Health Services
LOS ANGELES COUNTY

Los Angeles County
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Interim Chief Medical Officer

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January 19, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL TO ACCEPT GRANT AWARD FROM FIRST 5 LA AND APPROVE AN APPROPRIATION ADJUSTMENT (SUPERVISORIAL DISTRICT 5) (4 VOTES)

SUBJECT

Request acceptance of a grant award from First 5 LA, in the amount of $300,000, for the High Desert Health System – Hub Clinic Oral Health Program.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Interim Director of Health Services, or his designee, to accept and sign attached Grant Agreement in the amount of $300,000 from First 5 LA for a Hub Clinic Oral Health Program at High Desert Health System (HDHS), for a period of 18 months effective February 1, 2010 through July 31, 2011.

2. Approve the attached Request for Appropriation Adjustment to recognize $300,000 in grant funding from First 5 LA in Fiscal Year (FY) 2009-10 and increase HDHS services and supplies appropriation by the same amount.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will authorize the Interim Director, or his designee, to accept and sign the Grant Agreement, substantially similar to Exhibit I, from First 5 LA in the amount of $300,000 in one-time grant funds. This will allow the Department of Health Services (DHS) to establish a pediatric dental clinic at HDHS to serve children referred from the HDHS Medical Hub clinic and other HDHS clinics. There are currently no dental services at this location. The First 5 LA grant funds will be used to purchase equipment and furniture for three dental operatories, a waiting area, office and reception area. Funds will also be used to purchase dental practice management and oral health education software and training, and for the start up costs for a contract with a dental provider.

Approval of the second recommendation is necessary to increase HDHS's services and supplies appropriation for the grant award.

Existing space limitations at HDHS also necessitates a request for your Board's consideration in a related Board letter to establish Capital Project (C.P.) No. 86993 for the HDHS – Hub Clinic Renovation Project, and to approve the total project budget of $275,000, in conjunction with these recommendations for the acceptance of the First 5 LA grant award, in order to proceed with the implementation of the HDHS – Hub Clinic Oral Health Program.

Implementation of Strategic Plan Goals

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The First 5 LA grant award is $300,000 for HDHS. The Appropriation Adjustment will increase HDHS' Services and Supplies appropriation in the amount of $300,000 for FY 2009-10 to be offset by this one-time only grant funding.

The HDHS Medical Hub will refer children in out-of-home placement to the HDHS – Hub Clinic Oral Health Program. Because foster children are automatically eligible for fee-for-service Medi-Cal, the vast majority of children referred from the HDHS Medical Hub will have a payer source. It is expected that the majority of children served from other HDHS clinics will also be eligible for Medi-Cal. Therefore, it is anticipated that the ongoing cost of providing the dental services will be revenue offset through Medi-Cal billings provided that the State will continue to cover the services as a Medi-Cal optional benefit.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

DHS operates Medical Hub clinics at Harbor-UCLA Medical Center, HDHS, LAC+USC Medical Center, Martin Luther King, Jr. - Multi-Service Ambulatory Care Center and Olive View – UCLA Medical Center. The Hub clinics provide comprehensive, specialized medical services for children

referred by the Department of Children and Family Services (DCFS). On April 22, 2008, your Board instructed the Chief Executive Officer, in consultation with the Directors of DCFS and DHS, to explore the feasibility of including dental examinations as part of the Medical Hub screening and assessment procedures for children in the child welfare system.

DHS submitted a proposal to First 5 LA's Oral Health and Nutrition Expansion and Enhancement Project and was informed in a letter dated April 15, 2009 that the Department was awarded a grant from First 5 LA in the amount of $300,000.

First 5 LA grant funds are restricted to serving children ages 0-5, and the HDHS – Hub Clinic Oral Health Program is committed to providing 2,900 dental visits to 1,350 unduplicated children ages 0-5 for a period of 18 months, from February 1, 2010 to July 31, 2011. Children over age 5 and children referred from other HDHS clinics will be accommodated as clinic capacity permits.

The new dental clinic will be located in the Glenchur Building, which is space directly adjacent to the Medical Hub. The HDHS Hub Clinic Renovation Project will consist of installation of partitions to create sections for the provision of the three dental operatories, installation of supporting electrical and water utilities, and will provide offices and a sterile room. Existing space will be used in its current configuration to provide a waiting room and reception office.

The Department intends to return to your Board after completion of a Request for Information (RFI) and an associated competitive solicitation process to request approval of a dental contractor for the program and an additional appropriation adjustment associated with operation of the clinic.

The term of this grant is effective February 1, 2010 and expires on July 31, 2011. Payments will be based on the submission of monthly invoices for actual expenses incurred and paid. The Grant Agreement requires quarterly written progress reports submitted within 20 business days after the end of each quarter.

Attachment A is the Grant Management Statement for Grants of $100,000 or more.

County Counsel has reviewed and approved the Grant Agreement, Exhibit I, as to form.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will allow DHS to provide dental services to children in the Antelope Valley served by the HDHS Medical Hub and other HDHS clinics.

Respectfully submitted,

JOHN F. SCHUNHOFF, Ph.D.
Interim Director

JFS:adb

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Auditor-Controller

ATTACHMENT A

Los Angeles County Chief Administrative Office
Grant Management Statement for Grants Exceeding $100,000

Department: Health Services (DHS)

Grant Project Title and Description

HIGH DESERT HEALTH SYSTEM – HUB CLINIC ORAL HEALTH PROGRAM: One-time grant funds that will allow the DHS to establish a pediatric dental clinic at High Desert Health System (HDHS) to serve children referred from the HDHS Medical Hub clinic and other HDHS clinics.

Funding Agency	Program (Fed. Grant #/State Bill or Code #)	Grant Acceptance Deadline
First 5 LA	Oral Health and Nutrition Expansion and Enhancement Project	ASAP

Total Amount of Grant Funding: $300,000	**County Match**: None	
Grant Period: 18 months	**Begin Date**: 02/01/10	**End Date**: 07/31/11
Number of Personnel Hired Under This Grant:	**Full Time**: 0	**Part Time**: 0

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program?	Yes N/A	No N/A
Will all personnel hired for this program be placed on temporary ("N") items?	Yes N/A	No N/A
Is the County obligated to continue this program after the grant expires?	Yes ___	No X
If the County is not obligated to continue this program after the grant expires, the Department will:		
a.) Absorb the program cost without reducing other services	Yes X	No ___
b.) Identify other revenue sources (describe below): The proposed clinic will primarily serve children in the child welfare system. Because foster children are automatically eligible for fee-for-service Medi-Cal, the vast majority of children referred from the HDHS Medical Hub will have a payer source. It is expected that the majority of children served from other HDHS clinics will also be eligible for Medi-Cal. Therefore, it is anticipated that the ongoing cost of providing the dental services will be revenue offset through Medi-Cal billings provided that the State will continue to cover the services as a Medi-Cal optional benefit.	Yes X	No ___
c.) Eliminate or reduce, as appropriate, positions/program costs funded by the grant.	Yes ___	No X

Impact of additional personnel on existing space:

The proposed dental clinic will be located in the Glenchur Building which is adjacent to the existing HDHS Hub Clinic. The space is currently occupied by an Oncology clinic that will be relocated to available space in the main building.

Other requirements not mentioned above:

Department Head Signature Gregory Polk FOR John Schonhoff

Date: 1/7/10

PINK

76R 352M 11/83

ATTACHMENT A

BOARD OF SUPERVISORS OFFICIAL COPY

COUNTY OF LOS ANGELES

request for appropriation adjustment

Dept's. No. 130

department of Health Services

2009

Auditor-Controller.

the following appropriation adjustment is deemed necessary by this department. will you please report as to accounting and available balances and forward to the Chief Executive Officer for his recommendation or action.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2009-10

4 - VOTES

SOURCES		USES	
HO-High Desert Health System		HO-High Desert Health System	
MN3-HO-60050-94-9711	$300,000	MN3-HO-60050-2000	$300,000
Other Revenue		Services & Supplies	
Increase Revenue		Increase Appropriation	

JUSTIFICATION

Reflects an increase in grant revenue and Services and Supplies appropriation, in the amount of $300,000, as a result of the acceptance of a First 5 LA grant award for the HDHS Hub Clinic Oral Health Program.

Chief Executive Officer's Report

Referred to the Chief Executive Officer for --- _____ **action**

_____ **Recommendation**

auditor-controller **by** _____

no. _____ _____ **20**

Approved as Requested _____ **as Revised**

_____ **20** _____ **Chief Executive Officer**

approved (as revised): board of supervisors _____ **20**

by _____ **deputy county clerk**

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

EXHIBIT I

CONTRACTOR

COUNTY OF LOS ANGELES DEPARTMENT OF HEALTH SERVICES

Contract No. 07445

CONTRACT

This Contract, made and entered into on this _____, by and between the LOS ANGELES COUNTY CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION (aka FIRST 5 LA) whose address is 750 North Alameda Street, Third Floor, Los Angeles, California 90012, hereinafter referred to as the "COMMISSION" and the County of Los Angeles, Department of Health Services whose address is 313 North Figueroa Street, Room 912, Los Angeles, California 90012 hereinafter referred to as the "CONTRACTOR." All of CONTRACTOR'S activities and services to be provided hereunder will support the COMMISSION'S strategic plan efforts and will be coordinated and overseen by COMMISSION staff as designated below.

I. SCOPE OF WORK

The CONTRACTOR shall provide description of project, statement of purpose, timeline, schedule of activities, and deliverables as set forth and described in the Scope of Work, which is attached and incorporated as **Exhibit A**. CONTRACTOR is to execute the work in order to ensure that deliverables are met on time and on budget for the COMMISSION.

II. SCOPE OF ENGAGEMENT

Any services other than those noted in this Contract shall require a new COMMISSION-CONTRACTOR Contract. CONTRACTOR shall act at all times as an independent CONTRACTOR and this Contract shall not be deemed to create any form of partnership, joint venture or employment relationship between or among the COMMISSION and the CONTRACTOR, nor shall either party be in any way liable for any debt of the other. This Contract is non-assignable.

III. TERM OF CONTRACT

The term of this Contract will be February 1, 2010 **"effective date"** (upon the approval of the Los Angeles County Board of Supervisors) through July 31, 2011 **"termination date"** unless either party gives prior written notice of termination. This Contract shall expire without further notice on July 31, 2011.

IV. BUDGET

The Budget and Budget Narrative for the CONTRACTOR are attached as **Exhibit B** and form an integral part of this Contract.

The CONTRACTOR shall receive from the COMMISSION total compensation not to exceed **THREE HUNDRED THOUSAND DOLLLARS ($300,000)** pursuant to the terms and conditions for payment set forth herein.

V. EXPENDITURES BY CONTRACTOR

A. CONTRACTOR will advise COMMISSION and obtain written approval on ALL budget modifications PRIOR to incurring any costs.

B. All CONTRACTOR expenditures shall be in accordance with the approved line item budget captions. However, CONTRACTOR may modify a portion of CONTRACTOR'S approved budget, if such budget line item is as follows and the COMMISSION has been advised in advance prior to the costs being incurred:

   i. If the original line item is $5,000 or less, CONTRACTOR can incur expenses pursuant to an informal modification, and shall submit a memorandum to COMMISSION explaining the modification along with the monthly invoice required by Section XIX.

   ii. If the original line item is greater than $5,000 dollars and the change is less than or equal to 10% of the original line item, CONTRACTOR can incur expenses pursuant to an informal modification, and shall submit a memorandum to COMMISSION explaining the modification along with the monthly invoice required by Section XIX.

   iii. If the original line item is greater than $5,000 dollars and the modification is greater than 10% of the line item, CONTRACTOR must obtain COMMISSION'S prior written approval through the COMMISSION'S formal budget modification procedure before incurring expenses pursuant to the modification.

C. Formal budget modifications must be addressed and sent to the assigned Commission staff with the appropriate "Formal Budget Modification Summary" forms on or before the 1st of the month prior to the month in which the actual expenses will be incurred. Only one (1) formal budget modification can be approved during the term of the Agreement. Requests for formal budget modifications will not be accepted during the first two (2) months and last quarter of the term of this Agreement.

D. Only two (2) informal budget modifications subject to Section V, Item B, subsections i and ii can be approved during the term of this Contract.

E. Approval of any budget modification will be contingent on the timely review and submission of the required documentation by the CONTRACTOR.

F. If there are any errors contained in any invoice submitted to COMMISSION, CONTRACTOR shall reflect the change in the most recent invoice submitted to COMMISSION, along with a note explaining the error.
G. CONTRACTOR will advise COMMISSION and obtain written approval on ALL budget modifications PRIOR to incurring any costs.
H. In the event COMMISSION reasonably believes CONTRACTOR has been overpaid, or in the event CONTRACTOR fails to timely submit the documents required pursuant to this Contract, COMMISSION may seek a financial accounting and avail itself of all legal remedies to seek compliance and the repayment of any amounts overpaid.
I. All payments by COMMISSION to CONTRACTOR under this Agreement are restricted for use in the performance of CONTRACTOR'S approved Scope of Work set forth in Exhibit A, and shall be used only to supplement existing levels of service and not to fund existing levels of service.
J. If applicable, any activities under the line item Capital Improvement/Renovations must be completed within the first year of the grant. Any adjustment must be submitted to the COMMISSION for approval. It shall be the sole responsibility of CONTRACTOR to comply with all applicable land use, permitting, environmental, contracting, and labor laws, including, without limitation, the California Public Contracts Code and the California Labor Code.
K. Any purchases under the Equipment line item in Exhibit B must be completed in year one of the contract. Any exceptions will require prior notification by the CONTRACTOR to the COMMISSION and may be approved only at the discretion of the COMMISSION.
L. Any expenses under Space and Telephone Line Items of the budget (Exhibit B) shall be calculated based on a standard formula which uses a reasonable allocation methodology. The formula used will be reviewed by the COMMISSION for final approval.
M. In no event shall CONTRACTOR or its officers, employees, agents, subcontractors or assignees supplant state, county, local or other governmental General Fund money with COMMISSION funds for any purpose.
N. If applicable, indirect costs are limited to ten (10) percent of the personnel costs excluding fringe benefits. Incurred indirect costs exceeding the ten percent will become the responsibility of the CONTRACTOR.

VI. EXHIBITS

Exhibits A through C, G, and H as described below, are attached to and form an integral part of this Contract and are hereby incorporated by reference. Exhibit D, E, F, and I (as applicable) will be completed by the CONTRACTOR

at later dates and forwarded to the COMMISSION on the designated due dates, as determined by the COMMISSION.

In the event of any conflict in the definition or interpretation of any word, responsibility, service, schedule, or contents of a deliverable product between the Contract and Exhibits, or among Exhibits, said conflict or inconsistency shall be resolved by giving precedence first to this Contract, and then to the Exhibits according to the following priority:

Exhibit A SCOPE OF WORK

Exhibit B BUDGET FORMS

Exhibit C ALL DOCUMENTS IN REQUIRED DOCUMENTS LIST

Exhibit D INVOICE FORM

Exhibit E QUARTERLY PROGRESS REPORTS

Exhibit F FINAL REPORT

Exhibit G DATA REPORT FORM

Exhibit H EVALUATION PLAN

Exhibit I FINAL EVALUATION REPORT

This Contract and the Exhibits hereto, together with the CONTRACTOR'S proposal constitute the complete and exclusive statement of understanding between the parties that supersedes all previous Contracts, written or oral, and all other communications between the parties relating to the subject matter of this Contract. The Exhibits form an integral part of this Contract, and are hereby incorporated by reference. No amendment, promise, or Contract between the parties is valid unless the same is in writing executed by both parties.

VII. COMMISSION OBJECTIVES

Mission Statement

The mission of the COMMISSION is to make significant and measurable progress toward increasing the number of children from the prenatal stage

through age 5 in Los Angeles County who are physically and emotionally healthy, safe and ready to learn when they reach school age.

Vision

The COMMISSION is committed to creating a future throughout Los Angeles' diverse communities where all young children are born healthy and raised in a loving and nurturing environment so that they grow up healthy, are eager to learn and reach their full potential.

Values

The COMMISSION intends to make its vision come true by shaping its efforts around five core values:

Families: We will acknowledge and amplify the voice of families so that they have the information, resources and opportunities to raise their children successfully

Communities: We will strengthen communities by enhancing their abilities to support families.

Results Focus: We will be accountable for defining results for young children and for our success in achieving them.

Learning: We will be open to new ideas and will modify our approaches based on what we learn.

Advocacy: We will use our unique role to build public support for policies and programs that benefit children prenatal through age 5 and their families.

Goals

The COMMISSION will accomplish its mission by partnering with communities and families in Los Angeles County to make measurable and significant progress in the three priority goal areas of Early Learning, Health, and Safe Children and Families, as outlined in the Strategic Plan.

VIII. AMENDMENTS

Any agreements which in any way change the terms of this Contract shall be valid only if the requested change is made in writing and approved by authorized representatives of the CONTRACTOR and the COMMISSION.

Request for modifications will not be accepted during the first two (2) months of the Contract period; and not more than ONCE thereafter, with the exception of the last quarter when there shall be none. CONTRACTOR must submit the written request one (1) month prior to the requested effective date of such modification.

Approval of any amendment will be contingent on the timely review and submission of the required documentation by the CONTRACTOR.

IX. INDEPENDENT CONTRACTOR

The COMMISSION shall not be responsible for withholding taxes with respect to the CONTRACTOR compensation hereunder. The CONTRACTOR shall have no claim against the COMMISSION hereunder or otherwise for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits, or employee benefits of any kind.

