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 Facilities Corporation (PFC), the Public Financing Authority (PFA), and the RDA;

- Capital Project Funds – the PFC, 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 all entities except the Ventura County Public Facilities Corporation. However, this organization provides services entirely for the County's benefit.

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, California, 93003.

B) New Accounting Pronouncements

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for periods beginning after June 15, 2009, requires that intangible assets be classified as capital assets. The County implemented the new requirements for the fiscal year 2009-10 financial statements.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for periods beginning after June 15, 2009, requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The new requirements are not applicable to the County of Ventura.

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 intends to implement 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. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, effective for periods beginning after June 15, 2009, provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The new requirements are not applicable to the County of Ventura.

GASB Statement No. 59, *Financial Instruments Omnibus*, effective for periods beginning after June 15, 2010, updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investments pools. The County implemented the new requirements for the fiscal year 2009-10 financial statements.

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 2 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 a comprehensive neonatal, emergency and outpatient medical care program to all County residents. 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, 2010. 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

Inventories consist of expendable supplies valued at cost (principally on a first-in, first-out basis). The County uses the purchases method to record inventories as expenditures when purchased by governmental funds. Significant supplies on hand at year-end are recorded as assets with a corresponding credit to reserved fund balances to indicate that such amounts are not available for future appropriation by the governmental funds.

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 (Accrued Vacation, Sick Leave, and Compensatory Time)

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 either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, except for interfund services provided and used, 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). 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 a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/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) 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.

NOTE 2 - DEFICIT FUND BALANCE

The *County Service Areas* Fund, a non-major Special Revenue fund, had a deficit fund balance of $1,450,000 at June 30, 2010. The deficit is due primarily to a major capital project in County Service Area No. 34 that is funded by a State Revolving Fund Loan on a reimbursement basis. It is expected that the deficit will be eliminated in fiscal year 2010-11.

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 PFC, 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, 2010 are as follows (in thousands):

Governmental activities	$ 833,458
Business-type activities	84,802
Primary government	918,260
Component unit	41,870
Total government-wide	960,130
Fiduciary funds:	
Pension trust funds	9,306
Investment trust fund	978,306
Agency funds	15,619
Total cash and investments	$ 1,963,361

Cash and investments at fair value for County funds, including those funds managed separately from the Treasury, at June 30, 2010 are summarized as follows (in thousands):

	Treasury	Fiscal Agents	SRP Pension Trust	Total
Cash:				
Cash on hand	$ 4	$ 21	$ -	$ 25
Deposits (net outstanding checks)	19,805	25,172	227	45,204
Total cash (net outstanding checks)	19,809	25,193	227	45,229
Investments:				
In Treasurer's pool	1,906,487	-	-	1,906,487
With fiscal agents	-	2,566	-	2,566
In pension portfolios	-	-	9,079	9,079
Total investments	1,906,487	2,566	9,079	1,918,132
Total cash and investments	$ 1,926,296	$ 27,759	$ 9,306	$ 1,963,361

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

At June 30, 2010, the carrying amount of the County's cash was $45,229,000, and the bank balance per various institutions was $59,235,000. Treasury cash of $19,809,000 reflects outstanding checks of $14,006,000. Treasurer's pool investments are managed daily to maximize earnings and provide cash as needed. Of the bank balance in financial institutions, $847,000 is covered by federal depository insurance and $58,388,000 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 $19,581,000 are held in the proprietary funds and include $1,500,000 for Health Care Plan tangible net equity deposit. The remainder of $17,684,000 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, 2010 amounted to an increase of $7,518,000. The net change in fair value from June 30, 2009 to June 30, 2010 was a decrease of $19,497,000.

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, 2010, 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, 2010, 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	0.30 - 5.75	7/12/10 - 4/15/13	$ 1,541,478	$ 1,549,010	1.12	AAA, Aaa
Commercial paper	0.09 - 0.60	7/6/10 - 1/31/11	307,491	307,477	0.22	A-1+, P-1
Local agency investment fund	0.56		50,000	50,000	-	Unrated
Total investments in Investment Pool			1,898,969	1,906,487	0.94	
Investments outside Investment Pool						
With Fiscal Agents:						
Government agency securities	5.625	2/15/12	2,441	2,566	1.63	AAA, Aaa
SRP Pension Trust:						
Bond mutual funds			1,856	2,362	6.45	Unrated
Equity mutual funds			7,062	6,717	-	Unrated
Subtotal			8,918	9,079	1.68	
Total investments outside Investment Pool			11,359	11,645		
Total fair value				$ 1,918,132		

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, 2010 (in thousands):

	Total
Statement of Net Assets	
Net assets held for pool participants	$ 1,926,296
Equity of internal pool participants	$ 905,029
Equity of external pool participants	979,397
Equity of discretely presented component unit	41,870
Total equity	$ 1,926,296
Statement of Changes in Net Assets	
Net assets at July 1, 2009	$ 2,002,814
Decrease in investment by pool participants, net	(76,518)
Net assets at June 30, 2010	$ 1,926,296

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 43 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, 2010 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, 2010, 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, 2010:

Investment	Percentage of Investment Pool
Federal Home Loan Banks	18.39 %
Federal Home Loan Mortgage Corporation	28.26 %
Federal Farm Credit Banks	20.20 %
Federal National Mortgage Association	14.40 %
General Electric Capital Corporation	9.68 %
Chevron Funding Corporation	6.45 %
Local Agency Investment Fund	2.62 %
Total	100.00 %

SRP. Investments in mutual funds are excluded from the requirement to disclose concentration of credit risk. As of June 30, 2010, 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 365 days. At June 30, 2010, the weighted average maturity of the Investment Pool was 344 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 $2,362,000, or 26 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 2,489 tax rate areas, which are unique combinations of various jurisdictions serving a specific geographic area. In fiscal year 2009-10, the rates levied within each tax rate area varied from a low of 1.000000 to a high of 1.143200 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	$ 245	$ -	$ 12	$ 70	$ 7	$ -	$ 334
Accounts	66,185	6,040	1,856	7,243	16,262	2,225	99,811
Interest	332	35	44	63	85	134	693
Gross Receivables	66,762	6,075	1,912	7,376	16,354	2,359	100,838
Loans and other long-term receivables	30,299	1,530	1,821	402	2,507	191	36,750
Total receivables	$ 97,061	$ 7,605	$ 3,733	$ 7,778	$ 18,861	$ 2,550	$ 137,588

