080
Software	41,639	1,698	128	43,209
Infrastructure	449,260	507	1,159	448,608
Total capital assets, depreciable/amortizable	1,111,401	26,547	8,421	1,129,527
Less accumulated depreciation/amortization for:				
Land improvements	1,219	362	-	1,581
Structures and improvements	137,939	10,561	18	148,482
Equipment	58,629	6,563	2,494	62,698
Vehicles	36,871	5,382	3,779	38,474
Software	32,873	3,762	120	36,515
Infrastructure	95,970	4,574	377	100,167
Total accumulated depreciation/amortization	363,501	31,204	6,788	387,917
Total capital assets, depreciable/amortizable, net	747,900	(4,657)	1,633	741,610
Governmental activities capital assets, net	$ 1,063,135	$ 29,217	$ 10,124	$ 1,082,228
Business-type Activities (Enterprise):				
Medical Center:				
Capital assets, nondepreciable:				
Land	$ 2,047	$ -	$ -	$ 2,047
Construction in progress	44,199	4,436	41,503	7,132
Total capital assets, nondepreciable	46,246	4,436	41,503	9,179
Capital assets, depreciable/amortizable:				
Land improvements	1,084	-	-	1,084
Structures and improvements	71,420	46,145	-	117,565
Equipment	30,959	2,795	130	33,624
Software	8,134	207	-	8,341
Total capital assets, depreciable/amortizable	111,597	49,147	130	160,614
Less accumulated depreciation/amortization for:				
Land improvements	1,084	-	-	1,084
Structures and improvements	31,137	1,960	-	33,097
Equipment	23,330	1,898	129	25,099
Software	6,947	231	-	7,178
Total accumulated depreciation/amortization	62,498	4,089	129	66,458
Total capital assets, depreciable/amortizable, net	49,099	45,058	1	94,156
Medical Center capital assets, net	$ 95,345	$ 49,494	$ 41,504	$ 103,335

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Department of Airports:				
Capital assets, nondepreciable:				
Land	$ 8,510	$ 1,211	$ -	$ 9,721
Easements	399	-	-	399
Construction in progress	2,864	610	2,917	557
Total capital assets, nondepreciable	11,773	1,821	2,917	10,677
Capital assets, depreciable/amortizable:				
Land improvements	43,827	1,883	292	45,418
Structures and improvements	16,356	1,342	325	17,373
Equipment	1,053	183	270	966
Vehicles	557	433	-	990
Total capital assets, depreciable/amortizable	61,793	3,841	887	64,747
Less accumulated depreciation/amortization for:				
Land improvements	17,780	1,806	136	19,450
Structures and improvements	10,846	552	322	11,076
Equipment	530	81	93	518
Vehicles	166	68	-	234
Total accumulated depreciation/amortization	29,322	2,507	551	31,278
Total capital assets, depreciable/amortizable, net	32,471	1,334	336	33,469
Department of Airports capital assets, net	$ 44,244	$ 3,155	$ 3,253	$ 44,146
Waterworks Districts:				
Capital assets, nondepreciable:				
Land	$ 2,537	$ -	$ -	$ 2,537
Easements	66	25	-	91
Construction in progress	28,852	4,552	25,597	7,807
Total capital assets, nondepreciable	31,455	4,577	25,597	10,435
Capital assets, depreciable/amortizable:				
Land improvements	1,401	-	-	1,401
Structures and improvements	75,553	26,082	2	101,633
Equipment	2,924	-	-	2,924
Vehicles	99	-	-	99
Total capital assets, depreciable/amortizable	79,977	26,082	2	106,057
Less accumulated depreciation/amortization for:				
Land improvements	167	28	-	195
Structures and improvements	25,246	1,650	2	26,894
Equipment	1,055	116	-	1,171
Vehicles	62	4	-	66
Total accumulated depreciation/amortization	26,530	1,798	2	28,326
Total capital assets, depreciable/amortizable, net	53,447	24,284	-	77,731
Waterworks Districts capital assets, net	$ 84,902	$ 28,861	$ 25,597	$ 88,166

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Non-major Enterprise Funds:				
Capital assets, nondepreciable:				
Land	$ 9,009	$ -	$ -	$ 9,009
Easements	103	-	-	103
Construction in progress	1,247	626	126	1,747
Total capital assets, nondepreciable	10,359	626	126	10,859
Capital assets, depreciable/amortizable:				
Land improvements	14,981	720	-	15,701
Structures and improvements	24,949	78	-	25,027
Equipment	1,941	112	25	2,028
Vehicles	48	-	-	48
Software	36	1	-	37
Total capital assets, depreciable/amortizable	41,955	911	25	42,841
Less accumulated depreciation/amortization for:				
Land improvements	5,735	818	-	6,553
Structures and improvements	13,560	527	-	14,087
Equipment	1,274	160	24	1,410
Vehicles	35	4	-	39
Software	7	6	-	13
Total accumulated depreciation/amortization	20,611	1,515	24	22,102
Total capital assets, depreciable/amortizable, net	21,344	(604)	1	20,739
Non-major Enterprise Funds capital assets, net	$ 31,703	$ 22	$ 127	$ 31,598
Business-type activities capital assets, net	$ 256,194	$ 81,532	$ 70,481	$ 267,245

Depreciation/amortization

Depreciation/amortization expense was charged to governmental functions as follows (in thousands):

General government:		
General administration	$ 5,956	
Total general government		$ 5,956
Public protection:		
Judicial	703	
Police protection	2,613	
Detention and correction	4,216	
Fire protection	5,066	
Watershed protection and soil & water conservation	2,704	
Protective inspection	3	
Other	706	
Total public protection		16,011
Public ways and facilities		2,061
Health and sanitation services		159
Public assistance:		
Administration	207	
Other	67	
Total public assistance		274
Education		202
Capital assets held by the internal service funds		6,541
Total depreciation/amortization expense - governmental activities		$ 31,204

Depreciation/amortization expense was charged to the business-type activities as follows (in thousands):

Medical Center	$	4,089
Department of Airports		2,507
Waterworks Districts		1,798
Parks Department		979
Channel Islands Harbor		500
Health Care Plan		11
Oak View District		25
Total depreciation/amortization expense - business-type activities	$	9,909

Construction in Progress and Capital Projects Commitments
Construction in progress for governmental activities represents work being performed on Fire Protection District projects, infrastructure, Watershed Protection District projects, the El Rio Sewer Collection System Project, Information Technology Services projects, and a number of smaller projects. Construction in progress for the business-type activities represents work being performed on the Medical Center and Clinics, Waterworks Districts and the Department of Airports.

Construction in progress and capital projects commitments as of June 30, 2011, are as follows (in thousands):

	Construction in Progress		Additional Committed Funds	
Governmental activities	$	110,157	$	15,352
Business-type activities:				
Medical Center	$	7,132	$	-
Department of Airports		557		-
Waterworks Districts		7,807		2,528
Parks Department		196		-
Channel Islands Harbor		1,545		509
Oak View District		6		-
Total business-type activities	$	17,243	$	3,037

Long-term commitments for infrastructure construction contracts totaled $10,936,429 (principally for road and watershed protection projects) at June 30, 2011.