X. SUBCONTRACTORS

COMMISSION approves CONTRACTOR'S use of subcontractors to carry out its obligations under this Contract as specified in Exhibit A.

No performance of this Contract or any portion may be assigned by CONTRACTOR without the written consent of the COMMISSION. Any attempt by the CONTRACTOR to assign performance of any of the terms of this Contract, in whole or in part, without said consent shall be null and void and shall constitute a breach of the terms of this Contract. In the event of such a breach, this Contract may be terminated. CONTRACTOR shall submit a list of subcontractors to the COMMISSION for written approval prior to subcontractor performing any work hereunder.

A function proposed by CONTRACTOR may be carried out under subcontracts; however, CONTRACTOR may not delegate its duties or obligations, nor assign its rights hereunder, either in whole or in part, without the prior written consent of COMMISSION, or their designee. Any such attempt at delegation or assignment without prior written consent shall be void. Any change whatsoever in the corporate structure of CONTRACTOR, the governing body of CONTRACTOR, the management of CONTRACTOR, or the transfer of assets of CONTRACTOR shall be deemed an assignment of benefits under the terms of this Contract requiring COMMISSION approval. No subcontract shall alter in any way any legal responsibility of CONTRACTOR to COMMISSION.

CONTRACTOR must submit a copy of the memorandum of understanding for each subcontractor to the COMMISSION for prior review and approval.

XI. PROPRIETARY RIGHTS

CONTRACTOR agrees and acknowledges that its work pursuant to this Contract is, at COMMISSION'S direction, strictly limited to gathering data and other information regarding one or more of COMMISSION'S funding initiatives, evaluating the data and information, and reporting to COMMISSION its conclusions and recommendations arising out of that collection and evaluation process. In that regard, the following limitations shall apply to CONTRACTOR'S future use of data and information collected by CONTRACTOR during the course of its work for COMMISSION, in addition to any other conditions and limitations imposed by this Contract:

A. All data and information collected by CONTRACTOR during the course of this project, in whatever form, shall be the sole property of the COMMISSION. CONTRACTOR shall maintain said data and information on behalf of the COMMISSION in form and substance consistent with accepted research practices throughout the course of this Contract. Research findings and results generated from the data may be used internally by the COMMISSION for planning purposes prior to publication by the CONTRACTOR. The COMMISSION will not disseminate any data beyond its internal staff without the consent of the CONTRACTOR.

B. Both the CONTRACTOR and the COMMISSION shall implement and comply with adequate procedures to maintain the confidentiality of data and information collected pursuant to the Contract. Any raw data collected by the CONTRACTOR will be provided to the COMMISSION only after individual identifiers (with the exemption of zip codes) have been removed from the raw data. CONTRACTOR shall be responsible for complying with all applicable state and federal laws governing the gathering, use, and protection of personal information.

C. For any data gathering, informed consents shall be obtained and the CONTRACTOR is responsible for fulfilling any requirements pertaining to and in compliance with HIPAA and an Institutional Review Board for Human Subjects Protection. Contractor must include the COMMISSION listed as "First 5 LA" in consent forms to notify participants that relevant data and information will be shared with the COMMISSION.

D. At the conclusion of CONTRACTOR'S work, whether through expiration or termination of this Contract, CONTRACTOR shall promptly turn over to COMMISSION all data and information collected, along with all required reports in the following format: all original data and reports must be submitted in hard copy and electronic format within 30 days after expiration or termination to Evelyn V. Martinez, Executive Director of the Los Angeles County Children and Families First - Proposition 10 Commission (aka First 5 LA) with copies sent to designated director.

E. CONTRACTOR shall maintain notes, business records, and working papers on file for a period of not less than four (4) years following the termination or expiration of this Contract, and shall provide COMMISSION access to said records for inspection and copying upon seven (7) days written notice from COMMISSION. CONTRACTOR specifically agrees to comply with the California Public Records Act (Government Code Section 6250, *et seq.*) as directed or requested by COMMISSION.

F. Any software or equipment developed by CONTRACTOR at COMMISSION'S direction and/or expense during the course of this Contract shall become the sole property of COMMISSION. COMMISSION shall have the right to consent to and participate financially in any licensing or sales Contract relating to such software or equipment.

G. The timing, format, and manner of the dissemination of any data or information gathered pursuant to this Contract and any report of results, conclusions or recommendations prepared by CONTRACTOR shall be at the sole discretion of the COMMISSION. COMMISSION shall attribute the work to CONTRACTOR upon any such release.

H. CONTRACTOR may not use the data and information collected pursuant to this Contract without the prior written consent of COMMISSION'S Executive Director or her designee. Such consent must be requested in writing, stating the specific purpose for which consent is being sought, not less than ten (10) working days in advance of any such use.

I. If the CONTRACTOR uses any data from this project for a purpose that will result in profit or financial compensation to CONTRACTOR or any party related to CONTRACTOR, such fact must be disclosed in a written request for consent by CONTRACTOR and submitted to the COMMISSION. In such cases, COMMISSION shall have the right to enter into a royalty, licensing, or reimbursement Contract with CONTRACTOR, as appropriate, prior to giving its consent, to compensate

or reimburse COMMISSION for the use of its data and information. COMMISSION shall not seek compensation or reimbursement for the permitted use of its data and information for purely academic or scientific purposes. In published material arising out of academic or scientific activities, CONTRACTOR shall acknowledge the participation and funding with "Funded without endorsement, by First 5 LA" and shall provide the COMMISSION with two (2) copies of the published material.

J. CONTRACTOR shall prominently display all First 5 LA supplied promotional materials, such as educational posters, banners, brochures and fliers at the project site(s). CONTRACTOR shall ensure that promotional materials, activities, and publications developed in support of the funded project shall conform to the formatting requirements outlined in the First 5 LA Style Guide which includes the appropriate display of the First 5 LA logo and the First 5 LA funding attribution.

K. CONTRACTOR shall implement and comply with adequate procedures to maintain the confidentiality of data and information collected pursuant to this Contract.

L. CONTRACTOR must maintain a record for each item of tangible real or personal property of a value in excess of five hundred dollars ($500.00) acquired with First 5 LA funds pursuant to this Contract, which records shall include the model number, serial number, legal description (if applicable), cost, invoice or receipt, and date acquired.

M. COMMISSION and CONTRACTOR agree that all personal property purchased with funds provided under this Contract shall become the property of the COMMISSION upon completion or termination of contract, unless otherwise determined by the COMMISSION.

This section is applicable to all subcontractors in the performance of their services under the Program.

XII. CONFLICT OF INTEREST

It shall be the responsibility of CONTRACTOR to abide by conflict of interest laws and regulations applicable to the CONTRACTOR under California law. CONTRACTOR acknowledges that he/she/it is acting as public official pursuant to this Contract and shall therefore avoid undertaking any activity or accepting any payment, employment or gift from any third party that could create a legal conflict of interest or the appearance of any such conflict. A conflict of interest exists when one has the opportunity to advance or protect

one's own interest or private interest of others, with whom one has a relationship, in a way that is detrimental to the interest, or potentially harmful for the integrity or fundamental mission of the Commission. CONTRACTOR shall maintain the confidentiality of any confidential information obtained from the COMMISSION during this Contract and shall not use such information for personal or commercial gain outside this Contract. By agreeing to this Contract and accepting financial compensation for services rendered hereunder, CONTRACTOR agrees that he/she/it may not subsequently solicit or accept employment or compensation under any program, grant or service that results from or arises out of the **Oral Health and Nutrition Expansion and Enhancement Project**. During the term of this Contract and for one year thereafter, CONTRACTOR shall not knowingly solicit or accept employment and/or compensation from any COMMISSION collaborator or CONTRACTOR without the prior written consent of the COMMISSION.

XIII. INFORMATION TECHNOLOGY REQUIREMENTS

CONTRACTOR will be responsible for coordinating with COMMISSION'S Information Technology (IT) Department regarding the design, development, structure and implementation of the IT components, including all databases, documents and spreadsheets, applicable to its program. The following IT specifications are to be applied, as appropriate, in relation to the scope of CONTRACTOR'S program:

A. Hardware and Software compatibility with industry hardware, software, & security standards to allow adequate compatibility with the COMMISSION'S infrastructure.
B. Open Data Base Connectivity (ODBC) compliant for data collection and dissemination purposes.
C. Ability to collect information at the client-level, as necessary.
D. Compatibility and ability to aggregate information in multiple ways: by initiatives, geographic boundaries, service types, program outcomes, and COMMISSION outcomes.
E. Ability to export to and import the data collected.
F. CONTRACTOR will be required to obtain a digital certificate to submit documentation to COMMISSION electronically for recording and processing by COMMISSION staff. Digital certificate must be obtained from approved Certificate Authority (CA) vendor providing a Public Key Infrastructure (PKI). Digital certificate must be maintained by CONTRACTOR throughout contract period.

CONTRACTOR will provide timely notification to the COMMISSION on any major problem(s) with the CONTRACTORS financial system or hardware or software that may impact the funded project under this Contract.

XIV.INSURANCE

Without limiting CONTRACTOR'S duty to indemnify COMMISSION during the term of this Contract, CONTRACTOR shall provide and maintain at its own expense the following programs of insurance throughout the term of this Contract. Such programs and evidence of insurance shall be issued by insurers admitted to conduct business in the State of California, with a minimum A.M. Best's rating of A: VII unless otherwise approved in writing as satisfactory to the COMMISSION. Certificates or other evidence of insurance coverage and copy(ies) of additional insured endorsement(s) and/or loss payee endorsement(s), as applicable, shall be delivered to COMMISSION at the address specified in Section XXIV **prior to the commencement of work** under this Contract. Each policy of insurance shall provide that coverage will not be materially modified, terminated, or non-renewed except after thirty (30) days prior written notice has been given to the COMMISSION.

Notwithstanding any other provisions of this Agreement, failure by CONTRACTOR to maintain the required insurance shall constitute a breach of this Contract and COMMISSION may immediately terminate or suspend this Contract as a result, or secure alternate insurance at CONTRACTOR'S expense. CONTRACTOR shall ensure that subcontractors comply with all insurance requirements described in this Section.

It is specifically agreed by the Parties that this Section XIII shall supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs this Section XIII. Nothing in this Contract is to be interpreted as limiting the application of insurance coverage as required herein. All insurance coverage and limits provided by CONTRACTOR and its subcontractors shall apply to the full extent of the available and applicable policies. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits, or other requirements, or a waiver of any coverage normally provided by any insurance policy. Specific reference to a given coverage feature is for purpose of clarification only and is not intended by any party to be all inclusive, or to the exclusion of any other coverage, or a waiver of any type.

CONTRACTOR'S liability insurance shall be primary and non-contributory. All coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. There shall be no cross liability exclusion on any policy.

"Los Angeles County Children and Families First – Proposition 10 Commission (or if abbreviated, **LA Cty Prop 10 Commn.**), **its officers, agents, consultants and employees"** are to be included as additional insured with regard to liability and defense of claims arising from the operations and uses performed by or on behalf of the CONTRACTOR.

CONTRACTOR and subcontractors shall provide policies of liability insurance of at least the following coverages and limits:

A. Commercial General Liability Insurance

Such insurance shall be written on a commercial general liability form with minimum limits of one million dollars ($1,000,000) for each occurrence and two million dollars ($2,000,000) in the aggregate. Coverage may be on an occurrence or claims-made basis. If written on a Claims Made form, the CONTRACTOR must purchase an extended two-year reporting period commencing upon termination or cancellation of the insurance policy.

B. Business Auto Liability

Primary coverage shall be provided on ISA Business Auto Coverage forms for all owned, non-owned, and hired vehicles with a combined single limit of not less than one million dollars ($1,000,000) per accident. Automobile physical damage shall be required on an actual cash value basis for comprehensive and collision coverage with maximum deductibles of $1,000 each accident for those vehicles funded by this Contract and for which the COMMISSION has an ownership interest. The COMMISSION shall be named as Loss Payee, as their interest may appear.

C. Workers Compensation Insurance

Such insurance shall be in an amount and form to meet all applicable requirements of the Labor Code of the State of California.

D. Professional Liability Insurance

Such insurance shall cover liability arising from any error, omission, or negligent or wrongful act of CONTRACTOR or its employees, with a limit of liability of not less than one million dollars ($1,000,000) per medical incident for medical malpractice liability, or of not less than one million dollars ($1,000,000) per occurrence for all other types of professional liability. Only CONTRACTORS, who have a professional liability exposure relating to the work performed for COMMISSION under the terms of this

contract, are required to provide evidence of Professional Liability coverage.

E. Property Insurance

Such insurance shall be required only in the event the Contract is providing funds for real property or personal property, including equipment and has an ownership interest in that property. Coverage on real and personal property shall be on a replacement cost basis, written on a Special Causes of Loss form including employee dishonesty coverage, with a deductible no greater than $1,000 for each occurrence. COMMISSION shall be named as Loss Payee, as their interest may appear.

F. Crime Coverage Insurance

Such insurance shall be in the amount not less than twenty-five thousand dollars ($25,000) covering against loss of money, securities, or other property referred to hereunder which may result from employee dishonesty, forgery or alteration, theft, disappearance and destruction, computer fraud, burglary and robbery.

Evidence of Self Insurance

Legally adequate evidence of self-insurance meeting the approval of the COMMISSION'S Legal Counsel may be substituted for any coverage required above. CONTRACTOR must submit a copy of the self-insured certificate issued by the State of California.

XV. LIABILITY AND INDEMNIFICATION

To the full extent permitted by law, CONTRACTOR shall defend, indemnify and hold harmless COMMISSION, its employees, agents and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, actual attorney fees incurred by CONTRACTOR, court costs, interest, defense costs including expert witness fees and any other costs or expenses of any kind whatsoever incurred in relation to, as a consequence of or arising out of or in any way attributable in whole or in part to CONTRACTOR'S performance of this Contract including, without limitation, matters of active or passive negligence on the part of the COMMISSION. This duty to indemnify and defend shall not extend to such losses, actions, or damages arising out of or caused by COMMISSION'S sole negligence as determined by a court of competent jurisdiction.

XVI. ACCOUNTABILITY

A. The CONTRACTOR will work under the direction of Evelyn V. Martinez, Executive Director of Los Angeles County Children and Families First – Proposition 10 Commission (aka First 5 LA) and/or designated departmental director(s) of Planning and Development, Grants Management, Contracts/Legal Compliance, Finance, Public Affairs, and/or Research and Evaluation to ensure appropriate documents and activities are in compliance. The CONTRACTOR shall copy all communications to designated director(s) and will deliver routine updates and check-ins including Quarterly Progress Reports (Exhibit E), Final Report (Exhibit F), Data Report Forms (Exhibit G), and Final Evaluation Report (Exhibit I) over the course of this Contract period. All final reports are due no later than the 20th business day after the contract termination date. The COMMISSION reserves the right to request revisions and additional information for any exhibits listed in Section VI as needed throughout the term of the contract.

B. The COMMISSION will make relevant, non-confidential and non-privileged information available and accessible to the CONTRACTOR in order to successfully complete the project.

C. The CONTRACTOR will deliver all work and final products on time and on budget unless otherwise agreed upon in writing and in advance by COMMISSION and CONTRACTOR, with the highest degree of quality and service to the COMMISSION.

D. Both CONTRACTOR and COMMISSION will conduct themselves and their work in an ethical manner with high integrity and respect for the individuals involved in this process.

E. COMMISSION reserves the right to modify this CONTRACT and the programs and services provided by CONTRACTOR pursuant to this Contract based on the results of its evaluation(s) and review(s). In addition, COMMISSION may use the results of such evaluation(s) and review(s) in decisions regarding possible future funding, extension, or renewal of CONTRACTOR'S program and service. The evaluation(s) shall include, but are not limited to, Contract compliance and the effectiveness of program planning and implementation. COMMISSION at its sole discretion will conduct on-going assessments of the program and reserves the right to convert this Contract to a performance-based contract at any time throughout its duration, if COMMISSION deems it necessary for the attainment of the program/project deliverables and required results.

F. CONTRACTOR is required to comply with Section 3410 of the Public Contracts Code which requires preference to United States-grown produce and United States-processed foods when there is a choice and it is economically feasible to do so.

G. CONTRACTOR is required to comply with Chapter 3.5 Section 22150 Part 3 - Division 2 of the Public Contracts Code which required the purchase of recycled products, instead of non-recycled products, whenever recycled products are available at the same or lesser total cost than non-recycled items. CONTRACTOR may give preference to suppliers of recycled products and may define the amount of this preference.

H. CONTRACTOR is responsible for providing timely notification to the COMMISSION on any major changes to CONTRACTOR'S financial system that may impact the funded project or service under this Contract

I. Any change whatsoever in the corporate structure of CONTRACTOR, the governing body of CONTRACTOR, the management of CONTRACTOR, or the transfer of assets of CONTRACTOR shall be deemed an assignment of benefits under the terms of this Contract requiring COMMISSION approval.

J. CONTRACTOR is responsible for the timely notification to the COMMISSION on any material changes in the CONTRACTOR'S primary funding sources or overall organization funding that may impact the CONTRACTOR'S accountability on the funded project under this Contract.

K. The CONTRACTOR shall not provide technical assistance to any grantee, agency, and/or collaborators with which the CONTRACTOR has a prior or existing business relationship as outlined in Section XII.

XVII. INTERPRETATION AND JURISDICTION

This Contract shall be interpreted pursuant to the laws of the State of California. CONTRACTOR expressly agrees that the jurisdiction and venue for any litigation or arbitration brought to enforce any term of this Contract shall be in state court in Los Angeles County, California, and CONTRACTOR hereby consents to such jurisdiction and venue.