Proprietary Funds	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Total Enterprise Funds and Business-type Activities
Receivables:					
Accounts	$ 195,706	$ 1,077	$ 4,009	$ 1,677	$ 202,469
Interest	3	3	23	18	47
Other	71	-	-	-	71
Gross Receivables	195,780	1,080	4,032	1,695	202,587
Less: Allow./Uncollectible Acct	(127,540)	(20)	(126)	-	(127,686)
Total Receivables - fund statements	68,240	1,060	3,906	1,695	74,901
Loans and other long-term receivables	-	-	-	80	80
Total receivables	$ 68,240	$ 1,060	$ 3,906	$ 1,775	$ 74,981

The balance of loans and other long-term receivables at year-end for governmental activities include SB90 revenue of $29,008,000 in the General Fund, the accrual of revenue from the state and federal government for disaster reimbursements in the Roads Fund of $1,530,000 and the Watershed Protection Districts Fund of $1,821,000, and special assessment receivable of $1,008,000 and Loan Fund long-term receivable of $1,464,000 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, 2010 is as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
General Fund			
	Roads Fund	$ 39	
	Watershed Protection Districts	37	
	Fire Protection District	27	
	Non-major Governmental Funds	842	
	Medical Center	2,010	
	Department of Airports	12	
	Waterworks Districts	24	
	Non-major Enterprise Funds	131	
	Internal Service Funds	25	
			$ 3,147

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

Receivable Fund	Payable Fund	Amount	
Roads Fund			
	General Fund	$ 715	
	Non-major Governmental Funds	1	
	Internal Service Funds	1	
			$ 717
Watershed Protection Districts			
	General Fund	349	
	Roads Fund	22	
	Non-major Governmental Funds	14	
	Internal Service Funds	2	
			387
Fire Protection District			
	General Fund	1,586	
			1,586
Non-major Governmental Funds			
	General Fund	676	
	Watershed Protection Districts	6	
	Non-major Governmental Funds	92	
	Medical Center	12	
			786
Medical Center			
	General Fund	1,470	
	Non-major Governmental Funds	62	
	Non-major Enterprise Funds	501	
			2,033
Department of Airports			
	General Fund	15	
	Internal Service Funds	2	
			17
Waterworks Districts			
	General Fund	93	
	Fire Protection District	2	
	Department of Airports	2	
	Non-major Enterprise Funds	4	
	Internal Service Funds	4	
			105
Non-major Enterprise Funds			
	General Fund	453	
	Internal Service Funds	17	
			470
Internal Service Funds			
	General Fund	3,295	
	Roads Fund	1,581	
	Watershed Protection Districts	1,785	
	Fire Protection District	265	
	Non-major Governmental Funds	1,469	
	Medical Center	581	
	Department of Airports	26	
	Waterworks Districts	628	
	Non-major Enterprise Funds	777	
	Internal Service Funds	548	
			10,955
Total Due To/Due From			$ 20,203

The balance of $2,010,000 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 $1,586,000 due to the Fire Protection District from the General Fund is primarily the result of the year-end accruals of supplemental property taxes, Proposition 172 revenue, and interest receivable.

The balance of $1,470,000 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. Of the $501,000 due to the Medical Center from Non-major Enterprise Funds, $500,000, is a result of the memorandum of understanding with the Health Care Plan.

The balance of $1,469,000 due to the Internal Service Funds from Non-major Governmental Funds is primarily a $1,200,000, short-term cash flow loan to be paid in October 2010, by Special Revenue Fund County Service Area 34 to Public Works Internal Service Fund.

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	$	6,363
General Fund	Medical Center		22,450
General Fund	Waterworks Districts		1,237
Total Advances		$	30,050

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

- In-Home Supportive Services Public Authority (IHS) in the amount of $2,600,000. IHS receives funding after the expenditures have been incurred. This advance was authorized for up to $3,250,000.
- The Medical Center in the amount of $22,450,000. Due to the lag of cost reimbursement from the state and federal governments, a cash flow loan is required for operations.

Based on available information, these loans are not expected to be repaid by June 30, 2011.

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	Fire Protection District	$ 1,693	Prop 172 sales tax
	Non-major Governmental Funds	5,736	Transfer funds for scheduled debt service
	Non-major Governmental Funds	4,743	Subsidy for operating expenses
	Non-major Governmental Funds	785	Health and welfare realignment
	Medical Center	13,600	Health and welfare realignment and tobacco settlement revenues
	Medical Center	26,696	Subsidy for operating expenses
	Non-major Enterprise Funds	1,367	Subsidy for operating expenses
	Internal Service Funds	305	Subsidy for capital asset purchase
	Internal Service Funds	30	Subsidy for operating expenses
	Internal Service Funds	733	Subsidy for capital projects
		55,688	
Roads Fund	Internal Service Funds	225	Subsidy for capital asset purchase
Watershed Protection Districts	Internal Service Funds	475	Subsidy for capital asset purchase
Fire Protection District	General Fund	250	Subsidy for capital asset purchase
Non-major Governmental Funds	General Fund	75	Subsidy for prosecution costs
	Non-major Governmental Funds	8,089	Subsidy for capital projects
	Non-major Governmental Funds	7	Transfer of endowment interest
	Non-major Governmental Funds	269	Subsidy for operating costs and housing set-aside
		8,440	
Medical Center	General Fund	193	Transfer ACE administrative cost
	Internal Service Funds	156	Subsidy for capital asset purchase
		349	
Total		$ 65,427	

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows (in thousands):