NOTE 8 - ACCRUED LIABILITIES

Accrued liabilities at year-end of the County's major, non-major, and internal service funds in the aggregate are as follows (in thousands):

Governmental Funds	General Fund	Roads	Watershed Protection Districts	Fire Protection District	Non-major Funds	Internal Service Funds	Total Governmental Activities
Accrued salaries, benefits, and other payroll liabilities	$ 9,403	$ -	$ -	$ 1,425	$ 536	$ 1,473	$ 12,837
Audit disallowances:							
Mental Health Short Doyle	7,802	-	-	-	-	-	7,802
Other audit disallowances	1,055	-	-	-	-	-	1,055
Accrued interest on tax and revenue anticipation notes	2,579	-	-	-	-	-	2,579
Money managed for others by Public Administrator/Public Guardian	4,248	-	-	-	-	-	4,248
Property tax clearing	2,505	-	-	-	-	-	2,505
Public assistance benefits payable	2,817	-	-	-	-	-	2,817
Clearing and other liabilities	9,596	610	2,092	2,033	223	276	14,830
Total	$ 40,005	$ 610	$ 2,092	$ 3,458	$ 759	$ 1,749	$ 48,673

Proprietary Funds	Medical Center	Department of Airports	Waterworks Districts	Non-major Funds	Total Business-type Activities
Accrued salaries and benefits	$ 1,563	$ 30	$ -	$ 70	$ 1,663
Medicare, Medi-Cal, and SB1100 reserves	12,021	-	-	-	12,021
Clinic liabilities	2,150	-	-	-	2,150
Catastrophic reserve	-	-	-	1,800	1,800
Clearing and other liabilities	909	-	105	27	1,041
Total	$ 16,643	$ 30	$ 105	$ 1,897	$ 18,675

NOTE 9 - LEASES

Operating Leases

The County is committed under various noncancelable operating leases (principally in the General Fund for governmental activities). Future minimum operating lease commitments are as follows (in thousands):

Year ending June 30:	Governmental Activities	Business-type Activities
2012	$ 6,961	$ 2,449
2013	6,832	3,586
2014	6,628	3,514
2015	5,045	3,408
2016	2,778	3,303
2017-2021	4,079	17,256
Total minimum payments required	$ 32,323	$ 33,516

Rental expense for County-wide operating leases was $26,672,000 for the year ended June 30, 2011. Contingent rental revenues under operating leases are based on percentages of lessee sales and totaled approximately $882,000 for the year ended June 30, 2011.

The Channel Islands Harbor, Parks Department, and Department of Airports Enterprise funds lease properties to others under operating leases with terms of up to 89 years. The following is a summary of future minimum rental revenues on noncancelable leases at June 30, 2011 (in thousands):

Year ending June 30:	Amounts
2012	$ 5,859
2013	5,809
2014	5,638
2015	5,558
2016	5,400
2017-2021	20,332
2022-2026	18,906
2027-2031	13,899
2032-2036	11,305
2037-2041	9,752
2042-2046	8,742
2047-2051	6,488
2052-2056	4,498
2057-2061	1,295
2062-2066	899
2067-2071	859
2072-2076	859
2077-2081	859
2082-2086	859
2087-2091	859
2092-2096	859
2097-2101	601
Total	$ 130,135

Capital Leases

The County has entered into certain capital lease agreements under which the related property will become owned by the County when all terms of the lease agreements are met. There were no capital leases in the governmental activities.

The following is a schedule of property leased under capital leases by major class in the business-type activities at June 30, 2011 (in thousands):

	Business-type Activities
Structures and improvements	$ 759
Equipment	2,265
Less: Accumulated amortization	(1,586)
Total net of amortization	$ 1,438

As of June 30, 2011, capital lease annual amortization in the business-type activities is as follows (in thousands):

Year ending June 30:	Business-type Activities	
2012	$	482
2013		459
2014		40
Total requirements		981
Less: amount representing interest		(78)
Present value of remaining payments	$	903

NOTE 10 - LONG-TERM LIABILITIES

Long-term obligations of the County consist of certificates of participation, tax-exempt commercial paper, loans payable, capital leases, compensated absences, and other liabilities. Capitalized lease obligations are described further in Note 9.

Certificates of participation are obligations of a public entity based on a lease agreement and are paid by lease payments from County departments/funds for use of the facilities or equipment constructed or purchased from the debt proceeds. Tax-exempt commercial paper (TECP) is unsecured short-term promissory notes issued with maturities ranging from 2 to 270 days.

The Public Facilities Corporation (PFC) provided five separate issues of debt securities. The last remaining PFC issue, PFC V, was defeased on July 15, 2009, in part with proceeds from a new Public Financing Authority issue, PFA III. The PFC has now been dissolved.

The Public Financing Authority (PFA) was formed in August of 1998. TECP is used for the acquisition and renovation of facilities and the acquisition and upgrade of information systems. Current projects include the Radio Network and Microwave Towers, the Human Resources/Payroll System Upgrade, and the Current Land Records Management & Permit Processing/Tracking System.

On October 30, 2003, the PFA issued $27,110,000 of 2003 Certificates of Participation (PFA II COPs) used to finance the building at 2220 Gonzales Road and construction of a Juvenile Justice Complex Court Facility located at the Juvenile Justice Detention Facility.

On July 14, 2009, the PFA issued $89,720,000 of 2009 Certificates of Participation (PFA III COPs) used to currently refund PFC V, PFA I, reimburse advances from TECP for the Fillmore office building, the VCMC clinic and its continuing construction costs.

Compensated absences are liabilities for vacation, vested sick leave benefits, and compensatory time reported as required by GASB Statement Nos. 16 and 34 in the proprietary fund financial statements and the governmental and business-type activities of the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured due to employee resignations and retirements. Governmental fund liabilities are typically liquidated in the General Fund and certain special revenue funds.

Other liabilities include the liability for the Leaking Underground Fuel Tanks (LUFT) obligations for the Fire Protection District, Transportation Internal Service Fund, and Department of Airports; medical malpractice insurance claims incurred but not reported (tail coverage) for General Fund health departments and the Medical Center; the net pension obligation relating to the Management Retiree Health Benefit; the net other postemployment benefits (OPEB) obligation; claims liabilities relating to the self-insurance of certain risks in the General Insurance and Employee Benefit Insurance Internal Service Funds and the Health Care Plan.

The County is responsible for clean-up of LUFT on County property. Currently, the County manages four active sites. The sites are located at Fire Station #30 in Thousand Oaks, Hangar III and Condor Helicopter sites at Oxnard Airport, and the former Ventura County Ojai Road Maintenance Yard.

The methods and assumptions used to calculate the liability for pollution remediation obligations are based on the expected cash flow technique, using three data points. The expected outlay calculations are provided by the County's consultant, who has been contracted by the County since the early 1990's. Measures for the outlays are based on current values, and incorporate liabilities, profits and risk premiums expected to be charged by the consultant. The pollution remediation obligation is an estimate and subject to changes resulting from price increases, changes in technology or changes in applicable laws.

Recoveries for remediation are available through state and federal grant programs and are recorded as an asset as they become realizable.