XVIII. COMPLIANCE WITH APPLICABLE LAWS

CONTRACTOR shall conform to and abide by all Municipal, County, State of California and Federal laws and regulations, and ordinances licensing and accrediting authorities, insofar as the same or any of them are applicable. This includes standards of professional ethics governing the use of assessment tools, the provision of services via the Internet and telephone, and the dissemination of information and educational materials.

XIX. PAYMENTS TERMS

All checks are to be made out to **COUNTY OF LOS ANGELES DEPARTMENT OF HEALTH SERVICES**. Monthly invoices based on expenses already incurred and paid by the CONTRACTOR (hereafter referred to as "actual expenses") are to be submitted by the CONTRACTOR to the COMMISSION by the 20th business day of each month and must be addressed to the attention of Evelyn V. Martinez, Executive Director of the Los Angeles County Children and Families First Proposition 10 Commission (aka First 5 LA). Within ten (10) business days following COMMISSION'S receipt of a properly completed invoice, COMMISSION shall notify CONTRACTOR in writing of any disputed amounts included on the invoice. COMMISSION agrees to pay CONTRACTOR all undisputed amounts included on the invoice within thirty (30) calendar days of receipt of the invoice. All invoices submitted on or before the 20th business day of the month, will be processed in manner outlined above. LATE INVOICES WILL BE PROCESSED IN THE SUBSEQUENT MONTH FROM DATE OF RECEIPT. Final payment will be made based on successful completion of the Contract and reports have been submitted to the COMMISSION. If CONTRACTOR does not comply with the timeframe set forth in this Section XVIII, CONTRACTOR will be considered out of compliance and may be subject to sanctions including but not limited to a penalty not to exceed five percent (5%) of each outstanding invoice.

XX. LIMITATION OF COMMISSION OBLIGATIONS DUE TO LACK OF FUNDS

COMMISSION'S payment obligations pursuant to this Contract are payable solely from funds appropriated by COMMISSION for the purpose of this Contract. CONTRACTOR shall have no recourse to any other funds allocated to or by COMMISSION. CONTRACTOR acknowledges that the funding for this Contract is limited to the term of the Contract only, with no future funding promised or guaranteed.

The COMMISSION and the CONTRACTOR expressly agree that full funding for the Contract over the entire Term of Contract is contingent on the continuing collection of tax revenues pursuant to Proposition 10 and the continuing allocation of Los Angeles County's share of those revenues to the COMMISSION. In the event of any repeal, amendment, interpretation, or invalidation of any provision of Proposition 10 that has the effect of reducing or eliminating the COMMISSION'S receipt of Proposition 10 tax revenues, or any other unexpected material decline in the COMMISSION'S revenues, the COMMISSION may reduce or eliminate funding for current or subsequent Contract years at a level that is generally proportionate to the reduction.

XXI. TERMINATION OF SERVICES

Either party may terminate this Contract after providing ten (10) days written notice to the other party at the address first set forth above. When CONTRACTOR'S services conclude, all unpaid fees and expenses become due and payable. Upon such termination, only those documented, earned and unpaid fees and expenses earned by CONTRACTOR prior to such termination pursuant to the budget attached hereto as Exhibit B shall become due and payable. Any amount paid in advance to CONTRACTOR and not yet earned shall be refunded to COMMISSION within thirty (30) calendar days of termination.

In the event, either party has violated any significant terms or conditions of this Contract and/or committed an act or offense which indicates a lack of business integrity or business dishonesty, the COMMISSION and/or CONTRACTOR shall immediately terminate this Contract.

XXII. ENTIRE UNDERSTANDING

This document and the Exhibits which are hereby incorporated and referenced constitute the entire understanding and agreement of the parties, and any and all prior agreements, contracts, understandings, and representations are hereby terminated and cancelled in their entirety and are of no further force or effect. The provisions of this Contract shall govern over any inconsistent provisions contained in any exhibit hereto.

XXIII. ATTORNEY FEES

The prevailing party in any legal action brought due to a material breach by the other, or to enforce the terms of this Contract, shall be entitled to recover its costs of suit including, without limitation, reasonable attorneys fees.

XXIV. RECORDS AND AUDITS

COMMISSION reserves the right at any time during CONTRACTOR business hours at its discretion and upon reasonable notice to audit, examine records and require supporting documentation such as employee timesheets and invoices, to substantiate CONTRACTOR reported expenses and basic service level estimates of work completed.

XXV. NOTICES

Any notices, reports, or invoices required by this Contract shall be deemed received on: (a) the day of delivery if delivered by hand or overnight courier service during CONTRACTOR'S and COMMISSION'S regular business hours or by facsimile before or during CONTRACTOR'S regular business hours; or (b) on the third business day following deposit in the United States mail, postage prepaid, addressed as set forth below, or to such other addresses as the Parties may, from time to time, designate in writing.

Notices to CONTRACTOR

Notices will be sent to CONTRACTOR addressed as follows:

Primary Contact Person	Telephone	E-mail
Fiscal Contact Person	Telephone	E-mail
CONTRACTOR Name		
CONTRACTOR Address		

Notices to COMMISSION

Notices sent to COMMISSION shall be addressed as follows:

FIRST 5 LA
Attention: Evelyn V. Martinez, Executive Director
750 North Alameda Street, Suite 300
Los Angeles, California 90012

With a copy of any Contract changes or amendments to:

Craig A. Steele
Richards, Watson & Gershon
355 S. Grand Avenue, 40th Floor
Los Angeles, California 90071

Notice of Delays

When either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of any provisions of this Contract, that party shall, within three (3) business days, give written notice, including relevant information, to the other party.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

XXVI. SIGNATURES

In WITNESS WHEREOF, this Contract has been executed as of the date set forth above by the respective duly authorized signatories below.

CONTRACTOR
Agreed & Accepted

John F. Schunhoff, Ph.D., Interim Director Los Angeles County Department of Health Services	Date

COMMISSION

Approved as to form:

Craig A. Steele Legal Counsel	Date

Agreed & Accepted:

Evelyn V. Martinez, Executive Director Los Angeles County Children and Families First Proposition 10 Commission (aka First 5 LA)	Date

DRAFT- DATES TO BE UPDATE PRIOR TO FINAL
EXHIBIT A – SCOPE OF WORK

Contract Number:	**07445**	Contract Period:	**2/1/10 – 7/3012011**
Agency Name:	**Los Angeles County – Department of Health Services**	Revision Date:	
Project Name:	**High Desert Health System Oral Health Project**	**(Office Use Only)**	
Project Length:	**18 Months (2/1/10 – 7/31/11)**	**Report Period:**	
		Submission Date:	

Objectives Include who, what, when, where, how and how much for each objective.	**Activities and Subtasks** Indicate the activities and subtasks leading to the fulfillment of the objective. Include benchmarks or milestones in chronological order. Include the appropriate quantity or frequency of the associated activities or subtasks.	**Staff Assignment** Indicate staff, consultants or subcontractors responsible for the respective activity or subtask.	**Timeline** Indicate start and end period.	**Deliverables** Indicate Date Due.
1. By TBD, High Desert Health System (HDHS) will complete the preparation of space to house the new children's dental clinic. (For progress report only) **Objective status:** ☐ IN-PROCESS ☐ COMPLETE ☐ DELAYED	1.1 Complete remodeling of the dental clinic space. **Progress:**	HDHS Assistant Administrator. DHS Director of Planning and Program Oversight HDHS Facilities Director	TBD	1.1. TBD: Confirmation of substantial completion of remodeling; space ready for furniture and equipment installation.

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EXHIBIT A – SCOPE OF WORK

Objectives Include who, what, when, where, how and how much for each objective.	Activities and Subtasks Indicate the activities and subtasks leading to the fulfillment of the objective. Include benchmarks or milestones in chronological order. Include the appropriate quantity or frequency of the associated activities or subtasks.	Staff Assignment Indicate staff, consultants or subcontractors responsible for the respective activity or subtask.	Timeline Indicate start and end period.	Deliverables Indicate Date Due.
	1.2 Plan, procure, and install equipment for the new dental program.			
	a. Finalize proposed dental equipment plan.	Equipment vendor HDHS Assistant Administrator DHS Project Architect HDHS Project Coordinator	TBD	1.2.a. TBD Proposed equipment plan
	b. Review of proposed dental equipment plan by MLK MACC and Harbor-UCLA Dental Clinic staff and incorporation of recommendations.	HDHS Project Coordinator Equipment Vendor		1.2.b. TBD Revised equipment plan.
	c. Review of revised dental equipment plan by First 5 LA.	HDHS Assistant Administrator		1.2.c. TBD : Revised equipment plan, incorporating First 5 LA input.
	d. Review of final dental equipment plan and final negotiations with dental equipment vendor.	HDHS Project coordinator HDHS Materials Manager ISD purchasing agent		1.2.d TBD : Final equipment plan.
	e. Approval of final dental equipment plan by First 5 LA	HDHS Assistant Administrator		1.2.e. TBD : First 5 LA approval of final equipment plan
	f. Procure dental equipment.	HDHS Project coordinator HDHS Materials Manager ISD purchasing agent		12.f. TBD : Equipment procurement status report.
	g. Install dental equipment and obtain any necessary regulatory approvals.	Dental equipment vendor(s)		1.2. g. TBD : Confirmation of equipment installation and any required regulatory approvals.
	Progress:			

DRAFT- DATES TO BE UPDATE PRIOR TO FINAL
EXHIBIT A – SCOPE OF WORK

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	1.3 Plan, procure, and install furniture for the new dental program.		TBD	
	a. Develop proposed furniture plan (waiting room, dentist's office, reception area).	Furniture vendor HDHS Assistant Administrator Project Coordinator		1.3.a. 11/15/09: Final furniture plan, including layouts.
	b. Review of proposed furniture plan by First 5 LA and revision of the plan, as necessary for final approval	HDHS Project Coordinator		1.3.b. 11/30/09: Final approval of furniture plan by First 5 LA
	c. Procure furniture.	HDHS Project Coordinator HDHS Materials Manager		1.3.c. 2/28/10: Furniture procurement status report.
	d. Install furniture **Progress:**	Furniture vendor.		1.3.d. 4/30/10: Confirmation of furniture installation.
	1.4 Plan, select, procure and install all telephone and computer systems and hardware.			
	a. Plan, select, procure and install all telephone systems and computer hardware.	HDHS Communications Coordinator Internal Services Department Communications. HDHS Project Coordinator HDHS Chief Information Officer	TBD	1.4.a. 4/30/10: Confirm telephone service, installation of computer devices, and procurement and installation of computer hardware.
	b. Assess alternatives and recommend proposed dental practice management system.	HDHS Project Coordinator HDHS Assistant Administrator HDHS Chief Information Officer		1.4.b.11/30/09: Rationale for recommended dental practice management

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EXHIBIT A – SCOPE OF WORK

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	c. Review recommended practice management system with First 5 LA and obtain approval of selected system. d. Procurement, installation and training for practice management system. **Progress:**	HDHS Assistant Administrator HDHS Project Coordinator HDHS Chief Information Officer System Vendor		system. 1.4.c. 12/31/09: Approval of proposed system by First 5 LA 1.4.d. 12/31/09: Confirmation that system has been procured and installed, and training has been provided.
	1.5 Obtain licensing and/or other regulatory agency approvals, as necessary. **Progress:**	HDHS Project Coordinator HDHS Assistant Administrator	TBD	1.5. 4/30/10: Documentation of licensing and other regulatory agency approvals.
2. By November 30, 2009, DHS will develop and implement an agreement with a dental contractor to staff and operate the new children's dental clinic. (For progress report only) **Objective status:** ☐ IN-PROCESS ☐ COMPLETE ☐ DELAYED	2.1 Selection of contractor and execution of contract. a. Complete pre-contract solicitation Letter of Interest (LOI) Process. b. Prepare solicitation document. c. Distribute solicitation document d. Proposals due.	DHS Contracts and Grants HDHS Assistant Administrator DHS Contracts and Grants DHS Contracts and Grants DHS Contracts and Grants	TBD	2.1.a. 11/15/09: LOI results – list of interested and qualified potential contractors. 2.1.b. 11/30/09: Final solicitation document 2.1.c. 11/30/09: Release of final solicitation document. 2.1.d. 1/9/10: Solicitation document responses.

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EXHIBIT A – SCOPE OF WORK

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	e. Proposal evaluation and selection of recommended contractor. f. DHS approval of contractor recommendation. g. Preparation of contract and Board Letter for contractor approval. h. Board of Supervisors approval of contract. i. Execution of contract. **Progress:**	DHS Contract review panel Director of Health Services DHS Contracts and Grants LAC Board of Supervisors DHS Contracts and Grants		2.1.e. TBD : Contractor recommendation. 2.1.f. TBD : DHS approval of contractor. 2.1.g TBD : Board letter and draft contract. 2.1.h. TBD : Approval of Board Letter. 2.1.i. TBD : Signed contract. 2.1.k. TBD : Summary of lessons learned from contractor selection process
3. By October 31, 2009, DHS will finalize and obtain approval of the operating budget for the new dental clinic. **Objective status:** ☐ IN-PROCESS ☐ COMPLETE ☐ DELAYED	3.1. Develop operating budget request, identifying all expenses and anticipated revenue, and obtain DHS approval. **Progress:**	HDHS Assistant Administrator HDHS Chief Financial Officer DHS Director of Planning and Program Oversight.	TBD	3.1. TBD : Final operating budget request.
	3.2. Obtain Chief Executive Office and Board of Supervisor Approval for program operating budget. a. Prepare Board Letter requesting budget adjustment.	HDHS Chief Financial Officer DHS Director of Planning and	TBD	3.2.1a. TBD : Draft Board Letter.

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EXHIBIT A – SCOPE OF WORK

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	b. Obtain CEO approval for budget adjustment. c. Obtain Board approval for budget adjustment. **Progress:**	Program Oversight. DHS Chief Financial Officer HDHS Chief Financial Officer DHS Director of Planning and Program Oversight. DHS Chief Financial Officer DHS Director of Planning and Program Oversight. DHS Chief Financial Officer	TBD	3.2.b TBD : Final Board Letter. 3.2.c. TBD : Approval of Budget Adjustment.
4. By January 1, 2010, HDHS will open the new children's dental clinic. **Objective status:** ☐ IN-PROCESS ☐ COMPLETE ☐ DELAYED	4.1. Develop operational policies and procedures. a. Obtain dental policies and procedures from other DHS dental clinics. b. Develop and or adapt policies and procedures for use at HDHS. c. Approve dental policies and procedures by the HDHS Clinical Executive committee. **Progress:**	HDHS Project Coordinator HDHS Project Coordinator Dental Contractor HDHS Assistant Administrator HDHS Clinical Executive Committee	TBD	4.1.a. TBD : Copies of policies and procedures from other DHS dental programs. 4.1.b. TBD : Draft HDHS dental policies and procedures. 4.1.c TBD : Final HDHS dental policies and procedures.
	4.2 Credential dental clinic providers.			

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EXHIBIT A – SCOPE OF WORK

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	a. Develop privilege forms for dentists. b. Complete credentialing of all contractor dentists. **Progress:**	HDHS Medical Director HDHS Medical Director HDHS Dental Contractor HDHS Professional Staff Assessment and Credentialing Committee.	TBD	4.2.a. TBD : Final dental privilege forms. 4.2.b. TBD : Approval of privileges.
	4.3 Development of referral protocols and procedures. a. Develop referral protocols for the referral of children ages 0 – 5 into the dental clinic from the HDHS Medical Hub, HDHS Pediatrics Clinic, and HDHS health centers. b. Develop referral procedures for the referral of children needing specialized dental services beyond the scope of the HDHS Dental Clinic to other dental specialists. **Progress:**	HSHS Project Coordinator Dental Contractor HDHS Project Coordinator Dental Contractor	TBD	4.3.a. TBD : Referral protocols. 4.3.b. TBD : Referral procedures.
5. Increase from baseline the percent of children 0 through 5 years of age who have access to oral health care resources (referral to and establishment of dental home). **Objective status:** ☐ IN-PROCESS	5.1 Refer children ages 0-5 receiving services at the HDHS Medical Hub, HDHS Pediatrics Clinic and HDHS health centers to the HDHS Dental Clinic for preventive and/or therapeutic oral health services, as appropriate. **Progress:**	HDHS Medical Hub, Pediatrics Clinic and health center staff HDHS Project Coordinator Dental Contractor	TBD	5.1. 5 TBD : Monthly referral summary reports (due quarterly, by the 20th business day after the close of each quarter)

FIRST 5 LA
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EXHIBIT A – SCOPE OF WORK

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☐ COMPLETE ☐ DELAYED				
	5.2 Serve as a dental home for dental clinic patients ages 0-5. a. Develop individualized plans for treatment of identified dental disease, preventive care, and ongoing dental care and follow up. b. Schedule a minimum of two visits per year for children with routine dental needs. **Progress:**	Dental Contractor Dental Contractor	TBD	5.2.a. TBD : Documentation in patient chart. 5.2.b. TBD : Documentation in patient chart. Number of visits scheduled per patient included in monthly workload report (due quarterly, by the 20th business day after the close of each quarter).
	5.3 Develop and administer surveys to measure changes in access. a. Administer baseline parent/guardian survey in the HDHS Medical Hub 3 months prior to dental clinic opening and quarterly for the first year after dental clinic opening.	HDHS Project Coordinator HDHS Medical Hub staff	TBD	5.3.a. TBD : Baseline survey report. Quarterly survey reports (due quarterly, by the 20th business day after the close of each quarter).