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities:				
Capital assets, nondepreciable:				
Land	$ 29,577	$ 98	$ 61	$ 29,614
Easements	200,488	103	-	200,591
Construction in progress	91,083	24,391	30,444	85,030
Total capital assets, nondepreciable	321,148	24,592	30,505	315,235
Capital assets, depreciable/amortizable:				
Land improvements	11,869	1,435	-	13,304
Structures and improvements	431,795	8,266	71	439,990
Equipment	80,546	16,701	2,288	94,959
Vehicles	71,395	6,468	5,614	72,249
Software	39,860	2,040	261	41,639
Infrastructure	435,950	13,310	-	449,260
Total capital assets, depreciable/amortizable	1,071,415	48,220	8,234	1,111,401
Less accumulated depreciation/amortization for:				
Land improvements	909	310	-	1,219
Structures and improvements	127,731	10,279	71	137,939
Equipment	53,723	6,975	2,069	58,629
Vehicles	36,386	5,204	4,719	36,871
Software	28,005	5,129	261	32,873
Infrastructure	91,528	4,442	-	95,970
Total accumulated depreciation/amortization	338,282	32,339	7,120	363,501
Total capital assets, depreciable/amortizable, net	733,133	15,881	1,114	747,900
Governmental activities capital assets, net	$ 1,054,281	$ 40,473	$ 31,619	$ 1,063,135
Business-type Activities (Enterprise):				
Medical Center:				
Capital assets, nondepreciable:				
Land	$ 2,047	$ -	$ -	$ 2,047
Construction in progress	19,825	24,717	343	44,199
Total capital assets, nondepreciable	21,872	24,717	343	46,246
Capital assets, depreciable/amortizable:				
Land improvements	1,084	-	-	1,084
Structures and improvements	71,651	814	1,045	71,420
Equipment	30,153	1,351	545	30,959
Software	8,134	-	-	8,134
Total capital assets, depreciable/amortizable	111,022	2,165	1,590	111,597
Less accumulated depreciation/amortization for:				
Land improvements	1,084	-	-	1,084
Structures and improvements	30,028	2,154	1,045	31,137
Equipment	21,969	1,906	545	23,330
Software	6,531	416	-	6,947
Total accumulated depreciation/amortization	59,612	4,476	1,590	62,498
Total capital assets, depreciable/amortizable, net	51,410	(2,311)	-	49,099
Medical Center capital assets, net	$ 73,282	$ 22,406	$ 343	$ 95,345

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Department of Airports:				
Capital assets, nondepreciable:				
Land	$ 8,510	$ -	$ -	$ 8,510
Easements	399	-	-	399
Construction in progress	2,968	4,455	4,559	2,864
Total capital assets, nondepreciable	11,877	4,455	4,559	11,773
Capital assets, depreciable/amortizable:				
Land improvements	39,410	4,417	-	43,827
Structures and improvements	16,331	25	-	16,356
Equipment	1,042	11	-	1,053
Vehicles	707	-	150	557
Total capital assets, depreciable/amortizable	57,490	4,453	150	61,793
Less accumulated depreciation/amortization for:				
Land improvements	16,207	1,573	-	17,780
Structures and improvements	10,328	518	-	10,846
Equipment	455	75	-	530
Vehicles	279	37	150	166
Total accumulated depreciation/amortization	27,269	2,203	150	29,322
Total capital assets, depreciable/amortizable, net	30,221	2,250	-	32,471
Department of Airports capital assets, net	$ 42,098	$ 6,705	$ 4,559	$ 44,244
Waterworks Districts:				
Capital assets, nondepreciable:				
Land	$ 2,537	$ -	$ -	$ 2,537
Easements	66	-	-	66
Construction in progress	10,499	19,005	652	28,852
Total capital assets, nondepreciable	13,102	19,005	652	31,455
Capital assets, depreciable/amortizable:				
Land improvements	1,401	-	-	1,401
Structures and improvements	74,901	652	-	75,553
Equipment	2,918	7	1	2,924
Vehicles	99	-	-	99
Total capital assets, depreciable/amortizable	79,319	659	1	79,977
Less accumulated depreciation/amortization for:				
Land improvements	139	28	-	167
Structures and improvements	23,779	1,467	-	25,246
Equipment	930	125	-	1,055
Vehicles	58	4	-	62
Total accumulated depreciation/amortization	24,906	1,624	-	26,530
Total capital assets, depreciable/amortizable, net	54,413	(965)	1	53,447
Waterworks Districts capital assets, net	$ 67,515	$ 18,040	$ 653	$ 84,902

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Non-major Enterprise Funds:				
Capital assets, nondepreciable:				
Land	$ 9,009	$ -	$ -	$ 9,009
Easements	103	-	-	103
Construction in progress	1,032	257	42	1,247
Total capital assets, nondepreciable	10,144	257	42	10,359
Capital assets, depreciable/amortizable:				
Land improvements	14,928	53	-	14,981
Structures and improvements	24,884	65	-	24,949
Equipment	1,911	176	146	1,941
Vehicles	48	-	-	48
Software	-	36	-	36
Total capital assets, depreciable/amortizable	41,771	330	146	41,955
Less accumulated depreciation/amortization for:				
Land improvements	4,928	807	-	5,735
Structures and improvements	13,035	525	-	13,560
Equipment	1,213	182	121	1,274
Vehicles	29	6	-	35
Software	-	7	-	7
Total accumulated depreciation/amortization	19,205	1,527	121	20,611
Total capital assets, depreciable/amortizable, net	22,566	(1,197)	25	21,344
Non-major Enterprise Funds capital assets, net	$ 32,710	$ (940)	$ 67	$ 31,703
Business-type activities capital assets, net	$ 215,605	$ 46,211	$ 5,622	$ 256,194

Depreciation/amortization

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

General government:		
General administration	$ 5,945	
Total general government		$ 5,945
Public protection:		
Judicial	856	
Police protection	3,454	
Detention and correction	4,297	
Fire protection	5,883	
Watershed protection and soil & water conservation	2,648	
Protective inspection	2	
Other	737	
Total public protection		17,877
Public ways and facilities		1,970
Health and sanitation services		147
Public assistance:		
Administration	121	
Other	68	
Total public assistance		189
Education		217
Capital assets held by the internal service funds		5,994
Total depreciation/amortization expense - governmental activities		$ 32,339

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

Medical Center	$	4,476
Department of Airports		2,203
Waterworks Districts		1,624
Parks Department		986
Channel Islands Harbor		505
Health Care Plan		11
Oak View District		25
Total depreciation/amortization expense - business-type activities	$	9,830

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, 2010 are as follows (in thousands):

		Construction in Progress		Additional Committed Funds
Governmental activities	$	85,030	$	15,412
Business-type activities:				
Medical Center	$	44,199	$	9,027
Department of Airports		2,864		221
Waterworks Districts		28,852		3,348
Parks Department		67		-
Channel Islands Harbor		1,180		128
Total business-type activities	$	77,162	$	12,724

Long-term commitments for infrastructure construction contracts totaled $5,420,000 (principally for road and watershed protection projects) at June 30, 2010.