Summaries of long-term indebtedness and liabilities incurred by the governmental and business-type activities, outstanding as of June 30, 2011, are as follows (in thousands):

Type of indebtedness/liabilities	Maturity	Interest Rates	Original Issue Amount
Governmental Activities:			
Certificates of Participation:			
Public Financing Authority II (net of premiums/discounts)	08/15/11-08/15/19	2.50 - 5.25%	$ 27,110
Public Financing Authority III:			
General Fund (net of premiums and loss on lease)	08/15/11-08/15/29	3.00 - 6.00%	20,663
General Services Agency - Facilities	08/15/11-08/15/29	3.00 - 6.00%	1,845
Total			49,618
Tax-Exempt Commercial Paper:			
Public Financing Authority:			
General Fund	Rolling	0.14 - 0.29%	34,537
Transportation	Rolling	0.14 - 0.29%	300
Information Technology Services			
- Telecommunications	Rolling	0.14 - 0.29%	8,739
- Information Systems	Rolling	0.14 - 0.29%	397
JJC Traffic Signal	Rolling	0.14 - 0.29%	250
Total			44,223
Loans Payable:			
County Service Areas - 34 El Rio (SWRCB)	06/30/12-06/30/40	2.60%	6,869
County Service Areas - 34 El Rio (SWRCB)	06/30/12-06/23/41	1.0%	4,564
Redevelopment Agency - Piru (CDBG)	N/A	N/A	150
Redevelopment Agency - Piru (USDA#1)	07/01/11-07/01/17	4.75%	750
Redevelopment Agency - Piru (USDA#2) (Maximum Commitment of $750)	07/01/11-07/01/38	4.125%	750
Total			13,083
Compensated Absences Liability	N/A	N/A	-
Other Liabilities:			
LUFT - (Transportation)	N/A	N/A	-
LUFT - (Fire Protection District)	N/A	N/A	-
Medical malpractice (General Fund)	N/A	N/A	-
Net Pension Obligation (Mgmt Retiree Health Benefit)	N/A	N/A	-
Net Other Postemployment Benefits (OPEB)	N/A	N/A	-
Claims liabilities (General Insurance and Employee Benefit Insurance)	N/A	N/A	-
Total			-
Total Governmental Activities			$ 106,924

Outstanding July 1, 2010	Additions and Transfers	Maturities and Transfers	Outstanding June 30, 2011	Amount Due Within One Year	Type of indebtedness/liabilities
					Governmental Activities:
					Certificates of Participation:
$ 19,209	$ -	$ 1,700	$ 17,509	$ 1,750	Public Financing Authority II (net of premiums/discounts)
					Public Financing Authority III:
20,989	274	2,393	18,870	2,289	General Fund (net of premiums and loss on lease)
1,845	-	275	1,570	265	General Services Agency-Facilities
42,043	274	4,368	37,949	4,304	Total
					Tax-Exempt Commercial Paper:
					Public Financing Authority:
7,505	3,193	2,532	8,166	3,144	General Fund
280	-	20	260	18	Transportation
					Information Technology Services
8,656	2,332	609	10,379	774	- Telecommunications
298	-	98	200	99	- Information Systems
232	17	33	216	34	JJC Traffic Signal
16,971	5,542	3,292	19,221	4,069	Total
					Loans Payable:
4,019	2,673	155	6,537	154	County Service Areas - 34 El Rio (SWRCB)
-	1,427	-	1,427	41	County Service Areas - 34 El Rio (SWRCB)
35	-	17	18	18	Redevelopment Agency - Piru (CDBG)
461	-	49	412	51	Redevelopment Agency - Piru (USDA#1)
					Redevelopment Agency - Piru (USDA#2)
737	-	14	723	14	(Maximum Commitment of $750)
5,252	4,100	235	9,117	278	Total
61,192	30,090	30,496	60,786	31,311	*Compensated Absences Liability*
					Other Liabilities:
520	-	370	150	40	LUFT - (Transportation)
20	-	6	14	14	LUFT - (Fire Protection District)
449	99	-	548	-	Medical malpractice (General Fund)
413	257	-	670	-	Net Pension Obligation (Mgmt Retiree Health Benefit)
2,176	742	-	2,918	-	Net Other Postemployment Benefits (OPEB)
					Claims liabilities (General Insurance and
139,398	32,465	23,333	148,530	31,824	Employee Benefit Insurance)
142,976	33,563	23,709	152,830	31,878	Total
$ 268,434	$ 73,569	$ 62,100	$ 279,903	$ 71,840	Total Governmental Activities

Type of indebtedness/liabilities	Maturity	Interest Rates	Original Issue Amount
Business-type Activities - Major Funds:			
Medical Center:			
Public Financing Authority III (net of deferred credit)	08/15/11 - 08/15/29	3.00 - 6.00%	$ 67,130
Public Financing Authority/Tax-Exempt Commercial Paper	Rolling	0.14 - 0.29%	3,753
Capital Lease Obligation - PACS	Monthly to 10/13	3.44%	2,214
Total Medical Center			73,097
Department of Airports:			
Department of Transportation Loan	08/13/11-08/13/15	4.987%	240
Department of Transportation Loan	05/13/12-05/13/14	4.635%	260
Total Department of Airports			500
Waterworks Districts:			
State Water Loan	04/01/12-04/01/15	3.371%	260
Revolving Fund Loan (Maximum Commitment of $1,769)	06/11/12-06/11/23	2.40%	1,364
Revolving Fund Loan (Maximum Commitment of $5,555)	06/30/11 - 06/30/40	1.00%	3,532
Total Waterworks Districts			5,156
Business-type Activities - Non-major Funds:			
Parks Department:			
Capital Lease Obligation	Monthly to 02/13	4.75%	311
Channel Islands Harbor:			
Public Financing Authority/Tax-Exempt Commercial Paper Harbor Revetment Project	Rolling	0.14 - 0.29%	5,000
Public Financing Authority III - Fuel Dock	08/15/11 - 08/15/29	3.00 - 6.00%	82
Total Channel Islands Harbor			5,082
Oak View District:			
Public Financing Authority/Tax-Exempt Commercial Paper	Rolling	0.14 - 0.29%	1,200
Compensated Absences Liability	N/A	N/A	-
Other Liabilities:			
LUFT - (Department of Airports)	N/A	N/A	-
Claims liabilities (Health Care Plan)	N/A	N/A	-
Medical malpractice (Medical Center)	N/A	N/A	-
Total Other Liabilities			-
Total Business-type Activities			$ 85,346

Outstanding July 1, 2010	Additions and Transfers	Maturities and Transfers	Outstanding June 30, 2011	Amount Due Within One Year	Type of indebtedness/liabilities
					Business-type Activities - Major Funds:
					Medical Center:
$ 68,881	$ -	$ 3,390	$ 65,491	$ 3,683	Public Financing Authority III (net of deferred credit)
1,259	157	108	1,308	112	Public Financing Authority/Tax-Exempt Commercial Paper
1,314	-	431	883	431	Capital Lease Obligation - PACS
71,454	157	3,929	67,682	4,226	Total Medical Center
					Department of Airports:
105	-	17	88	18	Department of Transportation Loan
88	-	23	65	24	Department of Transportation Loan
193	-	40	153	42	Total Department of Airports
					Waterworks Districts:
71	-	13	58	14	State Water Loan
972	-	65	907	66	Revolving Fund Loan (Maximum Commitment of $1,769)
3,532	1,467	-	4,999	147	Revolving Fund Loan (Maximum Commitment of $5,555)
4,575	1,467	78	5,964	227	Total Waterworks Districts
					Business-type Activities - Non-major Funds:
					Parks Department:
32	-	12	20	12	Capital Lease Obligation
					Channel Islands Harbor:
4,595	-	162	4,433	140	Public Financing Authority/Tax-Exempt Commercial Paper Harbor Revetment Project
82	-	19	63	20	Public Financing Authority III - Fuel Dock
4,677	-	181	4,496	160	Total Channel Islands Harbor
					Oak View District:
876	-	38	838	34	Public Financing Authority/Tax-Exempt Commercial Paper
6,679	4,544	4,105	7,118	4,342	*Compensated Absences Liability*
					Other Liabilities:
209	-	29	180	100	LUFT - (Department of Airports)
4,262	41,940	38,961	7,241	7,241	Claims liabilities (Health Care Plan)
3,618	802	-	4,420	-	Medical malpractice (Medical Center)
8,089	42,742	38,990	11,841	7,341	Total Other Liabilities
$ 96,575	$ 48,910	$ 47,373	$ 98,112	$ 16,384	Total Business-type Activities

As of June 30, 2011, annual debt service requirements of governmental activities to maturity are as follows (in thousands):

Year Ending June 30:	Certificates of Participation Principal	Certificates of Participation Interest	Tax-Exempt Commercial Paper Principal	Tax-Exempt Commercial Paper Interest	Loans Payable Principal	Loans Payable Interest
2012	$ 4,235	$ 1,636	$ 4,069	$ 294	$ 278	$ 233
2013	4,047	1,472	1,825	234	268	225
2014	4,216	1,290	1,750	205	275	216
2015	4,258	1,106	1,777	178	283	209
2016	4,435	916	1,680	151	291	201
2017-2021	12,952	1,978	5,497	438	1,366	885
2022-2026	2,954	317	2,623	88	1,392	720
2027-2031	-	-	-	-	1,575	538
2032-2036	-	-	-	-	1,784	329
2037-2041	-	-	-	-	1,605	96
Total requirements	37,097	$ 8,715	$ 19,221	$ 1,588	$ 9,117	$ 3,652
Bond premium	1,242					
Bond discount	(59)					
Deferred loss on refunding	(331)					
Total	$ 37,949					

Interest payments and certificate of participation retirements are serviced by revenues generated from lease payments made by the General Fund on leased facilities.