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Objectives Include who, what, when, where, how and how much for each objective.	Activities and Subtasks Indicate the activities and subtasks leading to the fulfillment of the objective. Include benchmarks or milestones in chronological order. Include the appropriate quantity or frequency of the associated activities or subtasks.	Staff Assignment Indicate staff, consultants or subcontractors responsible for the respective activity or subtask.	Timeline Indicate start and end period.	Deliverables Indicate Date Due.
	b. Administer intake survey for parents/guardians of all new children's dental clinic patients for the first year of operation. **Progress:**	HDHS Project Coordinator Dental Contractor		5.2.b. Quarterly survey reports (due quarterly, by the 20th business day after the close of each quarter).
6. By December 31, 2010, the HDHS Children's Dental Clinic will provide 2,900 dental visits to 1,350 children ages 0-5 to increase from baseline the percent of children 0 through 5 years of age who receive preventive dental services (including dental examination, prophylaxis, fluoride varnishes, and sealants as appropriate). **Objective status:** ☐ IN-PROCESS ☐ COMPLETE ☐ DELAYED	6.1. Finalize scope of services a. Develop written scope of services. b. Develop list of facilities and agencies for the referral of children requiring specialty services not available at the HDHS Children's Dental clinic. **Progress:**	Dental Contractor HDHS Project Coordinator Dental Contractor HDHS Project Coordinator	TBD	6.1.a TBD : Written scope of services. 6.1.b. TBD : List of facilities and agencies for specialty referrals.
	6.2 Provide age-appropriate dental care to children referred for services. a. Perform a comprehensive dental examination and consultation for each child. b. Provide preventive services as needed, including prophylaxis, fluoride varnish, and occlusal sealants as appropriate.	Dental Contractor Dental Contractor	TBD	6.2.a-b. TBD : Documentation in patient chart.

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EXHIBIT A – SCOPE OF WORK

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	Progress:			
	6.3 Develop workload reports to monitor progress in meeting workload objectives.			
	a. Develop format for monthly and year-to-date workload reports to track clinic visits by visit type, patient age, etc.	HDHS Project Coordinator	TBD	6.3.a TBD : Draft workload report format.
	b. Review workload report format with First 5 LA and incorporate input.	HDHS Project Coordinator		6.3.b. TBD : Final workload report format.
	c. Complete monthly workload reports showing both monthly workload and aggregate year-to-date workload to monitor progress in achieving objectives.	Dental Contractor HDHS Project Coordinator		6.3.c. Monthly workload reports (due quarterly, by the 20th business day after the close of each quarter)
	Progress:			
	6.4 Assess client satisfaction with dental services.			
	a. Develop a patient satisfaction survey.	HDHS Project Coordinator HDHS Assistant Administrator	TBD	6.4.a. TBD : Draft patient satisfaction survey.
	b. Review the survey with First 5 LA and incorporate input.	HDHS Project Coordinator HDHS Assistant Administrator		6.4.b. TBD : Final patient satisfaction survey.
	c. Administer first biannual patient satisfaction survey and tabulate results.	HDHS Project Coordinator Dental Contractor		6.4.c. TBD : Survey report.

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EXHIBIT A – SCOPE OF WORK

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	d. Administer second biannual patient satisfaction survey **Progress:**	Dental Contractor		6.4.d TBD : Survey report
7. Provide treatment of identified dental needs as appropriate to children referred to the HDHS Dental Clinic, to increase from baseline the percent of children 0 through 5 years of age who receive therapeutic dental services (including fillings, extractions, and/or bonding). **Objective status:** ☐ IN-PROCESS ☐ COMPLETE ☐ DELAYED	7.1. Provide therapeutic dental services, as indicated, within the scope of service available at the clinic. **Progress:**	Dental Contractor	TBD	7.1 TBD : Documentation in patient chart.
	7.2 Develop workload reports to monitor progress in meeting workload objectives. a. Develop format for monthly and year-to-date workload reports to track clinic visits by visit type, patient age, etc. b. Review workload report format with First 5 LA and incorporate input. c. Complete monthly workload reports showing both monthly workload and aggregate year-to-date workload to monitor progress in achieving	 HDHS Project Coordinator HDHS Project Coordinator Dental Contractor HDHS Project Coordinator	TBD	 7.2.a. TBD : Draft workload report format. 7.2.b. TBD : Final workload report format. 7.2.c. Monthly workload reports (due quarterly, by the 20th business day after the close of each

DRAFT- DATES TO BE UPDATE PRIOR TO FINAL
EXHIBIT A – SCOPE OF WORK

Objectives Include who, what, when, where, how and how much for each objective.	Activities and Subtasks Indicate the activities and subtasks leading to the fulfillment of the objective. Include benchmarks or milestones in chronological order. Include the appropriate quantity or frequency of the associated activities or subtasks.	Staff Assignment Indicate staff, consultants or subcontractors responsible for the respective activity or subtask.	Timeline Indicate start and end period.	Deliverables Indicate Date Due.
	objectives. **Progress:**			quarter)
	7.3 Assess client satisfaction with dental services. a. Develop a patient satisfaction survey. b. Review the survey with First 5 LA and incorporate input. c. Administer first biannual patient satisfaction survey and tabulate results. d. Administer second biannual patient satisfaction survey **Progress:**	 HDHS Project Coordinator HDHS Assistant Administrator HDHS Project Coordinator HDHS Assistant Administrator HDHS Project Coordinator Dental Contractor Dental Contractor	TBD	 7.3.a. TBD : Draft patient satisfaction survey. 7.3.b. TBD : Final patient satisfaction survey. 7.3.c. TBD : Survey report. 7.3.d. TBD : Survey report
8. By January 1, 2010, the HDHS Children's Dental Clinic will begin providing education to caregivers and children on oral health topics at all preventive dental services visits, to increase parents'/families' knowledge of early childhood oral health needs and milestones. **Objective status:**	8.1 Research and select material and/or software programs to be used to educate caregivers and children on oral health topics. a. Identify alternative educational material, including software programs. b. Select materials and/or software programs to be used in the clinic.	 HDHS Project Coordinator Dental Contractor HDHS Project Coordinator Dental Contractor	TBD	 8.1.a. TBD : List of alternative education programs. 8.1.b. TBD : Selection of proposed educational

DRAFT- DATES TO BE UPDATE PRIOR TO FINAL
EXHIBIT A – SCOPE OF WORK

Objectives Include who, what, when, where, how and how much for each objective.	Activities and Subtasks Indicate the activities and subtasks leading to the fulfillment of the objective. Include benchmarks or milestones in chronological order. Include the appropriate quantity or frequency of the associated activities or subtasks.	Staff Assignment Indicate staff, consultants or subcontractors responsible for the respective activity or subtask.	Timeline Indicate start and end period.	Deliverables Indicate Date Due.
☐ IN-PROCESS ☐ COMPLETE ☐ DELAYED	c. Review educational program or materials with First 5. d. Procure educational material or software. **Progress:**	HDHS Project Coordinator Dental Contractor HDHS Project Coordinator		program or materials to be used in the clinic. 8.1.c. TBD : Finalize selection of proposed educational program or materials to be used in the clinic. 8.1.d. TBD : Acquisition of materials or software and installation (if applicable).
	8.2 Train dental clinic staff in use of educational materials and/or software program. **Progress:**	Software vendor (if applicable) Dental Contractor	TBD	8.2. TBD : Documentation of training.
	8.3 Provide one-on-one education to caregivers and children at each preventive visit on oral health topics including development and prevention of tooth decay, brushing and flossing techniques, and nutrition, as applicable. **Progress:**	Dental contractor	TBD	8.3. TBD : documentation in patient chart.
	8.4 Develop and administer surveys to measure changes in parent/family knowledge of early childhood oral health needs and milestones.		TBD	

DRAFT- DATES TO BE UPDATE PRIOR TO FINAL
EXHIBIT A – SCOPE OF WORK

Objectives Include who, what, when, where, how and how much for each objective.	Activities and Subtasks Indicate the activities and subtasks leading to the fulfillment of the objective. Include benchmarks or milestones in chronological order. Include the appropriate quantity or frequency of the associated activities or subtasks.	Staff Assignment Indicate staff, consultants or subcontractors responsible for the respective activity or subtask.	Timeline Indicate start and end period.	Deliverables Indicate Date Due.
	a. Administer baseline parent/guardian survey in the HDHS Medical Hub 3 months prior to dental clinic opening and quarterly for the first year after dental clinic opening. b. Administer intake survey for parents/guardians of all new children's dental clinic patients for the first year of operation. **Progress:**	HDHS Project Coordinator HDHS Medical Hub staff HDHS Project Coordinator Dental Contractor		8.4.a. TBD : Baseline survey report. Quarterly survey reports (due quarterly, by the 20th business day after the close of each quarter). 8.4.b. Quarterly survey reports (due quarterly, by the 20th business day after the close of each quarter).
9. Develop Evaluation Plan for project. **Objective status:** ☐ IN-PROCESS ☐ COMPLETE ☐ DELAYED	9.1 Continue to work with First 5 LA on revisions of the Evaluation Plan. a. Submit drafts of Evaluation Plan to First 5 LA for review, integrate First 5 LA feedback. b. Submit final draft of Evaluation Plan to First 5 LA for approval. **Progress:**	HDHS Project Coordinator	TBD	9.1.a. TBD : Evaluation Plan drafts 9.1.b. TBD : Final Evaluation Plan
	9.2 Develop data collection tool a. Submit drafts of all data collection tools to First 5 LA for review, integrate First 5 LA feedback. b. Submit final draft of data collection tools to First 5 LA for approval.	HDHS Project Coordinator	TBD	9.2.a. TBD : Drafts of data collection tools 9.2.b. TBD : Final data collection tools

DRAFT- DATES TO BE UPDATE PRIOR TO FINAL
EXHIBIT A – SCOPE OF WORK

Objectives Include who, what, when, where, how and how much for each objective.	Activities and Subtasks Indicate the activities and subtasks leading to the fulfillment of the objective. Include benchmarks or milestones in chronological order. Include the appropriate quantity or frequency of the associated activities or subtasks.	Staff Assignment Indicate staff, consultants or subcontractors responsible for the respective activity or subtask.	Timeline Indicate start and end period.	Deliverables Indicate Date Due.
	c. Meet with First 5 LA and other agencies involved in the First 5 LA Strategic Partnership to develop common data collection tools **Progress:**			9.2.c. TBD : Common data collection tools
	9.3 Submit summary of evaluation activities with quarterly Progress Reports **Progress:**	HDHS Project Coordinator	Quarterly	9.3 Progress reports due quarterly, by the 20th business day after the close of each quarter
	9.4 Develop Analysis Plan a. Submit drafts of Analysis Plan to First 5 LA for review, integrate First 5 LA feedback. b. Submit final draft of Analysis Plan to First 5 LA for approval. **Progress:**	HDHS Project Coordinator	TBD	9.4.a. TBD : Analysis Plan draft 9.4.b. TBD : Final Analysis Plan
	9.5 Develop Final Yearly Evaluation Report a. Submit drafts of outline to First 5 LA for review, integrate First 5 LA feedback. b. Submit final draft of outline to First 5 LA for approval. c. Submit Yearly Final Evaluation Report with summary abstract **Progress:**	HDHS Project Coordinator	TBD	9.5.a. TBD : Outline draft 9.5.b. TBD : Final Outline 9.5.c. Nov. 2010*: Yearly Final Evaluation Report *By the 20th business day after the end of

DRAFT- DATES TO BE UPDATE PRIOR TO FINAL
EXHIBIT A – SCOPE OF WORK

Objectives Include who, what, when, where, how and how much for each objective.	Activities and Subtasks Indicate the activities and subtasks leading to the fulfillment of the objective. Include benchmarks or milestones in chronological order. Include the appropriate quantity or frequency of the associated activities or subtasks.	Staff Assignment Indicate staff, consultants or subcontractors responsible for the respective activity or subtask.	Timeline Indicate start and end period.	Deliverables Indicate Date Due.
				contract year
10. Progress Reports	10.1 Submit progress reports that summarize and document activities conducted during each quarter (report period). Follow forthcoming progress report instructions.	HDHS Project Coordinator HDHS Assistant Administrator	Quarterly	10.1 Progress reports due quarterly, by the 20th business day after the close of each quarter
	10.2. Submit Year-End Progress Report summarizing activities conducted during the contract year. Include summary results such as cumulative year end numbers.	HDHS Project Coordinator HDHS Assistant Administrator	TBD	10.2 TBD *: Year-End Progress Report *By the 20th business day after the end of contract year

FIRST 5 LA

Champions For Our Children

ORAL HEALTH AND NUTRITION PROJECT
Budget Summary

Agreement # 07445

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ ~~10/01/09 - 5/31/11~~ 2/1/2010 - 7/31/2011

	Cost Category	First 5 LA Funds	Matching Funds	Total Costs
1	Personnel	0	96,236	96,236
2	Contracted Svcs *(Excluding Evaluation)*	15,000	351,950	366,950
3	Equipment	270,661	0	270,661
4	Printing/Copying	1,380	0	1,380
5	Space	0	49,720	49,720
6	Telephone	0	1,470	1,470
7	Postage	0	0	0
8	Supplies	0	29,000	29,000
9	Employee Mileage and Travel	0	0	0
10	Training Expenses	3,200	0	3,200
11	Evaluation	0	0	0
12	Capital Cost/Renovation	0	275,000	275,000
13	Other Expenses *(Excluding Evaluation)*	9,759	0	9,759
14	*Indirect Costs	0	5,720	5,720
	TOTAL:	$300,000	$809,096	$1,109,097

Tim Moore — 6/1/2009

Fiscal Contact Person — Date

Chew Todorov — 6/1/09

Agency Authorized Signature — Date

Phone # (661) 945-8362 (Tim Moore)

First 5 LA Authorized Staff Only		
Program Officer	Reena John 6/2/09	6-2-09
Finance	6/2/09	

*Indirect Costs ***MAY NOT*** exceed 10% of Personnel cost, excluding Fringe Benefits.

Additional supporting documents may be requested

FIRST 5 LA
Champions For Our Children

Section 1

Personnel

Agreement # 07445

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ 2/1/2010 - 7/31/2011

ANNUAL First 5 LA Funds PROJECT PERSONNEL BUDGET					TOTAL PROJECT PERSONNEL BUDGET		
Title/Name(s)	FT/PT	Gross Monthly Salary	% of Time on First 5 LA Project	Months to be Employed	First 5 LA Funds	Matching Funds	Total Personnel Cost
Patinet Registration Worker (Patient Resource Worker)	FT	3,195	100%	12	0	38,335	38,335
Project Coordinator (Administrative Assistant III)	FT	5,243	25%	18	0	23,593	23,593
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
					0	0	0
				Total Direct Salaries	0	61,928	61,928

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

Indirect Costs may not exceed 10% of Personnel cost, excluding Fringe Benefits.

USE ADDITIONAL SHEETS IF NECESSARY

*Fringe Benefits:	Percentage			
FICA	1.00%	0	619	619
SUI	0.10%	0	62	62
Health	11.00%	0	6,812	6,812
WC	7.70%	0	4,768	4,768
Other	35.60%	0	22,046	22,046
	55.40%	-	34,308.07	34,308.07
Total Personnel		$0	$96,236	$96,236

*Fringe Benefits must be broken down by categories.