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	$ 29,906	$ -	$ -	$ 1,008	$ 442	$ 1,326	$ 32,682
Audit disallowances:							
Mental Health Short Doyle	7,570	-	-	-	-	-	7,570
Other audit disallowances	1,338	-	-	-	-	-	1,338
Accrued interest on tax and revenue anticipation notes	3,625	-	-	-	-	-	3,625
Money managed for others by Public Administrator/Public Guardian	4,639	-	-	-	-	-	4,639
Property tax clearing	4,792	-	-	-	-	-	4,792
Public assistance benefits payable	2,752	-	-	-	-	-	2,752
Clearing and other liabilities	9,145	657	1,760	34	216	49	11,861
Total	$ 63,767	$ 657	$ 1,760	$ 1,042	$ 658	$ 1,375	$ 69,259

Proprietary Funds	Medical Center	Department of Airports	Waterworks Districts	Non-major Funds	Total Business-type Activities
Accrued salaries and benefits	$ 1,171	$ 28	$ -	$ 59	$ 1,258
Medicare, Medi-Cal, and SB1100 reserves	12,195	-	-	-	12,195
Clinic liabilities	369	-	-	-	369
Catastrophic reserve	-	-	-	3,000	3,000
Clearing and other liabilities	2,250	-	318	28	2,596
Total	$ 15,985	$ 28	$ 318	$ 3,087	$ 19,418

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
2011	$ 7,378	$ 2,349
2012	6,668	2,349
2013	5,875	2,117
2014	5,582	2,021
2015	4,090	1,882
2016-2020	4,199	9,684
Total minimum payments required	$ 33,792	$ 20,402

Rental expense for County-wide operating leases was $27,269,000 for the year ended June 30, 2010. Contingent rental revenues under operating leases are based on percentages of lessee sales and totaled approximately $828,000 for the year ended June 30, 2010.

The Channel Islands Harbor, Parks Department, and Department of Airports Enterprise funds lease properties to others under operating leases with terms of up to 90 years. The following is a summary of future minimum rental revenues on noncancelable leases at June 30, 2010 (in thousands):

Year ending June 30:	Amounts
2011	$ 5,558
2012	5,773
2013	5,797
2014	5,636
2015	5,469
2016-2020	19,836
2021-2025	16,421
2026-2030	13,164
2031-2035	10,869
2036-2040	9,200
2041-2045	8,469
2046-2050	6,267
2051-2055	4,635
2056-2060	1,072
2061-2065	797
2066-2070	722
2071-2075	721
2076-2080	721
2081-2085	721
2086-2090	721
2091-2095	721
2096-2100	649
Total	$ 123,939

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, 2010 (in thousands):

	Business-type Activities
Structures and improvements	$ 759
Equipment	2,265
Less: Accumulated amortization	(1,298)
Total net of amortization	$ 1,726

As of June 30, 2010, capital lease annual amortization in the business-type activities is as follows (in thousands):

Year ending June 30:	Business-type Activities
2011	$ 481
2012	482
2013	459
2014	40
Total requirements	1,462
Less: amount representing interest	(116)
Present value of remaining payments	$ 1,346

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) has provided five separate issues of debt securities beginning with PFC I in 1976 that was used to build the Victoria Avenue administrative complex and justice center. Completed projects included in the current issue, PFC V 1998, are acquisition of the Knoll Drive building, renovation of the 646 County Square Drive building, generator/utility replacement at the Medical Center, and refinancing of the state loan on the Harbor fuel dock. The last remaining PFC issue, PFC V, was defeased on July 15, 2009, by using surplus funds within the issue, the current debt service payment and proceeds from a new Public Financing Authority issue, PFA III. The defeasance resulted in a reduction of aggregate debt service payments of $2,501,000 over the next four years and obtained an economic gain (difference between the present value of the old and new debt service payments) of $154,000.

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.

On July 1, 2001, the PFA issued $75,975,000 of 2001 Certificates of Participation (PFA I COPS) used to refund a helicopter lease and advance refund PFC IV along with the purchase of electric generators and the construction of the VCMC medical lab and kitchen and the Juvenile Justice Detention Facility. PFA I was defeased on July 15, 2009, by using surplus funds within the issue, the current debt service payment and proceeds from a new Public Financing Authority issue, PFA III. The defeasance resulted in a reduction of aggregate debt service payments of $1,619,000 over the next four years and obtained an economic gain (difference between the present value of the old and new debt service payments) of $1,622,000.

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 Supplemental Retirement Plan (SRP) and 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, 2010, are as follows (in thousands):

Type of indebtedness/liabilities	Maturity	Interest Rates	Original Issue Amount
Governmental Activities:			
Certificates of Participation/Lease Revenue Bonds:			
Public Facilities Corporation V	Refunded 08/15/09 - see PFA III		$ 3,160
Public Financing Authority I:			
General Fund (net of premiums/discounts)	Refunded 08/15/09 - see PFA III		48,189
General Services Agency - Facilities	Refunded 08/15/09 - see PFA III		4,365
Public Financing Authority II (net of premiums/discounts)	08/15/10-08/15/19	2.50 - 5.25%	27,110
Public Financing Authority III:			
General Fund (net of premiums and loss on lease)	08/15/10-08/15/29	3.00 - 6.00%	20,663
General Services Agency - Facilities	08/15/10-08/15/29	3.00 - 6.00%	1,845
Total			105,332
Tax-Exempt Commercial Paper:			
Public Financing Authority:			
General Fund	Rolling	0.26 - 0.34%	34,537
Transportation	Rolling	0.26 - 0.34%	300
Information Technology Services			
- Telecommunications	Rolling	0.26 - 0.34%	8,739
- Information Systems	Rolling	0.26 - 0.34%	397
JJC Traffic Signal	Rolling	0.26 - 0.34%	250
Total			44,223
Loans Payable:			
County Service Areas - 34 El Rio (SWRCB)	06/30/09-06/30/30	2.60%	6,869
Redevelopment Agency - Piru (CDBG)	N/A	N/A	150
Redevelopment Agency - Piru (USDA#1)	07/01/10-07/01/17	4.75%	750
Redevelopment Agency - Piru (USDA#2) (Maximum Commitment of $750)	07/01/10-07/01/38	4.125%	750
Total			8,519
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 (SRP)	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	-
Unamortized bond premium (General Fund and General Services)	08/15/09-08/15/19	N/A	1,670
Total			1,670
Total Governmental Activities			$ 159,744