As of June 30, 2011, annual debt service requirements of business-type activities for major funds and non-major funds to maturity are as follows (in thousands):

Year Ending June 30:	MEDICAL CENTER Certificates of Participation Principal	MEDICAL CENTER Certificates of Participation Interest	MEDICAL CENTER Tax-Exempt Commercial Paper Principal	MEDICAL CENTER Tax-Exempt Commercial Paper Interest	DEPARTMENT OF AIRPORTS Loans Payable Principal	DEPARTMENT OF AIRPORTS Loans Payable Interest	WATERWORKS DISTRICTS Loans Payable Principal	WATERWORKS DISTRICTS Loans Payable Interest
2012	$ 3,295	$ 3,219	$ 112	$ 20	$ 42	$ 7	$ 227	$ 70
2013	3,282	3,082	114	18	44	5	227	70
2014	3,432	2,921	115	16	36	4	230	66
2015	3,162	2,768	117	15	20	2	234	63
2016	3,294	2,619	119	13	11	1	222	59
2017-2021	14,128	10,882	622	36	-	-	1,161	247
2022-2026	16,655	7,124	109	4	-	-	979	165
2027-2031	16,880	2,005	-	-	-	-	851	117
2032-2036	-	-	-	-	-	-	894	74
2037-2041	-	-	-	-	-	-	939	28
Total requirements	64,128	$ 34,620	$ 1,308	$ 122	$ 153	$ 19	$ 5,964	$ 959
Deferred credit on refunding	1,363							
Total	$ 65,491							

Year Ending June 30:	NON-MAJOR FUNDS Certificates of Participation Principal	NON-MAJOR FUNDS Certificates of Participation Interest	NON-MAJOR FUNDS Tax-Exempt Commercial Paper Principal	NON-MAJOR FUNDS Tax-Exempt Commercial Paper Interest
2012	$ 20	$ 3	$ 174	$ 79
2013	21	1	436	76
2014	22	1	442	70
2015	-	-	448	63
2016	-	-	455	57
2017-2021	-	-	2,384	179
2022-2026	-	-	932	14
Total requirements	$ 63	$ 5	$ 5,271	$ 538

Legal Debt Limit
The County's legal annual debt limit as of June 30, 2011, is approximately $1,317,304,000. The County's legal debt limit is set by statute at 1.25 percent of total assessed valuation. The general obligation bonded debt per capita is $0.00. Certificates of participation (COP), TECP, and loans payable subject to the debt limit total $144,537,000 at June 30, 2011.

Arbitrage
The Internal Revenue Code of 1986, Sections 103 and 141 through 150, restricts the amount of interest earnings an issuer of tax-exempt issuances can earn on the proceeds. The interest earnings rate cannot exceed the yield on the tax-exempt COPs.

Management believes that as of June 30, 2011, there is no arbitrage liability. The activities of tax-exempt debt issues will continue to be monitored and appropriate analysis made to determine any future obligation.

Special Assessment Debt
On September 2, 2010, the final principal payment of $500,000 was made on the Local Agency Revenue Bonds, 1998 Series "A."

As of June 30, 2011, tax-exempt commercial paper was outstanding in the amount of $838,000 for the Oak View School Preservation and Maintenance District (Oak View District). On August 2, 2002, the Oak View District was formed to purchase and rehabilitate the Oak View School for a community park and family resource center. The initial funding was provided by a loan from tax-exempt commercial paper partially offset by grant funds. The cost of debt payments over the thirty year period and operations will be paid solely from benefit assessments.

The County acts as an agent for the property owners in collecting assessments for the Oak View District and initiating foreclosure proceedings, if appropriate. The County directly administers the Oak View School project and the related PFA debt; therefore, the debt, along with other PFA issued County debt, is included in the accompanying financial statements.

NOTE 11 - NET ASSETS/FUND BALANCES

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted, and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

- *Restricted Net Assets (RNA)* – This category reflects net assets that are subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2011, restricted net assets for governmental activities were $332,555,000, of which $309,954,000, was restricted by enabling legislation.

- *Unrestricted Net Assets* – This category represents net assets of the County not restricted for any project or other purpose. Outstanding liabilities attributable to these assets reduce the balance of this category.

Fund Statement - Fund Balances
In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories or prepaid amounts and may also include the long-term receivables.

Restricted fund balance - includes amounts with constraints on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – includes amounts that can only be used for the specific purposes determined by formal action of the County's highest level of decision-making authority, the County Board of Supervisors. Commitments may be changed only by the County taking the same formal action that originally imposed the constraint.

Assigned fund balance – includes amounts that are constrained by the County's intent to be used for specific purposes. The intent can be expressed by either the highest level of decision making, or by a body or an official to which the Board has delegated the authority. This is also the classification for residual amounts in governmental funds, other than the General Fund.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

At June 30, 2011, fund balance for governmental funds is made up of the following (in thousands):

Fund Balances	General Fund	Roads	Watershed Protection Districts	Fire Protection District	Non-major Governmental Funds	Total
Nonspendable:						
Inventory and prepaid amounts	$ 583	$ -	$ -	$ 1,375	$ 31	$ 1,989
Permanent fund principal	-	-	-	-	1,133	1,133
Long-term loans and notes receivable	7,469	-	-	-	-	7,469
Restricted for:						
General government	28,464	-	-	-	-	28,464
Public protection	20,578	-	59,646	82,787	4,136	167,147
Public ways and facilities	-	40,839	-	-	380	41,219
Health and sanitation services	23,647	-	-	-	42,905	66,552
Public assistance	493	-	-	-	76	569
Education	-	-	-	-	1,588	1,588
Debt service	-	-	-	-	5,326	5,326
Capital projects	-	-	-	-	1,586	1,586
MHSA prudent reserve	-	-	-	-	9,339	9,339
Committed to:						
General government	2	-	-	-	-	2
Public protection	2,366	-	212	3,900	1,033	7,511
Public ways and facilities	-	21,765	-	-	-	21,765
Capital projects	-	-	-	-	7	7
Assigned to:						
General government	6,060	-	-	-	-	6,060
Public protection	7,565	-	1,451	-	-	9,016
Public ways and facilities	-	1,300	-	-	-	1,300
Health and sanitation services	1,929	-	-	-	-	1,929
Public assistance	2,312	-	-	-	-	2,312
Education	-	-	-	-	4,122	4,122
Unassigned	129,247	-	-	-	(2,807)	126,440
Total fund balances	$ 230,715	$ 63,904	$ 61,309	$ 88,062	$ 68,855	$ 512,845

When restricted and unrestricted (committed, assigned, or unassigned) resources are available, restricted resources are generally considered to be used first, followed by committed, assigned and unassigned resources as they are needed.