FIRST 5 LA

Champions For Our Children

Section 2

Contracted Services

Agreement # 07445

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ ~~7/1/09 - 5/31/11~~ 2/1/2010 - 7/31/2011

Contracted/Consultant Services	RATE OF PAY AND FORMULA USED FOR DETERMINING AMOUNT	First 5 LA Funds	Total Matching Funds	Total Contracted Svcs
Dental Contractor	2900 annual visits x's assumed Medi-Cal cost-based	15,000	332,862	347,862
	reimbursement rate of $124.78/visit, less assumed average	0	0	0
	supply cost of $10.00/visit.	0	0	0
		0	0	0
	Note: This is a preliminary estimate for the Contract	0	0	0
	Dental Group cost. The cost will not be finalized until the	0	0	0
	contractor selection process has been completed and a	0	0	0
	contract has been negotiated. DHS is still in the process of	0	0	0
	confirming the projected Medi-Cal revenue that will be	0	0	0
	available to off-set the cost of the contract.	0	0	0
		0	0	0
		0	0	0
	First 5 Funds will be used only to help off-set contract costs	0	0	0
	during the initial start-up period, until the program becomes	0	0	0
	fully operational. DHS will be responsible for the ongoing	0	0	0
	contract costs.	0	0	0
		0	0	0
Housekeeping Servcies	Allocation of contractor costs based on area square footage	0	8,844	8,844
Security Services	20% of the cost of the Security Guard assigned bo	0	10,244	10,244
	the building	0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
	Total Contracted Services:	$15,000	$351,950	$366,950

USE ADDITIONAL SHEETS IF NECESSARY

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

FIRST 5 LA

Champions for Our Children

Agreement # 07445

Section 3

Equipment

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ ~~10/01/09 - 5/31/11~~ 2/1/2010 - 7/31/2011

Equipment description of item	Quantity	Unit Cost	Total Equipment Cost	First 5 LA Funds	Matching Funds	Total Cost
Dental Operatories						
Dental Chair (Adec Cascade Radius 1040 w/seamless upholstery)	3	7,610.33	22,831	22,831	0	22,831
Large Rectangular Stainless Steel Floor Box Frame and Cover	3	222.94	669	669	0	669
Delivery System for Dental Chairs (Adec Radius 2122)	3	3,835.61	11,507	11,507	0	11,507
Second Handle with Pushbutton Arm Break for Delivery System	3	132.68	366	366	0	366
Chair Touchpad, Programable (Adec)	3	205.54	617	617	0	617
4-Hole Vinyl Tubing (Adec)	9	321.92	2,897	2,897	0	2,897
Central Island Cabinet (Adec)	1	13,096.76	13,097	13,097	0	13,097
Exam Lights, Mounted from Central Cabinet (Adec 6300)	2	2,586.08	5,172	5,172	0	5,172
Exam Light, Wall Mount for Private Room (Adec 6300)	1	2,586.08	2,586	2,586	0	2,586
Modular Assistant's Cabinet/Workstation (Adec 12:00 o'clock)	3	6,806.00	20,418	20,418	0	20,418
Assistant's Single 4-Position Holder Assembly (Adec)	3	2,271.79	6,815	6,815	0	6,815
Doctor Stool (Adec 1601)	3	694.91	2,085	2,085	0	2,085
Assistant's Stool (Adec 1621)	3	808.01	2,424	2,424	0	2,424
Water Quick Disconnect with Flow Control Valve (Adec)	1	48.94	49	49	0	49
Autoclavable Syringe (Adec, Continental)	3	205.54	617	617	0	617
Handpieces						
Shorty Single Speed Air Motor (Midwest)	3	959.18	2,878	2,878	0	2,878
Straight Attachment for Shorty and Rhino XP (Midwest)	6	352.35	2,114	2,114	0	2,114
Push Button Latch Type Head (Midwest)	6	300.15	1,801	1,801	0	1,801
Contra Angle Sheath (Midwest)	6	228.38	1,370	1,370	0	1,370
Stylus Mini 540S Standard High-spead Handpiece (Midwest)	6	1,258.24	7,549	7,549	0	7,549
X-Ray Camera/Mounts						
X-ray Camera (Planmeca Intraoral Wall Mount w/Long Arm - 77")	2	4,183.61	8,367	8,367	0	8,367
X-ray Camera Pass-Through Mount (for Central Island Cabinet)	1	352.35	352	352	0	352
Digital Radiography						
CDR Sensor Size 0 (Schick)	1	4,567.50	4,568	4,568	0	4,568

CDR Sensor Size 1 (Schick)	1	6,742.50	6,743	6,743	0	6,743
CDR Sensor Size 2 (Schick)	1	7,830.00	7,830	7,830	0	7,830
USB Remote HS (Schick)	3	1,414.84	4,245	4,245	0	4,245
USB Remote HS Cable, 2 Meter (Schick	3	43.50	131	131	0	131
EagleSoft Imaging	1	-	0	0	0	0
Equipment Room						
Office Utility Package (Air Techniques Air Star 30C/STS-5)	1	13,050.00	13,050	13,050	0	13,050
Remote Water Control Valve w/Filter, 24V (Air Techniques	1	909.15	909	909	0	909
Nitrus Oxide System			0	0	0	0
Portable System (Accutron Digital Newport Flowmeter System)	1	5,618.03	5,618	5,618	0	5,618
Miscellaneous Small Instruments/Equipment						
Reusable Instruments, Cassettes, etc.	1	33,712.50	33,713	33,713	0	33,713
Handpiece Processing						
Handpiece maintenance system (Adec Assistina 301 Plus)	1	2,037.98	2,038	2,038	0	2,038
Cassette Autoclave (Sciscan Statim 5000)	1	5,932.31	5,932	5,932	0	5,932
Unitrasonic Cleaner With Basket (Whaled)	1	1,728.04	1,728	1,728	0	1,728
Sterilization						
Autoclave (Midmark M11-020 UltraClave Sterilizer)	1	5,519.06	5,519	5,519	0	5,519
8' Sterilization Center (Adec ICC)	1	14,171.21	14,171	14,171	0	14,171
Computer Hardware						
Server for Patient Education System	1	1,087.50	1,088	1,088	0	1,088
Server (for Digital Radiography and Practice Management)	1	5,546.25	5,546	5,546	0	5,546
Computers	3	1,675.00	5,025	5,025	0	5,025
MiniOperatory Computers	3	1,848.75	5,546	5,546	0	5,546
Monitors	9	445.88	4,013	4,013	0	4,013
Cleankeys Keyboard for Use in Operatories	3	433.91	1,302	1,302	0	1,302
Misc. Computer Accessories/Software	1	2,508.00	2,508	2,508	0	2,508
Printers	3	400.00	1,200	1,200	0	1,200
Scanner	1	1,250.00	1,250	1,250	0	1,250
Fax Machine	1	350.00	350	350	0	350
Furniture						
Wating Room Furniture (Beam Seating)	20	150.00	3,000	3,000	0	3,000
Various Waiting Room Furniture (TV, DVD, Bulletin Boards, etc.)	1	800.00	800	800	0	800
Waiting Room - Furniture for Children's Area	1	1,000.00	1,000	1,000	0	1,000
Office Chairs	4	400.00	1,600	1,600	0	1,600
Side Chairs	8	76.13	609	609	0	609
Furniture for Education Room	1	3,500.00	3,500	3,500	0	3,500
Various Education room Furniture (TV,DVD,Bulletn Bords,etc.)	1	500.00	500	500	0	500

Furniture - Dentists Office	1	4,000.00	4,000	4,000	0	4,000
Freight/Shipping Charges				0		
Estimated Freight/Shipping for Equipment, Furniture, Computers	1	5,050.00	5,050	5,050	0	5,050
		Total Equipment:	$270,661	$270,661	$0	$270,661

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

FIRST 5 LA

Champions For Our Children

Agreement # 07445

Section 4

Printing/Copying

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ 12/01/09-5/31/11

Printing/Copying include description	Quantity	Unit Cost	Total Printing Cost	First 5 LA Funds	Matching Funds	Total Cost
Leased Copier	12	115.00	1,380	1,380	0	1,380
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
		Total Printing/Copying:	$1,380	$1,380	$0	$1,380

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

FIRST 5 LA

Champions For Our Children

Sections 5 & 6

Space & Telephone

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ 2/1/2010-7/31/2011 JC

Space include description, cost per square foot	Footage/Quantity	Unit Cost	Number of Months	Total Space Cost	First 5 LA Funds	Matching Funds	Total Cost
Utilities	2,256.00	0.60	12	16,333	0	16,333	16,333
Building Maintenance	2,256.00	1.23	12	33,388	0	33,388	33,388
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
			Total Space:	$49,720	$0	$49,720	$49,720

Telephone include # of lines and cost per line	Quantity	Unit Cost	Number of Months	Total Phone Cost	First 5 LA Funds	Matching Funds	Total Cost
Telephone Lines	7	150.00	1	1,050	0	1,050	1,050
Monthly Cost per telephone line	7	5.00	12	420	0	420	420
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
			Total Telephone:	$1,470	$0	$1,470	$1,470

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

FIRST 5 LA

Champions For Our Children

Agreement # 07445

Sections 7 & 8

Postage & Supplies

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ ~~7/01/09 - 5/31/11~~ 2/1/2010-7/31/2011

Postage include description	Quantity	Unit Cost	Number of Months	Total Postage Cost	First 5 LA Funds	Matching Funds	Total Cost
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
			Total Postage:	$0	$0	$0	$0

Supplies include description	Quantity	Unit Cost	Number of Months	Total Supplies Cost	First 5 LA Funds	Matching Funds	Total Cost
Medical & office supplies for dental visits	2,900	10.00	12.00	29,000	0	29,000	29,000
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
				0	0	0	0
			Total Supplies:	$29,000	$0	$29,000	$29,000

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

FIRST 5 LA

Champions For Our Children

Sections 9 & 10

Employee Mileage/Travel & Training Expenses

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ ~~7/1/09 - 6/31/11~~ 2/1/2010 - 7/31/2011

Employee Mileage/Travel include description	Mileage Quantity	Unit Cost per Mile	Total Mileage/Travel Cost	First 5 LA Funds	Matching Funds	Total Cost
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
		Total Employee Mileage/Travel:	$0	$0	$0	$0

Training Expenses include description, # of people	Quantity	Unit Cost Per Training	Total Training Cost	First 5 LA Funds	Matching Funds	Total Cost
Practice Management /Digital Radiography Training (4 days)	1	3,200.00	3,200	3,200	0	3,200
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
		Total Training Expenses:	$3,200	$3,200	$0	$3,200

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

FIRST 5 LA

Champions For Our Children

Section 11

Evaluation

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVIC

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09- 12/31/2010~~ ~~12/01/09-5/31/11~~ 2/1/2010-7/31/2011

Evaluation Contracted Services	Quantity	Rate of Pay	Total Evaluation Cost	First 5 LA Funds	Matching Funds	Total Cost
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
Total Evaluation:			$0	$0	$0	$0

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

FIRST 5 LA

Champions For Our Children

Agreement # 07445

Section 12

Capital Cost/Renovation

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVIC

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ 2/1/2010 - 7/31/2011 ~~12/01/09-5/31/11~~

Capital Cost/Renovation	Quantity	Rate of Pay	Total Evaluation Cost	First 5 LA Funds	Matching Funds	Total Cost
Renovation Costs	2,256 SF		275,000	0	275,000	275,000
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
		Total Evaluation:	$275,000	$0	$275,000	$275,000

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

FIRST 5 LA
Champions For Our Children

Sections 13 & 14

Other Expenses & Indirect Cost

Agency: LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES

Project Name: HIGH DESERT HEALTH SYSTEM ORAL HEALTH PROJECT

Agreement Period: ~~7/1/09 - 12/31/2010~~ ~~10/01/09 - 5/31/11~~ 2/1/2010 - 7/31/2011

Other Expenses include description	Quantity	Unit Cost	Total Other Cost	First 5 LA Funds	Matching Funds	Total Cost
Dental Practice Management System						
Eaglesoft Multi-User	1	0.00	0	0	0	0
Eaglesoft SW Chart	1	891.75	892	892	0	892
Input Device - 1 X 5 Signature Pad	1	495.90	496	496	0	496
Eaglesoft Clinical Support (service)	12	152.25	1,827	1,827	0	1,827
Note: This is not an existing DHS system.						
Patient Education Software						
Casey Enterprise Multi-User	1	6,480.63	6,481	6,481	0	6,481
Support Agreement	1	64.16	64	64	0	64
Note: This is not an existing DHS system.						
		Total Other Expenses:	$9,759	$9,759	$0	$9,759

*Indirect Cost include general purpose for this cost	Total Indirect Cost	First 5 LA Funds	Matching Funds	Total Cost
Indirect Cost	5,720	0	5,720	5,720
Total Indirect Cost:	$5,720	$0	$5,720	$5,720

DO NOT FORGET TO ADJUST First 5 LA Funds IF MATCHING FUNDS ARE INCLUDED

USE ADDITIONAL SHEETS IF NECESSARY

First 5 LA
Oral Health and Nutrition Project

Los Angeles County Department of Health Services
High Desert Health System Oral Health Project
~~10/15/09~~ 2010

Budget Narrative

First 5 LA Funds

1. Contracted Services

Dental Contractor ($15,000)

These funds will be used to off-set the cost of the dental contractor during the thirty-day start-up period prior to the opening of the clinic. During this period, contractor staff will be involved in various activities such as obtaining regulatory approvals, finalizing policies and procedures, developing protocols for the referral of children into the clinic, developing procedures for the referral of children requiring specialized dental services beyond the scope of the clinic, training in the use of the dental equipment, training in the use of the practice management system, and training in the use of educational software.

2. Equipment

Dental Equipment ($226,774)

Overview

The pricing utilized for this budget were developed in consultation with Patterson Dental, a designated Los Angeles County agreement vendor for dental services. As an agreement vendor, Patterson extends specific discounts to the County for items covered in the purchasing agreement. Patterson has an established track record in providing dental equipment for other Los Angeles County dental clinics. In addition, they have provided dental equipment to other governmental clients, including the Veteran's Administration. Patterson has a local office near Los Angeles International Airport, and has representatives available to assist with planning coordinating the space modifications to ensure compatibility with the equipment

DHS intends to utilize Patterson as the vendor for this project due to the short implementation timeframe, Patterson's status as an approved Los Angeles County agreement vendor, the local accessibility of Patterson staff,

and the ability of Patterson to furnish multiple vendor products in a single integrated equipment solution. DHS will take the following steps to ensure that the proposed equipment is appropriate and is reasonably priced:

- The equipment proposed by Patterson will be reviewed with dentists from at least two other County dental clinics for appropriateness and completeness.

- The Los Angeles County Internal Services Department (ISD) oversees all large equipment purchases and administers all vendor agreements. A purchasing agent, experienced in the procurement of dental equipment, will review all proposed pricing to ensure that applicable discounts have been extended, and may negotiate further discounts where possible.

Proposed Dental Equipment

Provided below is a description of the proposed dental equipment, based on quotations provided by Patterson Dental. For your reference, the quotations are included as an attachment to this narrative. In the budget, the sales tax of 8.75%, which is provided at the bottom of the quotations, has been added to each unit cost, to ensure that the sales tax is accounted for. A separate line item has been included in the equipment budget for estimated freight/shipping charges. The equipment pricing includes installation.

- Three (3) dental chairs with seamless upholstery and the floor box frame/cover. Delivery systems have been proposed for each chair which are adaptable to the left or right hand use. The delivery systems positions and power the various dental drills and other tools. Programmable touchpads are included for the positioning of the chairs. Required vinyl tubing is also included.
- One (1) central island cabinet unit is included. This is a large full-height cabinet that will divide a large open room and define separate spaces for two operatories. The cabinet will also include an end sink, storage for instruments and supplies, and will house a single x-ray camera which pass through to either side of the cabinet and be used in both operatories.
- Three (3) exam lights. Two of the lights will be mounted on the central island cabinet, in the open room, and the third light will be mounted on the wall in the private room.
- Three (3) 12'clock cabinets are included. These cabinets are positioned at the head of each dental chair and provide a work surface, supply storage, area, and computer workstation for the dentist and the assistant. The computer workstation can be used for electronic charting, and viewing of dental x-rays. The monitor position can be adjusted using a moveable track. An assistant's

holder assembly is also provided for each cabinet to hold and connect the various devices used by the dental assistant.

- Three (3) dentist's stools and Three (3) assistant's stools.
- Three (3) autoclavable syringes which are used to administer Novocain or other numbing medications.
- Three (3) slow-speed dental hand pieces and six high-speed dental hand pieces and associated components are included (see quotation for specific information).
- Two (2) x-ray cameras. One camera will support the dental chairs in the open room and will be housed in the central island cabinet, and one camera will support the provide room and will be wall-mounted.
- The digital radiography system includes the Eaglesoft Imaging software, which is provided a no charge, and various size sensors (which are inserted in the patient's mouth to capture image and other system components that connect the sensors to the computer system for storage and viewing.
- An office utility package is included which includes air and suction. A dry-vac system has been specified, which significantly reduces water usage. This equipment will be housed in the equipment room and will connect to each dental chair.
- One (1) portable nitrous oxide system is included, which utilizes e-cylinders. This system will be used in the private room for the delivery of nitrous oxide.
- Sterilizing and processing equipment includes one (1) hand piece maintenance system, one (1) cassette autoclave for hand pieces, one (1) ultrasonic cleaner, one autoclave sterilizer, and an ADEC 8' Sterilization Center. The sterilization center is a modular casework unit that houses and organizes the sterilization equipment to provide for efficient instrument processing.
- The budget includes an allowance of $33,713 for the purchase of reusable dental instruments, cassettes for sterilization, and other small reusable equipment items.

Computer Hardware ($28,378)

Overview

Various computer hardware is required for the start-up and operation of the dental clinic. The pricing included in the budget was developed through a combination of information provided by Patterson Dental and by the High Desert Health System Information Systems Department. Los Angeles County maintains agreements with multiple suppliers of computer hardware. Prior to purchase, each hardware item will be further reviewed by the High Desert Health System Information Services Department to ensure that the best available pricing is obtained. Sales tax is included in the unit pricing.

Computer Hardware

The proposed computer hardware will include the following:

- Three (3) desktop computers for use in the reception area, dentist's office, and the education room.
- Three (3) minioperatory computers for use in the dental operatories.
- One (1) server to house the digital radiography and practice management systems.
- One (1) server to house the patient education system.
- Nine (9) monitors. Each operatory has two monitors. One monitor is positioned to be viewed by the dentist and one by the patient, for educational purposes, when needed. The other three monitors are for the desktop computers identified above.
- Three (3) clean-key sealed keyboards for use in the dental operatories.
- Various components and software for the computers.
- Three (3) printers for the reception area, dentist's office, and education room.
- One (1) high-quality scanner to be used for scanning hard-copy documents into the electronic patient chart.
- One (1) fax machine

Furniture ($15,509)

Overview

Pricing for furniture the furniture items included in the budget are based on pricing for similar past purchases from a Los Angeles County agreement vendor for office furniture. Specific furniture plans will be developed with the assistance of a furniture vendor, as outlined in the scope of work. Sales tax and installation costs are included in the unit pricing.

Furniture

These funds will be used to purchase furniture for the waiting room, dentist office, education room, and reception area. The waiting room will include both traditional attached-beam seating and a children's table area. The dentist office will be configured as a typical provider office suitable for the discussion of treatment and specialty referral options with the parents and guardians of children seen in the clinic. The patient education room will provide a private area for one-on-one education, away from the dental operatories. Reception area furniture will include seating for a receptionist and filing cabinets. Allowances have been included for televisions and DVD players, bulletin boards, trash receptacles, and other minor miscellaneous items required for the waiting area and education rooms.