Type of indebtedness/liabilities	Outstanding July 1, 2009	Additions and Transfers	Maturities and Transfers	Outstanding June 30, 2010	Amount Due Within One Year
Governmental Activities:					
Certificates of Participation/Lease Revenue Bonds:					
Public Facilities Corporation V	$ 1,285	$ -	$ 1,285	$ -	$ -
Public Financing Authority I:					
General Fund (net of premiums/discounts)	22,380	678	23,058	-	-
General Services Agency - Facilities	2,695	-	2,695	-	-
Public Financing Authority II (net of premiums/discounts)	20,510	354	1,655	19,209	1,735
Public Financing Authority III:					
General Fund (net of premiums and loss on lease)	-	21,007	18	20,989	2,396
General Services Agency-Facilities	-	1,845	-	1,845	275
Total	46,870	23,884	28,711	42,043	4,406
Tax-Exempt Commercial Paper:					
Public Financing Authority:					
General Fund	17,733	369	10,597	7,505	2,568
Transportation	300	-	20	280	18
Information Technology Services					
- Telecommunications	5,575	3,450	369	8,656	564
- Information Systems	397	-	99	298	98
JJC Traffic Signal	-	232	-	232	32
Total	24,005	4,051	11,085	16,971	3,280
Loans Payable:					
County Service Areas - 34 El Rio (SWRCB)	1,909	2,110	-	4,019	156
Redevelopment Agency - Piru (CDBG)	35	-	-	35	18
Redevelopment Agency - Piru (USDA#1)	508	-	47	461	49
Redevelopment Agency - Piru (USDA#2) (Maximum Commitment of $750)	730	20	13	737	14
Total	3,182	2,130	60	5,252	237
Compensated Absences Liability	62,261	30,190	31,259	61,192	30,496
Other Liabilities:					
LUFT - (Transportation)	520	-	-	520	260
LUFT - (Fire Protection District)	150	-	130	20	20
Medical malpractice (General Fund)	347	102	-	449	-
Net Pension Obligation (SRP)	615	-	615	-	-
Net Pension Obligation (Mgmt Retiree Health Benefit)	8	405	-	413	-
Net Other Postemployment Benefits (OPEB)	1,616	560	-	2,176	-
Claims liabilities (General Insurance and Employee Benefit Insurance)	129,893	32,970	23,465	139,398	32,106
* Unamortized bond premium (General Fund and General Services)	1,270	(1,270)	-	-	-
Total	134,419	32,767	24,210	142,976	32,386
Total Governmental Activities	$ 270,737	$ 93,022	$ 95,325	$ 268,434	$ 70,805

* Premiums/discounts and similar items have been reclassed to display as an addition/deduction to the face amount of the related debt.

Type of indebtedness/liabilities	Maturity	Interest Rates	Original Issue Amount
Business-type Activities - Major Funds:			
Medical Center:			
Public Facilities Corporation V	Refunded 08/15/09 - see PFA III		$ 8,695
Public Financing Authority I (net of premiums/discounts)	Refunded 08/15/09 - see PFA III		23,421
Public Financing Authority III (net of deferred credit)	08/15/10 - 08/15/29	3.00 - 6.00%	67,130
Public Financing Authority/Tax-Exempt Commercial Paper	Rolling	0.26 - 0.34%	3,753
Capital Lease Obligation - PACS	Monthly to 10/13	3.44%	2,214
Total Medical Center			105,213
Department of Airports:			
Department of Transportation Loan	08/13/10-08/13/15	4.984%	240
Department of Transportation Loan	05/13/11-05/13/14	4.635%	260
Total Department of Airports			500
Waterworks Districts:			
State Water Loan	04/01/11-04/01/15	3.371%	260
Revolving Fund Loan (Maximum Commitment of $1,769)	06/11/11-06/11/23	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	0.26 - 0.34%	5,000
Public Facilities Corporation V - Fuel Dock	Refunded 08/15/09 - see PFA III		530
Public Financing Authority III	08/15/10 - 08/15/29	3.00 - 6.00%	82
Total Channel Islands Harbor			5,612
Oak View District:			
Public Financing Authority/Tax-Exempt Commercial Paper	Rolling	0.26 - 0.34%	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	-
Unamortized Bond Premium (Medical Center)	08/15/10-08/15/29	N/A	814
Total Other Liabilities			814
Total Business-type Activities			$ 118,806

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Outstanding July 1, 2009	Additions and Transfers	Maturities and Transfers	Outstanding June 30, 2010	Amount Due Within One Year	Type of indebtedness/liabilities
						Business-type Activities - Major Funds:
						Medical Center:
	$ 3,895	$ -	$ 3,895	$ -	$ -	Public Facilities Corporation V
	11,145	274	11,419	-	-	Public Financing Authority I (net of premiums/discounts)
	-	69,220	339	68,881	3,390	Public Financing Authority III (net of deferred credit)
	18,423	49	17,213	1,259	102	Public Financing Authority/Tax-Exempt Commercial Paper
	1,745	-	431	1,314	431	Capital Lease Obligation - PACS
	35,208	69,543	33,297	71,454	3,923	Total Medical Center
						Department of Airports:
	121	-	16	105	17	Department of Transportation Loan
	109	-	21	88	23	Department of Transportation Loan
	230	-	37	193	40	Total Department of Airports
						Waterworks Districts:
	83	-	12	71	13	State Water Loan
	1,035	-	63	972	65	Revolving Fund Loan (Maximum Commitment of $1,769)
	-	3,532	-	3,532	102	Revolving Fund Loan (Maximum Commitment of $5,555)
	1,118	3,532	75	4,575	180	Total Waterworks Districts
						Business-type Activities - Non-major Funds:
						Parks Department:
	44	-	12	32	12	Capital Lease Obligation
						Channel Islands Harbor:
	4,757	-	162	4,595	139	Public Financing Authority/Tax-Exempt Commercial Paper Harbor Revetment Project
	215	-	215	-	-	Public Facilities Corporation V - Fuel Dock
	-	82	-	82	19	Public Financing Authority III
	4,972	82	377	4,677	158	Total Channel Islands Harbor
						Oak View District:
	915	-	39	876	34	Public Financing Authority/Tax-Exempt Commercial Paper
	6,427	4,124	3,872	6,679	4,104	*Compensated Absences Liability*
						Other Liabilities:
	1,034	-	825	209	175	LUFT - (Department of Airports)
	3,552	30,596	29,886	4,262	4,262	Claims liabilities (Health Care Plan)
	3,118	500	-	3,618	-	Medical malpractice (Medical Center)
*	274	(274)	-	-	-	Unamortized Bond Premium (Medical Center)
	7,978	30,822	30,711	8,089	4,437	Total Other Liabilities
	$ 56,892	$ 108,103	$ 68,420	$ 96,575	$ 12,888	Total Business-type Activities

* Premiums/discounts and similar items have been reclassed to display as an addition/deduction to the face amount of the related debt.