NOTE 12 - MEDICARE AND MEDI-CAL PROGRAMS

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the fiscal year ended June 30, 2011, the Medi-Cal and Medicare programs represented approximately 61 percent of the Medical Center's net revenue.

Medi-Cal inpatient services are reimbursed through the guidelines and methodology covered under California's Section 1115 Medi-Cal Hospital/Uninsured Care Demonstration (SB1100). The interim hospital per diem rates were computed based on the hospital's cost report data, supplemental worksheets, and supporting documentation that were designed by the Department of Health Care Services and are subject to reconciliation based on the filed and reconciled Medi-Cal 2552-96 cost report. Medi-Cal outpatient services are reimbursed under a schedule of maximum allowances and additional supplemental funding through AB915 for uncompensated costs.

Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Medicare outpatient services and certain defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2007, for Medicare and June 30, 2008, for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

In addition, for the Medicare and Medi-Cal programs, the Medical Center has established liability reserves in the aggregate amount of $12,021,000, for settlement included in the line item "Accrued Liabilities" for cost report settlement reserves covering the period from FY 2005-06 through FY 2010-11. In accordance with SB1100, the Medical Center receives an interim per diem payment in Medi-Cal revenue under Fee-for-Service program (FFS), Disproportionate Share Hospital program (DSH), and Safety Net Care Pool program (SNCP). This also covers the annual grant amount for the Health Care Coverage Initiative Program, a competitive grant designed as a demonstration project to provide health coverage for the qualified uninsured patients. The amount received/allocated to the Medical Center is based on the state budget and the financial performance of the designated public hospitals statewide. Accordingly, the amounts allocated to the Medical Center for any of the specific programs are subject to revision and reconciliation by the State. For the fiscal year ended June 30, 2011, the Medical Center has recorded $113,649,000, of DSH, SNCP and supplemental revenues. Medi-Cal revenue represented 38.94 percent of the net revenue.

NOTE 13 - PENSION PLANS

VCERA Plan

(a) Plan Description

The County has a contributory defined benefit plan (Plan) established pursuant to Government Code Sections 31450 through 31899 and administered by the VCERA. VCERA operates a cost-sharing, multiple-employer system with substantially all member employers included in the County's primary government reporting entity. Covered employees include those from Courts, Air Pollution Control District and other smaller special districts. Due to the relative insignificance of the non-County employers participating in the plan, the County has elected to include financial statement disclosures required for a single-employer plan. The information presented is for all VCERA participants and includes non-County participants. Membership in the VCERA is mandatory for all regular employees who are scheduled to work 64 hours or more biweekly.

VCERA is governed by the Board of Retirement. The Plan's benefit provisions and contribution requirements are established and may be amended by state law and resolutions and ordinances adopted by the Board of Retirement and Board of Supervisors. VCERA issues an independently audited Comprehensive Annual Financial Report. A copy of this report can be obtained by contacting the Retirement Association at 1190 South Victoria Avenue, Suite 200, Ventura, California, 93003.

Plan members are classified as either General or Safety. General members employed prior to or on June 29, 1979 and certain other employees before June 30, 2002 are designated as Tier I members. General members employed after June 29, 1979 are designated as Tier II members. All Safety members are classified as Tier I regardless of date of hire and primarily include eligible Sheriff's Department, Fire Department, District Attorney, and Probation employees.

*(b) Retirement Benefit*s
A General or Safety member with 10 or more years of County service is entitled to an annual retirement allowance beginning at age 50. General members with 30 or more years of service and Safety members with 20 or more years of service may begin receiving a retirement allowance regardless of age. The basic retirement allowance is based upon the member's age, years of retirement service credit, and final average compensation.

Employees terminating before accruing 5 years of retirement service credit (5-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. In addition, certain death, disability, and supplemental benefits are provided to eligible employees. Cost of living adjustments of up to three percent per annum are made for all Tier I employees.

*(c) Actuarially Determined Contribution Requirement*s
The funding policy provides for periodic employer and employee contributions at actuarially determined rates, expressed as level percentages of annual covered payroll, that are sufficient to accumulate the required assets to pay benefits when due. The smoothing of market value method is used to determine the actuarial value of assets. In accordance with various employee collective bargaining agreements, the County subsidizes the employees' regular contributions in various amounts, depending on the classification of the employee. Contribution rates for employees range from 5.57 percent to 12.10 percent of covered payroll. Contribution rates are determined using the "entry age normal cost" method. Under this method, normal cost is the level amount that would fund the projected benefit if it was paid annually from the date of employment until retirement.

Employer and employee contribution rates in effect during fiscal year 2010-11 were based on the actuarial valuation performed as of June 30, 2009. The significant actuarial assumptions in the June 30, 2009, actuarial valuation are summarized as follows:

	Assumptions
• Rate of return on investment	8.00%
• Projected salary increases	5.00% - 13.25%
Amount attributable to inflation	3.50%
Amount attributable to merit and longevity	0.75% - 9.00%
Amount attributable to real "across the board"	0.75%
• Annual cost of living increases after retirement (Tier 1 and Safety members - contingent upon CPI increases, 3% maximum. Tier 2 SEIU members - fixed 2% not subject to CPI increases, for service after March 2003.)	0.00% - 3.00%

The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll on a closed basis.

(d) *Contributions and Transfers Made*
As a condition of participation, employees are required to contribute a percentage of their annual compensation to the Plan. The balance of member contributions, General and Safety, on deposit at June 30, 2011, was $549,247,000. The County's contribution to the Plan, based on actuarially determined percentages of payroll costs, together with employees' contributions, are intended to provide the defined benefits of the Plan. The balance of employer contributions on deposit at June 30, 2011, were $723,383,000.

Actuarially determined employer contributions of $105,278,000 were made in 2008-09, $97,324,000 in 2009-10, and $111,585,000 in 2010-11. These contributions represent 100 percent of the annual pension cost required for fiscal years 2009, 2010, and 2011. Therefore, in accordance with GASB Statement No. 27, there is no net pension obligation for fiscal years 2009, 2010, and 2011.

The County also made other employer contributions. Payments were made on behalf of employees as a result of employer-employee negotiations for fiscal years 2008-09, 2009-10, and 2010-11, in the amounts of $8,638,000, $8,379,000, and $8,469,000, respectively. The negotiated amounts are credited to the County Advance Reserves of VCERA and do not vest with the employee.

The employees contributed $28,863,000, including $2,041,000, for the purchase of service credits in fiscal year 2010-11. In addition, the County contributed $13,335,000 on behalf of the employees as a "pickup" of employee contributions as a result of the employer-employee negotiations. This was credited to the individual employee accounts.

(e) Funded Status and Funding Progress
As of June 30, 2010, the most recent actuarial valuation date, the plan was 80.36 percent funded. The actuarial accrued liability for benefits was $3,877,443,000 and the actuarial value of assets was $3,115,984,000, resulting in a UAAL of $761,459,000. The covered payroll (annual payroll of active employees covered by the plan) was $654,828,000, and the ratio of the UAAL to the covered payroll was 116.28 percent.