3. **Printing/Copying ($1,380)**

These funds will be used to lease a copier for the first twelve months of operation, at the cost of $115.00 per month. The copier will be located in the clinic and will be used to support clinic operations, including the copying of patient education material, patient appointment reminders, clinic reports, etc.

4. **Training Expenses ($3,200)**

These funds will be used for four (4) days of staff training for the dental practice management computer system and digital dental imaging system. Training will consist of 2 days for practice management, 1 day for charting, and 1 day for digital imaging. This training will include the configuration, implementation, and use of the systems. The digital dental imaging system will be the primary dental x-ray system for the clinic. The training will be provided on-site at the HDHS Dental Clinic.

The Patterson representative has confirmed that one day of initial training for all of the dental equipment will be provided at no cost.

5. **Other Expenses**

Dental Practice Management System ($3,215)

The basic Eaglesoft dental practice management system is provided at no cost by Patterson Dental. The costs identified in the budget include the Easglesoft charting module, and input device for capturing patient signatures, and a twelve (12) month clinical support agreement. The practice management system is designed to automate and integrate traditional dental office functions, including front office and back office functions. Front office features may include scheduling, treatment planning, and referral tracking. Back office features include digital images and patient charting. This is not an existing DHS system.

Oral Health Education Software Program ($6,545)

These funds will be used to purchase an oral health education software program with a library of educational materials related to oral health which can be printed and in both English and Spanish and used to educate both children, age 0-5, and their parents/guardians. Pricing for the project budget is based on the Casey Enterprise System, which also includes multimedia capabilities. Alternative systems will be evaluated and reviewed

with First 5 LA prior to finalizing the purchase of a system. This is not an existing DHS system.

Matching Funds

1. Personnel ($96,236)

This includes the cost of one full-time Patient Registration Worker (Patient Resource Worker), with fringe benefits, for twelve months and twenty-five percent (25%) of the cost of the Project Coordinator (Administrative Assistant III) for eighteen months.

The Patient Registration Worker will be used to register and financially screen all clinic users. Registration and financial screening is very important to ensure that the clinic is reimbursed for all patients covered by Denti-Cal and other programs.

The Project Coordinator will coordinate start-up preparations, be responsible for administration and oversight for the dental contract, function as the liaison between the dental clinic and other High Desert Health system programs and services, and manage grant reporting requirements. Twenty percent (20%) of the Project Coordinator's time will be allocated for start-up preparations, administration and oversight of the dental contract, liaison activities, and grant reporting requirements. Five percent (5%) of the Project Coordinator's overall time will be allocated for evaluation activities, as outlined in the Evaluation Plan.

2. Contracted Services

Dental Contractor ($332,862)

Los Angeles County intends to contract with a qualified dental contractor, with expertise in children's dentistry, to staff and operate the clinic. The contractor will provide a dentist and all clinic support staff, including dental assistants and front office staff. This is a preliminary estimate for the contract cost. The cost will be finalized following the contractor selection process and contract negotiation.

Housekeeping Services ($8,844)

HDHS contracts for all housekeeping services. This represents the allocation of housekeeping costs to the dental clinic space based on the square footage to be occupied by the dental clinic.

Security Services ($10,244)

A full-time contract security guard is assigned to the clinic building where the dental clinic will be located. This represents 20% of the cost of the security guard.

3. **Space**

Utilities ($16,333)

This represents the cost of utilities for the HDHS campus pro-rated to the square footage that will be occupied by the dental clinic, using a rate of $7.24 per square foot per year.

Building Maintenance ($33,388)

This represents the estimated cost for building maintenance, including interior and exterior maintenance and repairs and maintenance of major building systems. This estimate is based on an allocation of overall campus building maintenance costs using the square footage to be occupied by the dental clinic.

4. **Telephones ($1,470)**

HDHS maintains a centralized telephone system that supports the entire campus. The cost for seven additional telephone lines for the Dental Clinic is included as a matching cost.

5. **Supplies**

Medical and Office Supplies for Dental Visits ($29,000)

HDHS has budgeted a cost of $10.00 per dental visit for dental and office supplies. These will include supplies for both preventive and therapeutic visits, as well as any required laboratory tests. This estimate may be further refined following additional research and investigation.

6. **Evaluation ($0)**

The various activities and reports described in the Evaluation Plan will be performed in-house by the Project Coordinator (Administrative Assistant III). Five percent of the Project Coordinator's time will be dedicated to Evaluation activities. Because this function will be performed in-house, this cost is included in the Personnel section of the budget.

7. **Renovation Costs ($275,000)**

This represents the cost of space renovations required to convert an existing oncology clinic suite into the dental clinic. This cost also includes the cost of relocating the Oncology Clinic to another campus building to make the space available for the dental clinic. Included in the renovation costs are demolition, framing and drywall, saw cutting the concrete slab floor to install utilities for the dental chairs, casework fabrication and installation, t-bar ceilings, electrical and data installation, plumbing, doors and hardware, painting, flooring, signage, and replacement of the air handling unit providing HVAC service to the dental clinic suite.

8. **Indirect Cost ($5,720)**

This represents estimated overhead and administrative costs associated with the First Five LA program.

Agency:	Los Angeles County – Department of Health Services		
Program Name:	High Desert Health System Oral Health Project		
Grant Number:		YEAR:	1
Initiative:	Oral Health and Nutrition	Grant Agreement Period:	~~7/1/09-6/30/10~~ 12/1/09 – 5/31/11

GRANT AGREEMENT DOCUMENT CHECKLIST

EXHIBIT A

☒ **SCOPE OF WORK (due for initial review by April 24th)**
☒ **EVALUATION PLAN (due for initial review by May 5th)**

EXHIBIT B

☒ **Budget Forms – Signed by Authorized Signatory (due for initial review by April 24th)**
☒ **Budget Summary Form (if applicable, due for initial review by April 24th)**

EXHIBIT C – (OFFICE USE only)

☐ **ORIGINAL APPROVED PROPOSAL**

~~EXHIBIT D~~ EXHIBIT C

☒ **AGENCY INVOLVEMENT IN LITIGATION AND/OR CONTRACT COMPLIANCE DIFFICULTIES – Signed by Authorized Signatory**

☐ **CHILD CARE CENTER LICENSE** (if applicable)

☒ Not applicable

☐ **BY-LAWS** (if applicable)

☒ Not applicable

☐ **ARTICLES OF INCORPORATION** (if applicable)

☒ Not applicable

☒ **LIST OF CURRENT BOARD OF DIRECTORS**

☒ **SIGNATURE AUTHORIZATION FORM** (Two Originals)

☐ **IRS ACCOUNT DETERMINATION LETTER** (Submitted for all non-profit organizations)

OR

☒ **STATE/FEDERAL IDENTIFICATION NUMBER** (Submitted for school districts, public entities, universities, etc.)

☐ **FORM RRF-1 FILED WITH ATTORNEY GENERAL'S REGISTRY OF CHARITABLE TRUSTS** (For all charitable non-profit corporations)

☒ Not applicable

☐ **FORM 990 ANNUAL INFORMATION RETURN FILED WITH IRS** (For Prior Year)

☒ Not applicable

☒ **INDEPENDENT AUDIT** (For Prior Year)

Agency:	Los Angeles County – Department of Health Services		
Program Name:	High Desert Health System Oral Health Project		
Grant Number:		**YEAR:**	**1**
Initiative:	**Oral Health and Nutrition**	**Grant Agreement Period:**	~~**7/1/09-6/30/10**~~ 12/1/09-5/31/11

☐ **MEMORANDUM OF UNDERSTANDING (MOU)** - Required for all collaborative partners and subcontractors listed in Budget under Contracted Services and/or Evaluation Section. Amount in MOU to be paid to subcontractor must match amount listed in the budget.

#	Name of Subcontractor/Consultant	Amount
1.	Not yet available. DHS will be conducting a solicitation process during	
2.	the 6 month start-up period to select a dental provider subcontractor	
3.	and will forward a copy of the contract to First 5 LA once executed.	
4.		
5.		

Use 2nd page for additional MOU'S.

☒ **INSURANCE COVERAGE (SECTION 15)** – COMMISSION must be referenced on the certificate as "**LOS ANGELES COUNTY CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION"** AS AN ADDITIONAL INSURED/ENDORSED. Grantee must submit Certificate of Insurance, Evidence of Property Insurance (property coverage), and/or Self-Insurance Certificate listing each of the specific coverages below along with the Additional Insured Endorsement and Endorsement for Loss Payee (Crime) for the **entire grant agreement period above**:

MANDATORY INSURANCE COVERAGE	BASIC COVERAGE AMOUNT REQUIRED
☐ COMMERCIAL GENERAL LIABILITY Expiration:	$1,000,000 per occurrence and $2,000,000 Aggregate
☐ WORKER'S COMPENSATION Expiration:	$1,000,000
☐ PROFESSIONAL LIABILITY Expiration:	$1,000,000
☐ COMPREHENSIVE AUTO LIABILITY Expiration:	$1,000,000 per accident and $2,000,000 Aggregate
☐ CRIME COVERAGE Expiration:	$25,000 + (Covers employee dishonesty, forgery, computer fraud, burglary, etc.) ***COMMISSION must be listed as Loss Payee must be on Endorsement***
☐ PROPERTY Expiration:	Replacement Cost or Amount must be on Evidence of Property Insurance

If any coverage is included under Grantee's Self-Insurance, insurance must be listed below. Coverages and amounts must be identified on certificate and Commission must be referenced accordingly. Grantee must also submit copy of self-insured certificate approved by the State of California.

☒ SELF-INSURANCE (Identify insurances covered): All of the above mandatory insurance coverage – see attached Evidence of Funding of Indemnity Obligation

FIRST 5 LA
Champions for Our Children

First 5 LA EXHIBIT C
Oral Health and Nutrition Expansion and Enhancement Project

AGENCY INVOLVEMENT IN LITIGATION AND/OR CONTRACT COMPLIANCE DIFFICULTIES

Agency Name: Los Angeles County – Department of Health Services

Project Title: High Desert Health System Oral Health Project

Check YES or NO on the following questions. If a YES answer is checked, please explain fully the circumstances and include discussion of the potential impact on the program if funded. As part of the grant agreement process, the COMMISSION, as its own discretion, may implement procedures to validate the responses made below. The COMMISSION reserves the right to reject all or part of the grant agreement if false or incorrect information is submitted by the grantee.

	YES	NO
1. Is the agency currently, or within the past two (2) years, involved in litigation?	X*	
2. Is the agency director currently, or within the past two (2) years, involved in litigation related to the administration and operation of a program/ project or agency?	X*	
3. Are any key staff members unable to be bonded?		X
4. Have there been unfavorable rulings by a funding source against the agency for improper management or contract compliance deficiencies?	X**	
5. Has the agency or agency director ever had public or foundation funds withheld?	X**	
6. Has the agency ever had its non-profit status revoked or withheld?	N/A	N/A
7. Has the agency or agency director refused to participate in any fiscal audit requested by a government agency or funding source?		X

EXPLANATION (Use additional pages, if necessary):

* Agency is involved in multiple medical malpractice cases and other cases related to facility closure/capacity. There is no potential impact on the program.

** Related to certification of Martin Luther King, Jr.-Harbor Hospital. No potential impact on the program.

Cheri Todoroff
Agency's Authorized Signature

8/13/09
Date

Cheri Todoroff
Print Name of Authorized Agent

Los Angeles County Board of Supervisors

Gloria Molina, First District

Mark Ridley-Thomas, Second District

Zev Yaroslavsky, Third District

Don Knabe, Fourth District

Michael D. Antonovich, Fifth District

FIRST 5 LA
Champions For Our Children

Form 1 of 1

CONTRACTOR SIGNATURE AUTHORIZATION FORM

Agency Name:	Los Angeles County - Department of Health Services	Contract Number:	
Project Name:	High Desert Health System Oral Health Project	Contract Period:	July 1, 2009 – December 31, 2010

INSTRUCTIONS: Check the appropriate boxes below and then sign and submit two (2) completed original forms. The form will be considered incomplete if the Certification section is not signed by the agency's authorized signatory, as delegated by bylaws or corporate resolution. If applicable, a copy of the board resolution must be included with completed form.

ALL SIGNATURES MUST BE DONE IN BLUE FOR VERIFICATION PURPOSES.

AUTHORIZED SIGNATORY
Print Name: John F. Schunhoff, Ph.D.* Title: Interim Director
Signature: [signature] Date: 5-12-09
DOCUMENT(S) Authorized to sign: ☐ INVOICES ☐ REPORTS ☒ CONTRACT ☒ CONTRACT AMENDMENTS ☐ BUDGET & BUDGETAMENDMENTS

AUTHORIZED SIGNATORY
Print Name: Beryl R. Brooks Title: C.G.O.
Signature: [signature] Date: 5-11-09
DOCUMENT(S) Authorized to sign: ☒ INVOICES ☒ REPORTS ☐ CONTRACT ☐ CONTRACT AMENDMENTS ☒ BUDGET & BUDGETAMENDMENTS

AUTHORIZED SIGNATORY
Print Name: Tim Moore Title: ASSISTANT ADMINISTRATOR
Signature: [signature] Date: 5-11-09
DOCUMENT(S) Authorized to sign: ☒ INVOICES ☒ REPORTS ☐ CONTRACT ☐ CONTRACT AMENDMENTS ☒ BUDGET & BUDGETAMENDMENTS

AUTHORIZED SIGNATORY
Print Name: Cheri Todoroff Title: Deputy
Signature: [signature] Date: 5/13/09
DOCUMENT(S) Authorized to sign: ☒ INVOICES ☒ REPORTS ☐ CONTRACT ☐ CONTRACT AMENDMENTS ☒ BUDGET & BUDGETAMENDMENTS

CERTIFICATION: PER THE AGENCY'S BYLAWS AND THE ATTACHED BOARD RESOLUTION (IF APPLICABLE), I/WE HEREBY VERIFY THAT I AM AN AUTHORIZED AGENCY SIGNATORY/WE ARE AUTHORIZED AGENCY SIGNATORIES FOR THE AFOREMENTIONED AGENCY AND AS SUCH CAN SIGN AND/OR DELEGATE AUTHORIZATION TO SIGN AND BIND THE AGENCY AS IT RELATES TO THE ABOVE-REFERENCED PROGRAM TO THE DELEGATED AUTHORIZED SIGNATORY/SIGNATORIES LISTED ON THIS FORM.

SIGNATURE AUTHORIZATION IS PROVIDED TO AGENCY AUTHORIZED SIGNATORY BELOW:	☐ PER SECTION (INCLUDE SECTION NUMBER) OF THE AGENCY'S BYLAWS
	☐ PER THE BOARD'S RESOLUTION (COPY ATTACHED) * see note below
CONTRACT/AMENDMENTS WILL REQUIRE:	☐ ONE SIGNATURE PER BYLAWS OR ☐ TWO SIGNATURES PER BYLAWS or AS A CORPORATION*

AGENCY AUTHORIZED SIGNATORY:
Name: John F. Schunhoff, Ph.D.* Title: Interim Director
Signature: [signature] Date: 5-12-09

****AGENCY AUTHORIZED SIGNATORY:**
Name: Title:
Signature: Date:

*If Agency is a corporation, two (2) authorized signatories will be required on all documents submitted, unless specified in the organization's Bylaws or corporate resolution.

IMPORTANT NOTE: If the signature authorization status of any individual changes during the term of the grant agreement, it is the responsibility of the contractor to contact their respective Program Officer regarding the change and to complete and submit a new Signature Authorization Form. Incorrect information on file may delay the processing of any of the documents submitted.

USE NEW PAGE FOR ADDITIONAL AUTHORIZED SIGNATORIES. ALL ADDITIONAL PAGES MUST BE SIGNED BY THE AGENCY'S AUTHORIZED SIGNATORY OR SIGNATORIES.

* DHS will obtain delegated authority from the Board of Supervisors for signatures on contract/amendments upon Board approval of acceptance of grant award.

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
MARIA M. OMS

April 2, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **2007-2008 COUNTY'S SINGLE AUDIT REPORT**

Attached is the County's Single Audit Report (Report) for fiscal year 2007-2008. The audit was performed by the independent accounting firm Macias Gini & O'Connell LLP. Federal law requires the County to have an annual audit of all expenditures that were funded by federal assistance received by the County. This year, the audit covered expenditures of approximately $3.458 billion.

The Report identifies a number of areas with internal control weaknesses and where County departments are not in compliance with federal assistance requirements. County departments are in general agreement with the auditors' findings and have taken, or will take, corrective action. The statuses of prior year audit findings are also included in the Report. In most cases the prior year recommendations have been implemented or are in-progress.

To comply with federal reporting requirements, we submit this Report to the State Controller and federal clearinghouse agency. It is subject to further review and follow-up action by the State Controller and/or federal agencies that provided the funding to the County.

If you have any questions, please contact me, or your staff may contact Connie Yee at (213) 974-8321.