As of June 30, 2010, 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
2011	$ 4,299	$ 1,789	$ 3,280	$ 256	$ 237	$ 247
2012	4,235	1,636	3,219	206	225	150
2013	4,047	1,472	1,093	158	233	141
2014	4,216	1,290	1,007	141	239	133
2015	4,258	1,106	1,021	125	248	126
2016-2020	16,733	2,727	4,077	426	1,232	512
2021-2025	3,610	484	3,274	133	1,171	348
2026-2030	-	-	-	-	1,312	162
2031-2035	-	-	-	-	160	57
2036-2040	-	-	-	-	195	21
Total requirements	41,398	$ 10,504	$ 16,971	$ 1,445	$ 5,252	$ 1,897
Bond premium	1,337					
Bond discount	(67)					
Deferred loss on refunding	(625)					
Total	$ 42,043					

Interest payments, lease revenue bonds, 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, 2010, 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
2011	$ 3,002	$ 3,341	$ 102	$ 19	$ 40	$ 9	$ 180	$ 60
2012	3,295	3,219	103	17	42	7	182	58
2013	3,282	3,082	105	16	44	5	186	54
2014	3,432	2,920	106	14	36	4	189	52
2015	3,162	2,768	108	13	20	2	192	48
2016-2020	14,557	11,598	735	43	11	1	926	198
2021-2025	15,845	7,959	-	-	-	-	823	125
2026-2030	20,555	3,076	-	-	-	-	601	84
2031-2035	-	-	-	-	-	-	632	52
2036-2040	-	-	-	-	-	-	664	20
Total requirements	67,130	$ 37,963	$ 1,259	$ 122	$ 193	$ 28	$ 4,575	$ 751
Deferred credit on refunding	1,751							
Total	$ 68,881							

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
2011	$ 19	$ 3	$ 173	$ 82
2012	20	3	175	80
2013	21	1	438	77
2014	22	1	444	71
2015	-	-	451	63
2016-2020	-	-	2,362	213
2021-2025	-	-	1,428	36
Total requirements	$ 82	$ 8	$ 5,471	$ 622

Legal Debt Limit
The County's legal annual debt limit as of June 30, 2010 is approximately $1,327,036,000. 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 $144,727,000 at June 30, 2010.

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, 2010, 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
As of June 30, 2010, special assessment bonds were outstanding in the amounts of $500,000 of Local Agency Revenue Bonds, 1998 Series "A", and $495,000 of Limited Obligation Refunding Improvement Bonds for Reassessment District No. 98-1 (Lake Sherwood). On August 26, 1998, the PFA, a joint powers authority involving the County and the Lake Sherwood Community Services District, issued the Local Agency bonds and used the proceeds to purchase the Limited Obligation Bonds from the County. The payment for the Limited Obligation Bonds was used to refund the original District 90-1 (Lake Sherwood) Bonds.

As of June 30, 2010, tax-exempt commercial paper was outstanding in the amount of $876,000 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 these districts, forwarding the collections to the bondholders, and initiating foreclosure proceedings, if appropriate. However, the County is not obligated in any manner for repayment of these special assessment bonds. The Lake Sherwood bonds are not reported in the accompanying financial statements. 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 represents assets subject to external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Outstanding liabilities attributable to these assets reduce the balance of this category.

- *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.

The County's governmental activities reported RNA of $115,570,000 at June 30, 2010. Net assets restricted by grantors and other purposes at June 30, 2010 for governmental activities are as follows (in thousands):

Restricted for:		
General government	$	15,796
Public protection		23,076
Health and sanitation services		4,217
Public assistance		376
Education		2,100
Public ways and facilities		22,453
Total net assets restricted by grantors	$	68,018

Governmental activities in the amount of $46,222,000 are restricted by enabling legislation. The restrictions are related to tobacco settlement revenue and the Mental Health Services Act for health services. In addition, the George D. Lyon Permanent Fund had nonexpendable principal in the amount of $1,133,000 and $23,000 of expendable RNA for book purchases. Earnings are included in the annual adopted budget of the County Library Fund.

RNA for business-type activities amounted to $19,668,000 at June 30, 2010; $17,907,000 is restricted by trust agreements for debt service. The Health Care Plan had expendable RNA in the amount of $1,500,000, for a Tangible Net Equity Reserve pursuant to section 1300.76 of the California Code of Regulation. Also, the Parks Department had expendable RNA in the amount of $261,000, restricted by grantors for beach maintenance and park improvements in specific geographic locations.

Fund Statement - Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for use for a specific purpose. Reserved fund balances at June 30, 2010, are reserved for the following purposes (in thousands):

Reserved Fund Balances	General Fund	Roads	Watershed Protection Districts	Fire Protection District	Non-major Governmental Funds	Total
Encumbrances	$ 15,082	$ 5,665	$ 10,402	$ 16,685	$ 1,750	$ 49,584
Loans receivable	1,291	-	-	-	1,499	2,790
Advances to other funds	30,050	-	-	-	-	30,050
Imprest cash funds	17	-	-	-	1	18
Inventories and other assets	843	-	-	1,263	44	2,150
Debt service	-	-	-	-	5,429	5,429
Other legal restrictions	39,856	-	-	-	1,133	40,989
General reserve	9,000	-	-	-	22	9,022
Mental Health Services Act (MHSA) prudent reserve	-	-	-	-	1,559	1,559
Total reserved fund balances	$ 96,139	$ 5,665	$ 10,402	$ 17,948	$ 11,437	$ 141,591

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received.
- *Loans receivable* – to reflect the amount of loans that are long-term in nature and have not been deferred. Such amounts do not represent available spendable resources.
- *Advances to other funds* – to reflect the amount of advances that are long-term in nature. Such amounts do not represent available spendable resources.
- *Imprest cash funds* – to reflect the portion of assets set aside for the purpose of minor disbursements or disbursements for a specific purpose.
- *Inventories and other assets* – to reflect the portion of assets which do not represent available spendable resources.
- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.
- *Other legal restrictions* – to reflect the portion of assets subject to externally imposed purpose restrictions, established either by enabling legislation or grant requirements. Such amounts are not available for general operations.
- *General reserve* – to reflect the funds established for legally declared emergencies. Such reserves may be released only to meet emergencies as defined in Government Code Section 29127.
- *MHSA prudent reserve* – to reflect the amount of funds established for community services support to ensure that in years in which revenue for the MHSA fund are below recent averages, the county will be able to continue to service the same number of children, adults and seniors.