The schedule of funding progress is presented as required supplementary information following the notes to the financial statements. This schedule presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Supplemental Retirement Plan

(a) Plan Description

The SRP is a single employer contributory defined benefit pension plan governed by the Board of Supervisors and provisions of Internal Revenue Code Section 401. The SRP was adopted on January 1, 1992, and amended on the following dates: August 31, 1993, April 2001, June 8, 2004, May 17, 2005, and July 10, 2007. SRP is comprised of three parts as follows:

- Part B - Safe Harbor. This plan was adopted on January 1, 1992, and provides benefits to County employees whose employment with the County does not otherwise entitle them to retirement benefits under the County's 1937 Act Retirement Plan or the Social Security Act and is in compliance with the Omnibus Budget Reconciliation Act of 1990. Eligible employees are vested upon enrollment.
- Part C - Early Retirement Incentive. This plan was adopted effective on January 1, 1992, and provides early retirement benefits to County employees pursuant to periodic early retirement incentive programs adopted by the County and is a tax qualified pension plan under Internal Revenue Code Section 401(a).
- Part D - Elected Department Head. This plan was adopted by the Board of Supervisors effective on December 1, 2000, and provides a supplemental retirement benefit to the County's elected department heads for retirement parity with appointed agency/department heads. The plan was amended on June 8, 2004, limiting eligible participants to those employees in an elected department head position between December 1, 2000, and June 8, 2004.

The plan year of the SRP is the County's fiscal year. A separate financial statement is not issued by SRP. The schedule of funding progress and schedule of employer contributions are included in the Required Supplementary Information section of this report. The actuarial covered payroll for all employees covered by SRP for the fiscal year ended June 30, 2011, was $11,716,000 and $548,000 for Parts B and D, respectively, based on the actuarial valuation report as of June 30, 2011. In lieu of separately issued financial statements for the SRP, condensed financial statements are presented below (in thousands):

Statement of Fiduciary Net Assets

Cash and other current assets	$ 12,014
Total assets	12,014
Accounts Payable	19
Amount due to other governmental agencies	12
Total liabilities	31
Net assets held in trust for pension benefits	$ 11,983

Statement of Changes in Fiduciary Net Assets

Contributions	$ 1,331
Net investment income	2,347
Total additions	3,678
Total deductions	909
Change in net assets	2,769
Net assets - beginning	9,214
Net assets - ending	$ 11,983

Plan participants at June 30, 2011 were as follows:

Participant Classification	Number of Participants
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	222
Early retirement participants (Early Retirement Incentive Plan)	40
Elected department head participants	6
Current employees participants:	
Supplemental retirement participants (Safe Harbor)	784
Elected department head participants	3
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	8,717
Total	9,772

(b) Basis of Accounting

The preceding condensed financial statements were prepared on the accrual basis. Investment income is recognized when earned, and investment and administrative expenses are recorded when incurred. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and are due under the terms of the plan. Benefit payments and participant refunds are recognized when due and payable in accordance with the terms of the Plan.

(c) Benefits

- Part B - Safe Harbor. The participant's monthly benefit or lump sum benefit is based on the total amount of compensation for the period of the participant's benefit accrual service for the last 30 years of participation. The participant is entitled to the benefit at the later of age 65 or the termination of employment. The benefit will be payable as a single life annuity or, if the actuarial present value of the accrued benefit is not more than $5,000, a one-time lump sum amount will be paid in lieu of the monthly benefit. If the participant dies before retirement benefits begin, the participant's beneficiary will be entitled to receive a lump-sum death benefit payment. In May 2005, the plan was amended to allow participants to receive an actuarially reduced benefit beginning at age 50, if terminated from County employment. Also in May 2005, the plan was amended to allow participants, upon retirement, to elect a joint and survivor annuity option in which the annuity benefit will continue to the surviving spouse upon the death of the retiree.
- Part C - Early Retirement Incentive. The benefit is a monthly retirement benefit payable to the participant for life. Upon the death of the participant, the monthly retirement benefit shall be paid to the participant's surviving spouse, if any, for life.
- Part D - Elected Department Head. The benefit is a supplemental monthly retirement benefit payable to the participant for life. Upon the death of the participant, the monthly retirement benefit shall be paid to the surviving spouse for life, depending on the retirement payment option selected.

(d) Actuarially Determined Contribution Requirement

The funding policy provides for periodic employer and employee contributions at actuarially determined rates expressed as percentages of annual covered payroll that are sufficient to accumulate the required assets to pay benefits when due. The actuarial cost method is Entry Age Normal for Parts B and D and is not applicable to Part C. The amortization method used is Level Percentage of Pay for Parts B and D and Level Dollar Amount for Part C, on a closed basis. The remaining amortization period is 14 years for Parts B and D and 9 years for Part C. A 5-Year Smoothed Market Value is the method used for asset valuation. The significant actuarial assumptions in the June 30, 2011, actuarial valuation are summarized as follows:

	Assumptions
• Rate of return on investment	8.00% net of expense
• Projected salary increases	4.25% for Part B and 5.00% for Part D; not applicable for Part C
Amount attributable to inflation	3.50% for Parts B , C and D
• Annual cost of living increases after retirement	3.00% for Part D; none for Parts B and C
• Mortality	RP-2000 Combined Healthy Mortality Table for Parts B, C and D

The schedule of employer contributions is presented in the Required Supplementary Information section of this report.

(e) Contributions, Annual Pension Cost, and Net Pension Obligation

- Part B - Safe Harbor. Each participant contributes three percent of compensation to the plan on a pre-tax basis. Employee contributions cease upon attainment of 30 years of Benefit Accrual Service. The balance of participant contributions at fair value on deposit at June 30, 2011, was $5,118,000.
- Part C - Early Retirement Incentive. This benefit is funded solely by employer contributions.
- Part D - Elected Department Heads. This benefit is funded solely by employer contributions.

A schedule of annual pension cost, percent of annual pension cost contributed, and net pension obligation for the current and preceding two fiscal years is presented below for Parts B, C, and D (in thousands):

Fiscal Year Ending June 30:	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation	Part
2009	$ 478	46%	$ 540	B
2010	(136)	100%	-	B
2011	756	100%	-	B
2009	36	75%	40	C
2010	(4)	100%	-	C
2011	44	100%	-	C
2009	141	88%	35	D
2010	102	100%	-	D
2011	182	100%	-	D

Actuarially determined combined employer contributions for all parts of $371,000 were made in 2008-09, $577,000 in 2009-10 and $982,000 in 2010-11.

(f) Administrative Expenses
The costs of administration of the Plan shall be paid from the Plan, as long as the expenses are considered reasonable by the Plan Administrator. Such expenses shall include, but are not limited to, expenses for professional, legal, accounting, actuarial, and investment services. Administrative expenses for fiscal year 2010-11 totaled $283,000.

(g) Funded Status and Funding Progress
The following is the funded status information for each part as of June 30, 2011, the most recent actuarial valuation date (in thousands):

Part	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll ((b-a)/c)
B	$ 10,726	$ 16,964	$ 6,238	63.2 %	$ 11,716	53.2 %
C	252	579	327	43.5 %	N/A	N/A
D	868	2,447	1,579	35.5 %	548	288.1 %

The schedule of funding progress is presented as required supplementary information following the notes to the financial statements. The schedule presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Management Retiree Health Benefits Program

(a) Plan Description

The Management Retiree Health Benefits Program is a cost-sharing, multiple-employer defined benefit plan administered by the County of Ventura. Substantially all participants are included in the County's primary government reporting entity. Due to the relative insignificance of the non-County employers participating in the plan, the County has elected to include financial statement disclosures required for a single-employer plan. The information presented is for all participants and includes non-County participants.

Adopted by the Board of Supervisors on June 8, 1999, employees covered by the Management Resolution who retired after July 1, 1999, became eligible to receive one year of payments for five years of service, up to a maximum of five years of coverage. Payments of approximately $605 per month were equivalent to premiums for the Ventura County Health Care Plan. Total payments in fiscal year 2010-11 were $1,289,000. The payments do not constitute any guarantee of medical care benefits. On June 21, 2005, the Board of Supervisors approved the elimination of this benefit for employees covered after July 2, 2005.