WLW:JN:CY:RA:jm
H:\Financial Reporting\GRANTS\2007-2008\FINALS\Correspondence\Transmittal to Brd 07-08.doc

Attachment

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer of the Board of Supervisors
Audit Committee
Public Information Office
Affected Department Heads
Departmental Grant Coordinators

COUNTY OF LOS ANGELES

INDEPENDENT AUDITOR'S REPORT,
MANAGEMENT'S DISCUSSION AND ANALYSIS,
BASIC FINANCIAL STATEMENTS, REQUIRED
SUPPLEMENTARY INFORMATION, SCHEDULE
OF EXPENDITURES OF FEDERAL
AWARDS AND SINGLE AUDIT REPORTS

FOR THE YEAR ENDED JUNE 30, 2008

COUNTY OF LOS ANGELES
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2008

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SACRAMENTO
OAKLAND
WALNUT CREEK
NEWPORT BEACH
SAN MARCOS
SAN DIEGO

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Development Commission (CDC) and the Los Angeles County Employees Retirement Association (LACERA), which represent the following percentages of the assets, net assets or fund balances, and revenues/additions of the following opinion units:

Opinion Unit	Assets	Net assets or fund balance	Revenues/ Additions
Governmental Activities	1%	2%	1%
Business-type Activities	4%	7%	11%
Aggregate Remaining Fund Information	70%	71%	1%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for CDC and LACERA, are based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for

the General Fund, the Fire Protection District, the Flood Control District, the Public Library, and the Regional Park and Open Space District, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the basic financial statements, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and 27,* for the year ended June 30, 2008. The provisions of GASB Statement No. 45 required the County to restate beginning fund balances/net assets as of July 1, 2007, and is discussed in detail in Note 2 to the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 21 and the schedules of funding progress on pages 102 and 103 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macias Gini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
December 15, 2008

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of financial activities for the fiscal year ended June 30, 2008. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

Financial Highlights

At the end of the current year, the net assets (total assets less total liabilities) of the County were positive $17.313 billion. However, net assets are classified into three categories and the unrestricted component is negative $773 million. See further discussion on page 7.

During the current year, the County's net assets decreased by a total of $462 million. Net assets related to governmental activities decreased by $314 million, while net assets related to business-type activities decreased by $148 million. The County implemented Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45). GASB 45 had a material effect on the County's changes in net assets during the current year. See further discussion on page 7.

At the end of the current year, the County's General Fund reported a total fund balance of $3.374 billion. The amount of unreserved fund balance was $2.777 billion. Of the unreserved total, $1.153 billion was designated.

The County's capital asset balances were $17.525 billion at year-end and increased by $267 million during the year.

During the current year, the County's total long-term debt decreased by $191 million. Bond maturities of $566 million exceeded the $375 million of newly issued and accreted long-term debt.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

This report also includes other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all County assets and liabilities, with the difference representing net assets. Over time, increases and decreases in net assets may serve as an indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information that indicates how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses have been accrued but not yet paid.

The government-wide financial statements report the following different types of programs or activities:

- Governmental Activities - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities which include general government, public protection, public ways and facilities, health and sanitation, public assistance, recreation, and cultural services.

- Business-type Activities - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, the Waterworks Districts, the Aviation Fund, and housing programs operated by the Community Development Commission, a blended component unit, are regarded as business-type activities.

- Discretely Presented Component Unit - Component units are separate entities for which the County is financially accountable. First 5 LA is the only component unit that is discretely presented.

FUND FINANCIAL STATEMENTS

The fund financial statements contain information regarding major individual funds. A fund is a fiscal and accounting entity with a balanced set of accounts. The County uses separate funds to ensure compliance with fiscal and legal requirements.

FUND FINANCIAL STATEMENTS-Continued

The County's funds are classified into the following three categories:

- Governmental Funds - These funds are used to account for essentially the same services that were previously described as governmental activities above. However, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Governmental funds include the General Fund, as well as Special Revenue Funds, Debt Service Funds, Capital Project Funds, and Permanent Funds.

- Proprietary Funds - These funds are used to account for functions that were classified as "business type activities" in the government-wide financial statements. The County's Internal Service Funds are also reported within the proprietary fund section. The County's five Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. The remaining proprietary funds are combined in a single column, with individual fund details presented elsewhere in this report.

- Fiduciary Funds - These funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the County's programs. The Pension Trust Fund, the Investment Trust Funds, and Agency funds are reported in this fund category, using the accrual basis of accounting.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other postemployment benefits to employees.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $17.313 billion at the close of the most recent fiscal year.

Summary of Net Assets
As of June 30, 2008 and 2007
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 8,052,812	$ 7,517,376	$ 994,087	$ 854,182	$ 9,046,899	$ 8,371,558
Capital assets	15,074,565	14,929,975	2,450,785	2,328,116	17,525,350	17,258,091
Total assets	23,127,377	22,447,351	3,444,872	3,182,298	26,572,249	25,629,649
Current and other liabilities	1,377,389	1,321,963	218,966	198,490	1,596,355	1,520,453
Long-term liabilities	6,179,573	5,684,764	1,483,193	1,247,234	7,662,766	6,931,998
Total liabilities	7,556,962	7,006,727	1,702,159	1,445,724	9,259,121	8,452,451
Net assets:						
Invested in capital assets, net of related debt	13,913,070	14,192,494	2,259,617	2,190,999	16,172,687	16,383,493
Restricted net assets	1,605,763	1,443,083	307,985	186,266	1,913,748	1,629,349
Unrestricted net assets (deficit)	51,582	(194,953)	(824,889)	(640,691)	(773,307)	(835,644)
Total net assets	15,570,415	15,440,624	1,742,713	1,736,574	17,313,128	17,177,198
Total liabilities and net assets	$ 23,127,377	$ 22,447,351	$ 3,444,872	$ 3,182,298	$ 26,572,249	$ 25,629,649

Significant changes in assets and liabilities included the following:

Current and Other Assets

Current and other assets increased for governmental activities by $535 million. The major changes were associated with health and mental health services program receivables ($323 million) and other postemployment benefits (OPEB) related receivables ($120 million). Various other changes comprised the remaining increase of $92 million. The County's newly established managed care rate supplement provided increased receivables of $129 million. Mental health program receivables (primarily from federal and State sources) grew by $106 and Mental Health Services Act (Proposition 63) receivables increased by $88 million as certain collections were received shortly after year-end in the current year. OPEB related receivables were recognized in the current year for the first time in conjunction with implementing GASB 45, as discussed in Note 2 to the basic financial statements.

Long-Term Liabilities

Long-term liabilities increased by $495 million for governmental activities and by $236 million for business-type activities. Newly established liabilities for OPEB, net of reductions to previously recorded liabilities as discussed in Note 2 to the basic financial statements, significantly increased the County's long-term liabilities. Specific adjustments related to OPEB and other changes in long-term liabilities are discussed and referenced in Notes 2 and 10 to the basic financial statements.

The County's total net assets consist of the following three components:

Capital Assets, Net of Related Debt

The largest portion of the County's net assets ($16.173 billion) represents its investment in capital assets (i.e., land, structures and improvements, infrastructure, and equipment, net of related depreciation), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Assets

The County's restricted net assets at year-end were $1.914 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net assets that pertain to the various separate legal entities included in the basic financial statements are also generally restricted because their funding sources require that funds be used for specific purposes.

Unrestricted Net Assets (Deficit)

The County's total unrestricted net assets are negative $773 million. This amount consisted of a positive balance for governmental activities ($52 million) and a negative balance for business-type activities ($825 million). The deficits related to business-type activities are primarily due to unfunded liabilities related to workers' compensation, accrued vacation and sick leave, litigation and self-insurance claims, medical malpractice, and third party payors. As discussed in Notes 2 and 8 to the basic financial statements, the County implemented provisions of GASB 45 and unfunded other postemployment benefit (OPEB) liabilities of $1.234 billion arose during the current year, of which $214 million pertained to business-type activities. The ongoing financial losses incurred by the County's healthcare business activities have limited the opportunities to accumulate reserves or incremental funding to address long-term accounting liabilities.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

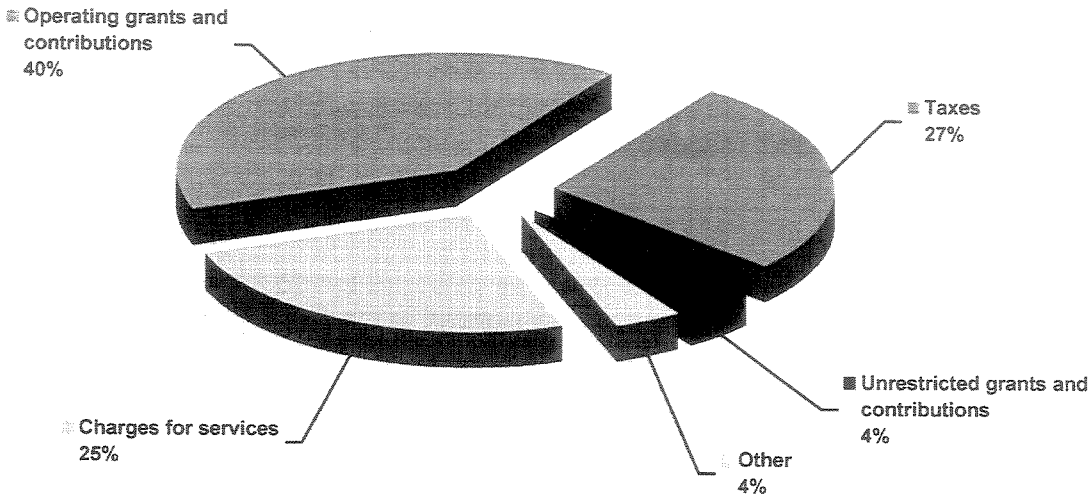
The following table indicates the changes in net assets for governmental and business-type activities:

Summary of Changes in Net Assets
For the Years Ended June 30, 2008 and 2007
(in thousands)

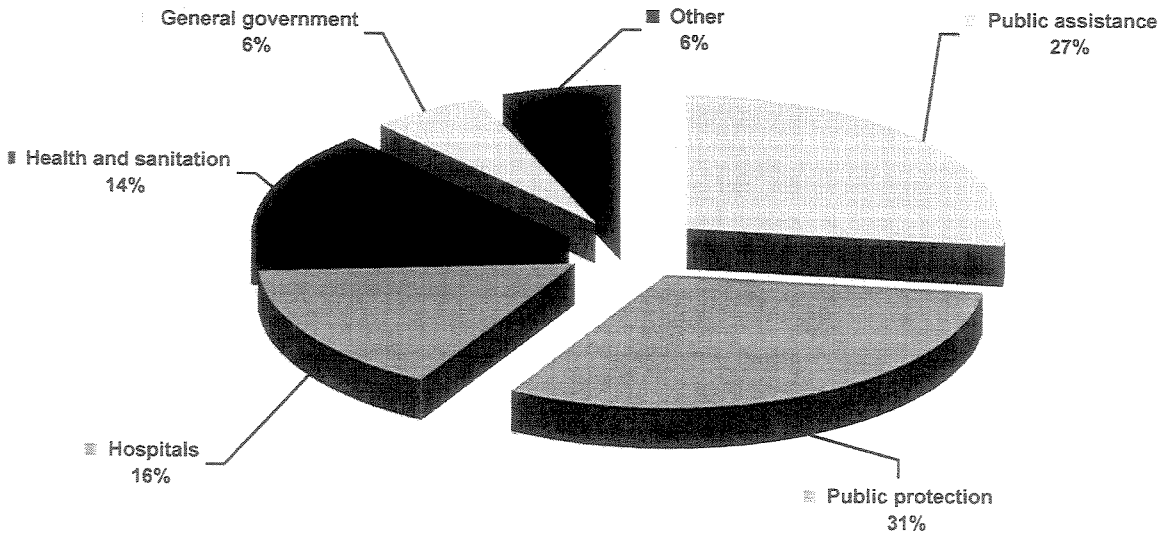
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 2,738,552	$ 2,396,868	$ 1,806,747	$ 1,957,979	$ 4,545,299	$ 4,354,847
Operating grants and contributions	7,113,135	6,980,549	263,471	304,720	7,376,606	7,285,269
Capital grants and contributions	184,502	25,135	2,897	12,992	187,399	38,127
General revenues:						
Taxes	5,034,399	4,688,595	4,405	3,782	5,038,804	4,692,377
Unrestricted grants and contributions	778,936	761,705	37	35	778,973	761,740
Investment earnings	324,132	335,851	14,073	18,043	338,205	353,894
Miscellaneous	229,810	259,357	24,950	50,443	254,760	309,800
Total revenues	16,403,466	15,448,060	2,116,580	2,347,994	18,520,046	17,796,054
Expenses:						
General government	1,171,448	807,155			1,171,448	807,155
Public protection	5,799,593	4,872,413			5,799,593	4,872,413
Public ways and facilities	299,304	282,827			299,304	282,827
Health and sanitation	2,638,135	2,223,695			2,638,135	2,223,695
Public assistance	5,061,367	4,539,458			5,061,367	4,539,458
Education	112,035	99,136			112,035	99,136
Recreation and cultural services	290,669	266,967			290,669	266,967
Interest on long-term debt	191,551	239,608			191,551	239,608
Hospitals			3,092,682	2,894,493	3,092,682	2,894,493
Aviation			4,182	5,761	4,182	5,761
Waterworks			74,810	97,504	74,810	97,504
Community Development Commission			246,195	211,077	246,195	211,077
Total expenses	15,564,102	13,331,259	3,417,869	3,208,835	18,981,971	16,540,094
Excess (deficiency) before transfers and special item	839,364	2,116,801	(1,301,289)	(860,841)	(461,925)	1,255,960
Transfers	(1,152,946)	(1,049,213)	1,152,946	1,049,213		
Special item		267,473				267,473
Changes in net assets	(313,582)	1,335,061	(148,343)	188,372	(461,925)	1,523,433
Net assets – beginning, as restated	15,883,997	14,105,563	1,891,056	1,548,202	17,775,053	15,653,765
Net assets – ending	$ 15,570,415	$ 15,440,624	$ 1,742,713	$ 1,736,574	$ 17,313,128	$ 17,177,198

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008



EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008



As discussed in Note 2 to the basic financial statements, the County restated beginning net asset balances in conjunction with implementing GASB 45. The beginning net assets were increased from the amounts previously reported for governmental and business-type activities by $443 million and $154 million, respectively. During the current year, net assets decreased for both governmental activities ($314 million) and business-type activities ($148 million). Following are specific major factors that resulted in the net asset changes.

Governmental Activities

Revenues from governmental activities grew by $955 million (6.2%) over the prior year. The most significant changes in revenue were experienced in the following areas:

- Taxes, the County's largest general revenue source, were $346 million higher than the previous year. The additional growth in tax revenues was concentrated in property taxes ($372 million). However, documentary transfer taxes decreased by $31 million as real estate transfer activity declined during the current year. The continued property tax growth was attributable to the early lien date (January 1, 2007), which preceded the start of the fiscal year by six months. This gap, combined with the stabilizing effect of Proposition 13, enabled the County to continue to experience growth in this area. The net increase in other taxes was $5 million in comparison to the prior year.

- Program revenues recognized from charges for services increased by $342 million. The largest source of this increase ($189 million) was associated with health and sanitation programs. The County successfully concluded a multi-year effort to secure an agreement with the State to provide supplemental funding to Medi-Cal managed care capitation rates. The supplemental funding resulted in a $140 million increase in current year revenues, of which $56 million was attributable to FY 2006-2007 services. In addition, charges for public protection services (primarily law enforcement) were $84 million higher than the previous year as charges were adjusted due to cost increases. Charges for various other governmental services increased by $69 million compared to the prior year.

Expenses related to governmental activities increased by $2.233 billion during the current year. As discussed in Note 8 to the basic financial statements, the County began to measure OPEB costs in accordance with GASB 45 during the current year. The County continued to fund OPEB costs on a pay-as-you go basis and there are newly recognized OPEB obligations of $1.234 billion in the current year for all activities. Of this amount, $1.020 billion was related to governmental activities. The following table summarizes total increased expenses by category, the amount related to other postemployment benefit costs, and changes related to all other expenses (in thousands):

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

Governmental Activities-Continued

Expense Category	Increase in Total Expenses	Expense Increase Related to OPEB Accruals	Increase (Decrease) in All Other Expenses
General Government	$ 364,293	$ 141,422	$ 222,871
Public Protection	927,180	446,845	480,335
Health and Sanitation	414,440	117,491	296,949
Public Assistance	521,909	286,448	235,461
All other areas	5,021	27,774	(22,753)
Total	$ 2,232,843	$ 1,019,980	$ 1,212,863

Excluding accrued OPEB obligations, expenses increased by $1.213 billion. The largest increase was related to the public protection category, which grew by $480 million. Of this amount, salaries and employee benefits increased by $402 million, primarily due to previously negotiated increases that became effective in the current year. Other factors that contributed to the increase were expanded medical services for inmates, additional staffing for jails and patrol of unincorporated areas, and additional positions to improve various operational areas of the Probation Department.

Health and sanitation expenses (excluding accrued OPEB costs) increased by nearly $300 million. Major factors contributing to this variance included higher salary and benefit costs ($71 million), a newly established managed care intergovernmental transfer expense ($65 million), and increases in contracted mental health services ($62 million).

Business-type Activities

Revenues from business-type activities decreased in comparison to the prior year by $231 million (9.9%). The most significant change was in the area of charges for services, which decreased by $151 million. The County's business-type healthcare activities experienced a $134 million reduction in charges for services. This decrease was consistent with the downturn in average daily hospital census, from 1,415 in the prior year to 1,317 in the current year. The reduced revenues and census figures were concentrated at the Martin L. King facility. This facility was converted from a full service hospital to a multi-service ambulatory care center, thereby eliminating inpatient services in August 2007. This change coincided with the net decrease in average daily census as noted above.

Expenses related to business-type activities increased from the previous year by $209 million. The increased expenses were principally related to the Hospitals, where expenses were higher by $198 million. The recognition of accrued OPEB costs (as previously discussed for governmental activities) increased Hospital expenses by $214 million. Therefore, despite negotiated salary and employee benefit increases, expenses were very comparable to the prior year as cost increases were offset by the downsizing of the Martin Luther King Jr. facility.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and the Permanent Funds.