In the fund financial statements, governmental funds report unreserved fund balances which include Board approved unreserved designated fund balances and the unreserved undesignated fund balance. Unreserved fund balances at June 30, 2010 are as follows (in thousands):

	General Fund	Roads	Watershed Protection Districts	Fire Protection District	Non-major Governmental Funds	Total
Designated Fund Balances						
Contingency	$ 23	$ -	$ -	$ -	$ -	$ 23
Litigation	370	-	233	-	-	603
Capital asset acquisition and replacement	-	-	13,064	39,563	81	52,708
Low and moderate housing	-	-	-	-	890	890
Homeless programs	3,100	-	-	-	-	3,100
Sheriff mitigation	5,000	-	-	-	-	5,000
Homeless study	100	-	-	-	-	100
Health care	18,713	-	-	-	-	18,713
Designation Efficient Ventura County	222	-	-	-	-	222
Future year financing	81,290	10,477	4,156	18,773	25,573	140,269
Total designated balances	108,818	10,477	17,453	58,336	26,544	221,628
Undesignated Fund Balances	8,805	47,551	34,613	22,577	9,134	122,680
Total unreserved fund balances	$ 117,623	$ 58,028	$ 52,066	$ 80,913	$ 35,678	$ 344,308

The Board has established certain fund balances designated for future purposes that represent tentative management plans that are subject to change. Some of the designations are set aside before being used. Other designations are set aside for longer periods for use in the future, whether for emergency, planned usage or savings. GASB 34 requires these designated balances to be included in the unreserved fund balance because the Board may elect to make the designations available.

The unreserved undesignated fund balances are considered available for appropriation. Some of the amounts available are held in County “trust funds” and as required by GASB 34 are recognized as revenue, deferred revenue or liabilities. However, for budgetary purposes, most of these trust balances may be included in subsequent years’ budgets.

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, 2010, the Medi-Cal and Medicare programs represented approximately 65 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 $12,195,000, for settlement included in the line item Accrued Liabilities for cost report settlement reserves covering the period from FY 2005-06 through FY 2009-10. 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, 2010, the Medical Center has recorded $62,462,000, of DSH, SNCP and supplemental revenues. Medi-Cal revenue represented 41.73 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. 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 Benefits

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 Requirements

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 2009-10 were based on the actuarial valuation performed as of June 30, 2008. The significant actuarial assumptions in the June 30, 2008 actuarial valuation are summarized as follows:

	Assumptions
• Rate of return on investment	8.00%
• Projected salary increases	5.00%
Amount attributable to inflation	3.75%
Amount attributable to seniority and merit	0.75%
Amount attributable to real "across the board"	0.50%
• 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, 2010, was $525,190,000. 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, 2010 were $781,904,000.

Actuarially determined employer contributions of $104,429,000 were made in 2007-08, $105,278,000 in 2008-09, and $97,324,000 in 2009-10. These contributions represent 100 percent of the annual pension cost required for fiscal years 2008, 2009, and 2010. Therefore, in accordance with GASB Statement No. 27, there is no net pension obligation for fiscal years 2008, 2009, and 2010.

The County also made other employer contributions. Payments were made on behalf of employees as a result of employer-employee negotiations for fiscal years 2007-08, 2008-09, and 2009-10, in the amounts of $8,360,000, $8,638,000, and $8,379,000, respectively. The negotiated amounts are credited to the County Advance Reserves of VCERA and do not vest with the employee.

The employees contributed $16,250,000, including $1,200,000, for the purchase of service credits in fiscal year 2009-10. In addition, the County contributed $25,016,000 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, 2009, the most recent actuarial valuation date, the plan was 84.34 percent funded. The actuarial accrued liability for benefits was $3,663,701,000 and the actuarial value of assets was $3,090,148,000, resulting in a UAAL of $573,553,000. The covered payroll (annual payroll of active employees covered by the plan) was $634,777,000, and the ratio of the UAAL to the covered payroll was 90.36 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, 2010 was \$10,451,000 and \$926,000 for Parts B and D, respectively, based on the actuarial valuation report as of June 30, 2010. 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	$ 9,306
Amount receivable from other governmental agencies	1
Total assets	9,307
Accounts Payable	16
Amount due to other governmental agencies	77
Total liabilities	93
Net assets held in trust for pension benefits	$ 9,214

Statement of Changes in Fiduciary Net Assets

Contributions	$ 291
Net investment income	1,109
Total additions	1,400
Total deductions	825
Change in net assets	575
Net assets - beginning	8,639
Net assets - ending	$ 9,214

Plan participants at June 30, 2010 were as follows:

Participant Classification	Number of Participants
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	189
Early retirement participants (Early Retirement Incentive Plan)	41
Elected department head participants	5
Current employees participants:	
Supplemental retirement participants (Safe Harbor)	688
Elected department head participants	5
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	8,629
Total	9,557

(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 15 years for Parts B and D and 10 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, 2010 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, 2010 was $5,211,000.
- 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
2008	$ 229	127%	$ 282	B
2009	478	46%	540	B
2010	(136)	100%	-	B
2008	27	122%	31	C
2009	36	75%	40	C
2010	(4)	100%	-	C
2008	127	106%	18	D
2009	141	88%	35	D
2010	102	100%	-	D

For 2009-10, the annual pension cost for Parts B, C, and D 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):

	Part B	Part C	Part D
Annual required contribution	$ 404	$ 36	$ 137
Interest on the net pension obligation	-	-	-
Adjustment to the annual required contribution	(540)	(40)	(35)
Annual pension cost	(136)	(4)	102
Contributions made	404	36	137
Increase (decrease) in net pension obligation	(540)	(40)	(35)
Net pension obligation - beginning	540	40	35
Net pension obligation - ending	$ -	$ -	$ -

The combined annual employer contribution for all parts in 2007-08 and 2008-09 was $458,000 and $371,000, respectively. The combined net pension obligation in 2007-08 and 2008-09 displayed in the preceding table was accrued and reported as a liability of governmental activities in the Statement of Net Assets and employer contributions receivable of the SRP in the Statement of Fiduciary Net Assets. In 2009-10, the presentation of the annual required contribution for Part B was changed from a dollar amount to a percentage of payroll, eliminating the Net Pension Obligation.