A separate financial statement is not issued for the plan. The schedule of funding progress is included in the required supplementary information section of this report.

(b) Funding Policy

The County currently funds the management retiree health benefits on a pay-as-you-go basis.

(c) Annual Pension Cost and Net Pension Obligation

For 2010-11, the annual pension cost consists of the annual required contribution plus interest on the net pension obligation less the adjustment to the annual required contribution as presented below (in thousands):

Annual required contribution	$ 1,551
Interest on the net pension obligation	23
Adjustment to the annual required contribution	(28)
Annual pension cost	1,546
Contributions made	(1,289)
Increase (decrease) in net pension obligation	257
Net pension obligation - beginning	413
Net pension obligation - ending	$ 670

The County's annual pension cost, the percentage of annual pension cost contributed to the plan, and the net pension obligation for the current and the preceding two fiscal years were as follows (in thousands):

Fiscal Year Ending June 30:	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation (Asset)
2009	$ 1,191	99.2 %	$ 8
2010	1,615	74.9 %	413
2011	1,546	83.4 %	670

(d) Funded Status and Funding Progress
As of June 30, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the UAAL was $14,555,000. The annual covered payroll for all employees covered by the Management Retiree Health Benefits Program is $48,368,000, and the ratio of the UAAL to the covered payroll was 30.1 percent.

The schedule of funding progress is presented as required supplementary information following the notes to the financial statements. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(e) Actuarial Methods and Assumptions
In the County's June 30, 2011, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.5 percent investment rate of return, based on the rate of return over time of the County's Investment Pool since the plan is funded on a pay-as-you-go basis, projected salary increases of 5.0 percent, and inflation rates that start at 8.5 percent and decline to 5.0 percent over 7 years. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at June 30, 2011, was 30 years.

Replacement Benefit Plan
Internal Revenue Code (IRC) Section 415(b) limits the maximum annual amount that a defined benefit plan can pay to any individual. The Replacement Benefit Plan, a qualified IRC 415(m) plan, provides annual retirement benefits earned in excess of Section 415(b) limits.

The plan is administered by the County. Participation is limited to retired members whose benefit payments are limited by Section 415(b). No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants or their beneficiaries. As of June 30, 2011, there were no participants in the plan.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Subsidized Retiree Health Benefits Program
(a) Plan Description
The Subsidized Retiree Health Benefits Program is a cost-sharing, multiple-employer defined benefit plan administered by the County of Ventura. Substantially all participants are included in the County's

primary government reporting entity. Due to the relative insignificance of the non-County employers participating in the plan, the County has elected to include financial statement disclosures required for a single-employer plan. The information presented is for all participants and includes non-County participants.

Eligible employees (age 50 with 10 years of County Service) who retire from the County may receive health benefits at subsidized rates. For coverage prior to age 65, the retiree pays premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more to insure than active employees, the premium paid by the retiree is less than the "true cost" of coverage for retirees thus creating an implicit subsidy. This implicit subsidy is considered an obligation under GASB 45.

The plan is governed by the County Board of Supervisors. The County has made no commitments to maintain this program and retirees' participation in the program is approved on a year-to-year basis by the Board. Retiree Health Benefits are not vested and may be modified or eliminated at anytime.

A separate financial statement is not issued for the plan. The schedule of funding progress is included in the Required Supplementary Information section of this report.

(b) Funding Policy
The County currently funds postemployment health benefits on a pay-as-you-go basis.

(c) Annual OPEB Cost and Net OPEB Obligation
For 2010-11, the annual OPEB cost consists of the annual required contribution plus interest on the net OPEB obligation less the adjustment to the annual required contribution as presented below (in thousands):

Annual required contribution	$ 1,696
Interest on the net OPEB obligation	120
Adjustment to the annual required contribution	(78)
Annual OPEB cost	1,738
Contributions made	(996)
Increase (decrease) in net OPEB obligation	742
Net OPEB obligation - beginning	2,176
Net OPEB obligation - ending	$ 2,918

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and the preceding two fiscal years were as follows (in thousands):

Fiscal Year Ending June 30:	Annual OPEB Cost (AOC)	Percent of AOC Contributed	Net OPEB Obligation
2009	$ 2,048	60.4%	$ 1,616
2010	1,834	69.5%	2,176
2011	1,738	57.3%	2,918

(d) Funded Status and Funding Progress
As of June 30, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the UAAL was $17,491,000. The annual covered payroll for all employees covered by the Subsidized Retiree Health Benefits Program is $428,470,000 and the ratio of the UAAL to the covered payroll was 4.1 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, is presented as required supplementary information following the notes to the financial statements. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(e) Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets (if any), consistent with the long-term perspective of the calculations.

In the County's June 30, 2011, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.5 percent inflation rate, a 5.5 percent investment rate of return, based on the rate of return of the County's Investment Pool over time, since the plan is funded on a pay-as-you-go basis, and healthcare cost trend rates that vary by plan starting at 8.5 to 10.5 percent and declining to 5.0 percent over 7 to 8 years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 30 years.

NOTE 15 - TAX AND REVENUE ANTICIPATION NOTES PAYABLE

On July 1, 2010, the County issued $128,935,000 in Tax and Revenue Anticipation Notes (Notes) at a 2.00 percent interest rate, priced to yield 0.38 percent, to meet current year cash flow requirements for operational needs. At June 30, 2011, the outstanding principal was $128,935,000. Principal and interest for fiscal year 2010-11 was paid on July 1, 2011, the maturity date of these notes.

The Notes, in accordance with California law, are general obligations of the County and are payable out of fiscal year 2010-11 taxes and other revenues, which are legally available for payment thereof.

The summary of the notes transactions for the fiscal year ended June 30, 2011, is as follows (in thousands):

Beginning Balance June 30, 2010	Additions	Reductions	Ending Balance June 30, 2011	Due Within One Year
$ 145,000	$ 128,935	$ (145,000)	$ 128,935	$ 128,935

NOTE 16 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; hospital liability (malpractice); errors and omissions; theft of, damage to, and destruction of assets; and natural disasters for which the government is either self-insured, commercially insured, or a combination of both.

The Human Resources Department acquired commercial insurance for primary group medical and long-term disability insurance. Unemployment insurance benefits are self-insured and administered by the Human Resources Department within the Employee Benefits Insurance Internal Service Fund. Professional Firefighters and Deputy Sheriffs Associations also administer commercial group medical insurance plans available for their members.

The Ventura County Health Care Plan (VCHCP), administered by the Health Care Agency, provides a County self-insured medical plan for County employees. In addition, a separate self-insured plan is offered to certain other County employees and to related clinic employees through their employers. A state Healthy Families plan is also available from VCHCP. Excess commercial coverage is also purchased for VCHCP.

The Risk Management Department within the General Insurance Internal Service Fund administers the commercial and self-insurance aspects of the County's casualty risk programs. General liability is self-insured to $500,000 per occurrence, following exhaustion of an initial $500,000 corridor deductible, thereafter, covered by excess commercial liability insurance up to $31.5 million per occurrence. In October 2004, the County joined the California State Association of Counties (CSAC) Excess Insurance Authority, a joint powers authority, for property and earthquake coverage. The Authority was formed in 1979 by and for California counties and currently has 54 participating counties, and a number of other public entities. The Authority is governed by a Board of Directors composed of one director from each member county appointed by each member county's Board of Supervisors, and five other public entity Board members. The Authority annually issues an audited Comprehensive Annual Financial Report. Through participation in the Authority, risk is pooled (shared) among the pool participants. Accordingly, the premiums are reported as insurance expenses in the General Liability Internal Service Fund as required by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.*

Medical malpractice liability insurance provides liability coverage on a claims made basis, up to $50 million per incident, with a $100,000 per occurrence deductible. Medical malpractice claims made coverage includes a retroactive date of October 1, 1986. Tail coverage for events that occurred prior to October 1, 1986 but have not yet been reported is self-insured. In March 2004, the County began participating in the BETA Healthcare Group, a joint powers authority, for the purpose of purchasing medical malpractice insurance. This risk-sharing pool program, established as a cost effective alternative to the commercial insurance market, is structured like a traditional insurer in that members are not assessed for excess pool losses. Coverage was renewed in July 2011.