(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 2009-10 totaled $266,000.

(g) Fund Status and Funding Progress

The following is the funded status information for each part as of June 30, 2010, 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	$ 9,985	$ 15,200	$ 5,215	65.7 %	$ 10,451	49.9 %
C	271	596	325	45.5 %	N/A	N/A
D	790	2,510	1,720	31.5 %	926	185.8 %

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.

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 $581 per month were equivalent to premiums for the Ventura County Health Care Plan. Total payments in fiscal year 2009-10 were $1,210,000. 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 2009-10, 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	$ 1,615
Interest on the net pension obligation	1
Adjustment to the annual required contribution	(1)
Annual pension cost	1,615
Contributions made	(1,210)
Increase (decrease) in net pension obligation	405
Net pension obligation - beginning	8
Net pension obligation - ending	$ 413

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

Fiscal Year Ending June 30:	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation (Asset)
2008	$ 1,139	100.1 %	$ (1)
2009	1,191	99.2 %	8
2010	1,615	74.9 %	413

(d) Funded Status and Funding Progress
As of June 30, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the UAAL was $14,719,000. The annual covered payroll for all employees covered by the Management Retiree Health Benefits Program is $53,606,000, and the ratio of the UAAL to the covered payroll was 27.5 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, 2010 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 10.5 percent and decline to 5.0 percent over 8 years. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at June 30, 2010, 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, 2010, 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.

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 2009-10, 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	$ 1,803
Interest on the net OPEB obligation	89
Adjustment to the annual required contribution	(58)
Annual OPEB cost	1,834
Contributions made	(1,274)
Increase (decrease) in net OPEB obligation	560
Net OPEB obligation - beginning	1,616
Net OPEB obligation - ending	$ 2,176

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 fiscal years were as follows (in thousands):

Fiscal Year Ending June 30:	Annual OPEB Cost (AOC)	Percent of AOC Contributed	Net OPEB Obligation
2008	$ 1,906	58.5%	$ 791
2009	2,048	60.4%	1,616
2010	1,834	69.5%	2,176

(d) Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the UAAL was $17,338,000. The annual covered payroll for all employees covered by the Subsidized Retiree Health Benefits Program is $447,309,000 and the ratio of the UAAL to the covered payroll was 3.9 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, 2010 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, and healthcare cost trend rates that start at 10.5 percent and decline to 5.0 percent over 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, 2010, was 30 years.

NOTE 15 - TAX AND REVENUE ANTICIPATION NOTES PAYABLE

On July 1, 2009, the County issued $145,000,000 in Tax and Revenue Anticipation Notes (Notes) at a 2.5 percent interest rate, priced to yield 0.37 percent, to meet current year cash flow requirements for operational needs. At June 30, 2010, the outstanding principal was $145,000,000. Principal and interest for fiscal year 2009-10 was paid on July 1, 2010, the maturity date of these notes.

The Notes, in accordance with California law, are general obligations of the County and are payable from fiscal year 2009-10 taxes and other revenues, which are legally available for payment thereof.

The summary of the notes transactions for the fiscal year ended June 30, 2010, is as follows (in thousands):

Beginning Balance June 30, 2009	Additions	Reductions	Ending Balance June 30, 2010	Due Within One Year
$ 155,000	$ 145,000	$ (155,000)	$ 145,000	$ 145,000

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, thereafter, covered by excess commercial liability insurance up to $31 million per occurrence. In October 2004, the County joined 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 53 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 2010.

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 since April 1997, adjusted and funded through a loss portfolio transfer policy with limits of liability of $22,800,000. The limit of liability was exceeded in July 2007; the County is now responsible for reimbursing claims related expenses to the insurance carrier. Litigation has been filed and discussions with the commercial insurance carrier are underway regarding the future liability of these claims.

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.

The unpaid claims liabilities included in the self-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. The revenue received, including interest, and contribution funded liabilities, and net assets are sufficient to meet liabilities as they come due.

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 2008-09 and 2009-10 are as follows (in thousands):

	Claims Fiscal Year		Medical Malpractice Fiscal Year	
	2008-09	2009-10	2008-09	2009-10
Liabilities, beginning	$ 131,577	$ 133,445	$ 3,568	$ 3,118
Incurred losses and adjustments	53,018	63,566	(450)	500
Claim payments	(51,150)	(53,351)	-	-
Liabilities, ending	$ 133,445	$ 143,660	$ 3,118	$ 3,618

Medical malpractice liability for public and mental health functions in the General fund of $449,000, an increase of $102,000 from the prior year, is reported in the governmental activities portion of the government-wide financial statements.

NOTE 17 - 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. A designation for contingencies in the amount of $1,000,000, annually is established 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.

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, 2010, the County issued $128,935,000 of 2.0 percent fixed-rate, priced to yield 0.38 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 2010-11 expenditures including capital expenditures and the discharge of other obligations of the County. The maturity date of the notes is July 1, 2011.

Hospital Fee Program

The Medicaid State plan amendment 09-018A was approved effective April 1, 2009. This amendment provides for supplemental payments, funded by a quality assurance fee, for inpatient hospital services for the service period of April 1, 2009 to June 30, 2011. This hospital fee program provides supplemental reimbursement to private hospitals, non designated public hospitals and designated public hospitals which meet specified requirement and provide inpatient services to Medi-Cal beneficiaries. The approval from the Centers for Medicare and Medicaid Services (CMS) was not received until October 2010. Two payments of the anticipated four installments were received: $3,490,000 in October 2010 and $3,550,000 in November 2010. The County has recorded revenue for these items in fiscal year 2010-2011.

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