The unpaid claims liabilities included in the General Insurance fund are based on actuarial studies and include amounts for claims incurred but not reported including loss adjustment expenses. Beginning with fiscal year 1994-95, the General Insurance liabilities were discounted at 5.5 percent. Due to decline of the economy and interest rates, for the actuarial report as of June 30, 2011, the discount rate for the General Insurance liability has been lowered to 3.0 percent. The revenue received, including interest, and contribution funded liabilities, and net assets are sufficient to meet liabilities as they come due.

Workers' compensation occurrences are self-insured effective July 1, 2002, with coverage for all employees. Injuries occurring from July 1, 1995 to June 30, 2002, are fully covered by the prior commercial insurer without a maximum. Injuries occurring prior to July 1, 1995, were originally self-insured and self-administered. Beginning in April 1997, these claims were adjusted and funded through a loss portfolio transfer policy with limits of liability of $22,800,000, and the insurance carrier's right to reimbursement for claims expenses in excess of the policy limit. The limit of liability was exceeded in July 2007. Litigation ensued against the carrier, resulting in a settlement in March, 2011, whereby the carrier waived reimbursement of $1.65 million in expenses and the County took over further administration of the claims as of April, 2011. As a result, the claims are now once again administered by, and claims costs borne by the County, along with the post July 1, 2002, self-insured claims. As of June 30, 2011, the expected liability on the pre-1995 claims, at the 80 percent confidence level, discounted at 5.5 percent, was actuarially estimated to be $8,995,000.

The unpaid claims liabilities in the Workers' Compensation fund for losses prior to 1995 and subsequent to 2002 included in the self-insurance fund are based on actuarial studies and include amounts for claims incurred but not reported including loss adjustment expenses. The ultimate liabilities remain discounted at 5.5 percent as in past years. This discount rate has been retained because the claim payment liability for workers' compensation cases is much longer than other types of liabilities in the General Insurace Internal Service Fund.

Settlements or judgments have not exceeded commercial coverage for any risk of loss in each of the past three fiscal years, with the exception of the loss portfolio transfer policy for workers' compensation claims prior to 1995, as noted above. In addition, litigation expenses and liability for damages for uninsured cases, such as inverse condemnation and land subsidence cases, have been incurred by the General Insurance Internal Service Fund.

Changes in the balances of claims liabilities of General Insurance and Employee Benefits Internal Service Funds and Health Care Plan Enterprise Fund and medical malpractice liability of the Medical Center during fiscal years 2009-10 and 2010-11 are as follows (in thousands):

	Claims Fiscal Year		Medical Malpractice Fiscal Year	
	2009-10	2010-11	2009-10	2010-11
Liabilities, beginning	$ 133,445	$ 143,660	$ 3,118	$ 3,618
Incurred losses and adjustments	63,566	74,405	500	802
Claim payments	(53,351)	(62,294)	-	-
Liabilities, ending	$ 143,660	$ 155,771	$ 3,618	$ 4,420

Medical malpractice liability for public and mental health functions in the General Fund of $548,000, an increase of $99,000 from the prior year, is reported in the governmental activities portion of the government-wide financial statements.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Grants

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. The County's grant programs are subject to audit under the requirements of the Single Audit Act and OMB Circular A-133 and are generally subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant or in reductions of future grant monies. An amount of $1,000,000, annually, is set aside for contingencies in the General Fund for this possibility. Based on prior experience, management believes that grant costs ultimately disallowed, if any, would not materially affect the financial condition of the County.

Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services. Encumbrances outstanding at year end are not accounted for as expenditures and liabilities, but are included in fund balance. As of June 30, 2011, encumbrances of $11,068,000 were reported in the General Fund, $6,725,000 in the Road Fund, $10,295,000 in the Watershed Protection Districts, $8,674,000 in the Fire Protection District, and $4,366,000 in the Non-major Governmental Funds.

Other

Legal proceedings normally occur related to construction projects and are subject to arbitration by agreement. Claims are negotiated by the County of Ventura. In the opinion of management, current claims are not likely to have a material adverse impact on the County financial statements and, accordingly, no provision for losses has been recorded.

NOTE 18 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 1, 2011, the County issued $137,315,000 of 2.25 percent fixed-rate, priced to yield 0.27 percent, tax and revenue anticipation notes. The notes received SP-1+ and MIG1 ratings from Standard and Poor's Ratings Services (S & P) and Moody's Investors Services (Moody's), respectively. Proceeds from the notes will be used to meet fiscal year 2011-12 expenditures including capital expenditures and the discharge of other obligations of the County. The maturity date of the notes is June 29, 2012.

Redevelopment Agency (Agency)

The Redevelopment Agency operates pursuant to the provisions of California Redevelopment Law (Health and Safety Code Section 33000 et seq.). On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. The Redevelopment Restructure Act requires the Agency and its sponsoring government (the County) to take several legislative actions to implement the various provisions of each assembly bill. The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies as of October 1, 2011, restrict Agency payments to enforceable obligations, direct the orderly closing of Agency activities, and distribute the former redevelopment agency's assets and liabilities. The purpose of the Voluntary Program Act was to provide a voluntary alternative for local governments to continue redevelopment activities. In order to continue operations, a redevelopment agency was required to adopt an ordinance prior to November 1, 2011 agreeing to comply with and participate in the Alternative Program.

On September 20, 2011, the County of Ventura Redevelopment Agency enacted non-binding Resolution No. 249.1 declaring its intent to continue the Agency by proposing to enact an Ordinance to comply with and participate in the Alternative Voluntary Redevelopment Program. On September 27, 2011, the Agency formally adopted Ordinance 4440 declaring the Agency would comply with and participate in the Alternative Voluntary Redevelopment Program.

As a condition of the Agency's continued existence, and as part of the Program, the Agency must make an annual "Community Remittance" payment into a special fund established for the benefit of other governments. The remittance amount was calculated by the State Department of Finance and for fiscal year 2011-12 the Agency's required remittance payment is $241,561. All future remittance revenue will be based upon a formula provided by the Department of Finance and is currently estimated at $44,000 per year. The Agency has not recorded any liability related to the alternative voluntary required remittance payment in the fiscal year 2010-11 financial statements.

On July 18, 2011, the California Redevelopment Association, the League of California Cities and the Cities of San Jose and Union City filed a lawsuit with the California Supreme Court challenging the constitutionality of Redevelopment Restructuring Act. As part of the law suit it was requested that the Court stay the implementation of the legislation. On August 11, 2011, the Supreme Court of California (Supreme Court) agreed to hear California Redevelopment Assn. v. Matosantos (S194861) and committed to issuing a decision by January 15, 2012. The Supreme Court also issued a stay of the dissolution of redevelopment agencies and remittance payments mandated by the Dissolution and Voluntary Program Acts. The stay prevents redevelopment agencies from being forced to make the payments until the Supreme Court rules on the merits of the case. The Supreme Court did not, however, extend the stay to the provision of the Dissolution Act that puts a freeze on redevelopment activities prior to dissolution; the Dissolution Act remains in effect insofar as it precludes agencies from incurring any new indebtedness or other commitments.