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of $6.003 billion, an increase of $348 million in comparison with the prior year. Of the total fund balance, $1.532 billion is reserved to indicate the extent that funds have been committed or are otherwise unavailable for spending. An additional $1.725 billion has been designated and set aside for intended spending purposes as indicated in the financial statements. The remaining $2.746 billion of the balances are unreserved and undesignated.

Revenues from all governmental funds for the current year were $16.273 billion, an increase of $1.035 billion (6.8%) from the previous year. Expenditures for all governmental funds in the current year were $14.880 billion, an increase of $1.031 billion (7.4%) from the previous year. In addition, other financing uses exceeded other financing sources by $1.045 billion as compared to $1.028 billion in the prior year.

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by $201 million (6.3%). At the end of the current fiscal year, the General Fund's total fund balance was $3.374 billion. Of this amount, $597 million was reserved and therefore unavailable for spending. Of the unreserved total of $2.777 billion, $1.153 billion has been designated (earmarked) and the remaining $1.624 billion is considered both unreserved and undesignated.

General Fund revenues during the current year were $13.627 billion, an increase of $757 million (5.9%) from the previous year. General Fund expenditures during the current year were $12.744 billion, an increase of $985 million (8.4%) from the previous year. Other financing sources/uses-net was negative $683 million in the current year as compared to negative $770 million in the prior year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

Governmental Funds-Continued

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by $223 million (6.3%). Of this net increase, property taxes increased by $254 million. However, documentary transfer taxes decreased by $31 million as real estate activity declined during the current year. As previously mentioned, property tax revenues were not immediately impacted by the downturn in the housing market and provisions of Proposition 13 are also a stabilizing factor when housing prices decrease.

- Intergovernmental revenues from federal sources increased by $249 million. Of this amount, $209 million was related to public assistance programs operated by the Departments of Public Social Service and Children and Family Services. The increased revenues were driven by higher levels of reimbursable expenditures. There was also a shift in funding sources for certain programs, whereby federal revenues provided funding for costs that were previously reimbursed from State revenues.

- Revenues from charges for services increased by $227 million. The largest source of this increase ($140 million) was associated with the County's managed care program. An additional increase ($35 million) was recognized in the Sheriff's Department and was related to recoveries of increased salaries and benefits from contracting agencies. The remaining increase in this revenue category ($52 million) was recognized from a variety of programs that charge for services.

- Current expenditures increased by $875 million (7.6%), and there were increases in all functional areas. The most significant increase was in the area of public protection, where expenditures were higher by $367 million. Of this amount, salaries and employee benefits increased by $331 million. These costs were notably higher in the Sheriff's Department ($222 million) and Probation Department ($48 million), and were largely due to negotiated salary and benefit increases, as there was limited program expansion in these areas. Expenditures also increased in the areas of health and sanitation ($219 million) and public assistance ($209 million).

The Fire Protection District reported a year-end fund balance of $170 million, which represented an increase of $23 million from the previous year. Revenues increased by $40 million, of which $31 million was attributable to property taxes and the remaining increase was associated with a variety of other revenues. Expenditures were higher by $22 million, of which $19 million was related to salaries and benefits. Transfers out were $15 million lower than the previous year as there were reduced transfers made to capital projects funds for future facilities' needs.

The Flood Control District reported a year-end fund balance of $162 million, which was $14 million higher than the previous year. Revenues and expenditures were mostly unchanged from the prior year, with each decreasing approximately $3 million or 1.1% and 1.5%, respectively.

Governmental Funds-Continued

The Public Library Fund reported a year-end fund balance of $29 million, which was $8 million higher than the previous year. The principal factors associated with the fund balance growth were higher property tax revenues and "transfers in," which increased by $4 million and $6 million, respectively.

The Regional Park and Open Space District reported a year-end fund balance of $286 million, which was $25 million higher than the previous year. Current year revenues ($93 million) were similar to the previous year ($91 million) while expenditures declined by $9 million.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The County's principal proprietary funds consist of four hospital enterprise funds and an additional fund (Martin L. King Jr. Ambulatory Care Center) which was converted from a full-service hospital in the current year to a multi-service ambulatory care center. Each of these funds incurred a net loss prior to contributions and transfers.

The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year. The amount of subsidy, per facility, ranged from $76 million for M. L. King Ambulatory Care Center to $501 million for the LAC+USC Medical Center. The total subsidy amount was $1.001 billion and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Assets as "transfers in." By comparison, the total General Fund subsidy in the prior year was $883 million.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund ("Measure B Fund"). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In each of the current and prior years, the Measure B Fund provided $147 million of transfers to the Hospitals.

The Waterworks Funds reported year-end net assets of $895 million, a $2 million reduction from the previous year. However, the District's cash and investment position improved in the current year by $7 million.

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 15 to the basic financial statements. There are approximately 100 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of $102 million in the General Fund's available (unreserved and undesignated) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

Following is a summary of current year budgetary changes and actual results (on the County's budgetary basis) for General Fund revenues and other financing sources (in thousands):

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive (Negative)
Taxes	$ 14,877	$ 3,842,971	$ 3,826,908	$ (16,063)
Intergovernmental revenues	65,800	7,855,542	7,243,478	(612,064)
Charges for services	13,820	1,758,279	1,695,004	(63,275)
All other revenues	124,586	654,505	899,843	245,338
Other sources and transfers	13,630	493,733	307,274	(186,459)
Total	$ 232,713	$14,605,030	$13,972,507	$(632,523)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated $233 million. The most significant changes occurred in the following areas:

- Estimated revenues from intergovernmental sources were increased by $66 million. The increase was primarily associated with additional revenues from Homeland Security grant funds ($43 million). The remaining $23 million was related to additional funding that was targeted to the Sheriff's Department, social service programs and services for children and families.

- The increase of $125 million related to "all other revenues" was mostly attributable to tobacco settlement revenues of $105 million. The County's policy is to budget tobacco settlement revenues after they have been received. Estimated revenues from investment income were increased by $14 million as a result of higher than anticipated investment yield and miscellaneous revenue increases accounted for the remaining $6 million.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $633 million, or 4.3%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues and "other sources and transfers" and was partially offset by "all other revenues" which exceeded the amount budgeted.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

Actual Revenues/Financing Sources Compared with Final Budget Amounts-Continued

- Actual intergovernmental revenues were $612 million lower than the amount budgeted. Social service programs, including children and family services, accounted for approximately $188 million of this variance, which was mostly attributable to lower than anticipated caseloads and reimbursable social service related expenditures. Approximately $187 million (mostly federal assistance) was associated with mental health services, due to lower than expected reimbursable costs. An additional $164 million pertained to anticipated reimbursement of capital improvement, disaster recovery and homeland security projects and programs that were not completed prior to year-end. The remaining variance of $73 million was related to a variety of other programs that received intergovernmental revenues.

- The actual amount of "other sources and transfers" was $186 million lower than the amount budgeted. Of this amount, "transfers in" totaling $117 million were assumed in the budget for capital improvements and extraordinary building maintenance projects which did not incur expected costs. Mental health programs funded by the Mental Health Services Act Fund (Proposition 63) did not fully materialize at the budgeted level and "transfers in" were $52 million lower than budgeted. There were various other sources and transfers that comprised the remaining variance of $17 million.

- The amount budgeted for "all other revenues" was exceeded by $245 million. Investment income exceeded the amount budgeted by $103 million as the yield on investments was higher than anticipated. Miscellaneous revenues were $94 million higher than budget, half of which was related to health and mental health services and the remainder from various sources. Revenues from property tax penalties exceeded the budgeted amount by approximately $46 million and the remaining variance of $2 million was generated by diverse revenue sources.

Budgetary Summary - Expenditures/Other Financing Uses

Following is a summary of current year budgetary changes and actual results (on the County's budgetary basis) for General Fund expenditures, transfers out, contingencies, reserves, and designations (in thousands):

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive
General government	$ 62,645	$ 1,363,585	$ 912,999	$ 450,586
Public protection	94,808	4,575,551	4,414,810	160,741
Health and sanitation	(19,114)	2,693,857	2,469,110	224,747
Public assistance	31,598	5,016,098	4,739,945	276,153
All other expenditures	(56,059)	1,624,864	436,851	1,188,013
Transfers out	63,653	1,088,103	1,064,589	23,514
Contingencies	302	302		302
Reserves/designations-net	54,880	(50,973)	(168,244)	117,271
Total	$ 232,713	$ 16,311,387	$ 13,870,060	$2,441,327

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations, reserves and designations were approximately $233 million. As discussed below, the most significant changes occurred in the following areas:

- Appropriations were increased for the public protection category by approximately $95 million. Funding was added to the Emergency Preparedness and Response budget ($44 million) and the Sheriff's Department ($33 million). The source of the additional funding was primarily grant revenues that were added to the original budget. The remaining $18 million consisted of a variety of supplemental allocations.

- Appropriations for "transfers out" were increased by $64 million. Of this amount, General Fund operating subsidies to the Hospital Funds were increased by $46 million (from $946 million originally budgeted to $992 million). The remaining $18 million increase was related to various transfers to Special Revenue Funds.

- Overall appropriations were increased for the general government category by $63 million. The most significant factor associated with this net change was an increase of $65 million to the Judgment and Damages budget unit for estimated settlement payments.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were $2.441 billion lower (approximately 15%) than the final total budget of $16.311 billion. Although there were budgetary savings in all categories, following are the functional areas that recognized the largest variations from the final budget:

- The category referred to as "all other expenditures" reflected actual spending of $1.188 billion less than the budgeted amount. Nearly all ($1.177 billion) of this variance was related to the capital outlay category. There were many capital improvements anticipated in the budget that remained in the planning stages and did not incur expenditures during the year. Most of the unused balance has been reestablished in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.

- The general government function reported actual expenditures that were $451 million less than the amount budgeted. Of this amount, $265 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations, central non-departmental appropriations, and extraordinary maintenance and repairs. The remaining $186 million was spread across virtually every department comprising general government and was mostly related to savings in the areas of salaries and services and supplies.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount-Continued

- Actual public assistance expenditures were $276 million lower than the final budget. Of this amount, $236 million was concentrated in social service, children, and family programs. Administrative costs were lower than anticipated due to vacant positions, hiring delays, and delays in implementing certain programs. As information became available during the year regarding potential cuts in State funded programs, there was a corresponding slowdown in hiring. The remaining variance amount of $40 million was related to other public assistance programs.

- Overall expenditures for the health and sanitation category were $225 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by $167 million, primarily due to less than anticipated costs for services and supplies and to a lesser extent, salary savings. The remaining variance of $58 million was associated with a variety of health care programs administered by the Departments of Health Services and Public Health Services.

Capital Assets

The County's capital assets for its governmental and business type activities as of June 30, 2008 were $17.525 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was $267 million, as shown in the following table.

Changes in Capital Assets, Net of Depreciation
Primary Government - All Activities
(in thousands)

	Current Year	Prior Year	Increase (Decrease)
Land and easements	$ 7,262,068	$ 7,240,287	21,781
Buildings and improvements	3,059,365	3,044,116	15,249
Infrastructure	5,197,564	5,291,789	(94,225)
Equipment	437,770	370,197	67,573
Construction-in-progress	1,568,583	1,311,702	256,881
Total	$17,525,350	$17,258,091	$ 267,259

The County's most significant capital asset activity during the current year was concentrated in the area of construction-in-progress. For governmental activities, there were additions of approximately $78 million to flood and road infrastructure projects that remained in progress. For business-type activities, the new LAC+USC Medical Center neared completion and its capitalized costs during the current year approximated $70 million and its outstanding contractual commitments as of June 30, 2008 approximated $21 million. The Harbor/UCLA Medical Center Surgery/Emergency Replacement Project continued to progress and its capitalized costs during the current year were $30 million.

Debt Administration

The following table indicates the changes in the County's long-term debt during the year:

Changes in Long-Term Debt
Primary Government - All activities
(in thousands)

	Current Year	Prior Year	Increase (Decrease)
Bonds and Notes Payable	$ 1,942,453	$ 1,848,630	$ 93,823
Pension Bonds Payable	900,824	1,185,197	(284,373)
Total	$ 2,843,277	$ 3,033,827	$(190,550)

During the current year, the County's liabilities for long-term debt decreased by $191 million, or 6.3%. Specific changes related to governmental and business-type activities are presented in Note 10 to the basic financial statements. During the current year, significant long-term debt transactions were as follows:

- Refunding bonds totaling $94 million, along with other funding sources, were used to advance refund outstanding bond principal of $127 million.
- New debt of $50 million was issued to finance the acquisition of equipment. Equipment debt totaling $53 million was redeemed during the year in accordance with maturity schedules.
- New debt of $203 million was issued to finance the construction of various hospital improvements.
- Pension bonds totaling $284 million were redeemed during the year.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling $500 million in tax and revenue anticipation notes which reached maturity on June 30, 2008, and by periodic borrowing from available trust funds.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

Bond Ratings

The County's debt is rated by Moody's, Standard and Poor's, and Fitch. The following is a schedule of ratings:

	Moody's	Standard and Poor's	Fitch
General Obligation Bonds	Aa3	AA-	
Pension Bonds	A1	A+	
Facilities	A2	A+	A
Equipment/Non-Essential Leases	A2	A+	A
Short-Term	MIG1	SP-1+	F-1+
Commercial Paper	P-1	A-1+	
Flood Control District General Obligation Bonds	Aa1	AA	AA
Flood Control District Revenue Bonds	Aa1	AA-	AA
Regional Park and Open Space District Bonds	Aa2	AA	AA+

During the current year, the County's Equipment/Non-Essential Leases were upgraded by Moody's from A3 to A2. All other bond ratings were maintained at the same level as the previous year.

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2008-2009 Budget on June 17, 2008. The Budget was adopted based on estimated fund balances that would be available at the end of 2007-2008. The Board updated the Budget on October 7, 2008 to reflect final 2007-2008 fund balances and other pertinent financial information. For the County's General Fund, the 2008-2009 Budget, as updated in October 2008, utilized $1.809 billion of available fund balance, which exceeded the previously estimated fund balance of $1.419 billion. Of the additional fund balance of $390 million, $155 million was used to carryover lapsed appropriations and $48 million was appropriated for one-time purchases of a critical nature. The remaining surplus of $187 million was set aside to manage potential State funding reductions and the impact of the ongoing economic downturn.

The County's economic outlook mirrors the rest of the nation as it faces the challenges of a recessionary environment. The County's new homebuilding and resale housing market has been, and continues to be, in decline. The resale housing market presents the biggest risk to the County, which could have a negative impact on property tax revenues. For the year ended June 30, 2008, property tax revenues represented 27.5% of total revenues recognized from governmental activities. These revenues are the County's single most important source of funding and are vital to programs which rely on discretionary funding sources. County management is closely monitoring changes in assessed property values and adjusting revenue estimates as new information becomes available. For 2008-2009, a five-percent (5%) growth assumption was used for property tax revenues, down from the nine-percent (9%) growth factor that was used in 2007-2008.

As a result of growth limits on assessed values imposed by Proposition 13, there is a significant amount of home value appreciation that occurred over the last five years that has not been reflected on the property tax rolls. This increase will likely help offset any future valuation reductions. Unless the housing decline extends for several years or becomes more severe, the County's property tax base is not likely to be materially affected.

The County's financial outlook is also affected by ongoing and severe budget problems at the State level. The State Legislative Analyst's Office (LAO) has estimated that the State's budget deficit will be approximately $8.4 billion by the end of 2008-2009. The deficit is attributable to the deteriorating economy which has affected the State's three major revenue sources, the personal income tax, sales and use taxes, and the corporate income tax. For 2009-2010, the LAO forecasts a worsening situation, with an additional annual deficit estimated at $19.4 billion. Many County programs receive substantial State funding and the County is likely to be confronted with program curtailments and increased local funding requirements. The County is highly dependent upon cash receipts from the State and is closely monitoring the State's liquidity and ability to make timely cash remittances to the County.

As indicated in the Statement of Changes in Fiduciary Net Assets, the Pension Trust Fund incurred a net investment loss of $1.426 billion in the current year. The Required Supplementary Information (unaudited) section of this report indicates a funded ratio of 93.8% as of June 30, 2007, which is the most recently completed actuarial valuation. It is estimated that the June 30, 2008 actuarial valuation will indicate a funded ratio of approximately 95%. The Pension Trust Fund has significant ongoing exposure to the equity markets, has incurred additional investment losses since June 30, 2008, and the financial markets remain highly volatile. Such losses, combined with investment performance for the remainder of the 2008-2009 fiscal year, will be actuarially measured as of June 30, 2009 and their impact on future County contribution rates will be determined at that time, in conjunction with the three year smoothed method.

Obtaining Additional Information

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
STATEMENT OF NET ASSETS
JUNE 30, 2008 (in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 LA
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating (Note 1)	$ 3,552,235	$ 189,627	$ 3,741,862	$ 875,166
Other (Note 1)	975,706	91,001	1,066,707	
Total pooled cash and investments	4,527,941	280,628	4,808,569	875,166
Other investments (Note 5)	330,038	55,495	385,533	
Taxes receivable	443,224	915	444,139	
Accounts receivable - net		773,485	773,485	
Interest receivable	29,739	980	30,719	3,272
Other receivables	2,120,735	53,944	2,174,679	41,391
Internal balances (Note 14)	389,818	(389,818)		
Inventories	97,008	23,248	120,256	
Restricted assets (Note 5)	5,420	157,376	162,796	
Net pension obligation (Note 7)	108,889	37,834	146,723	
Capital assets: (Notes 6 and 9)				
Capital assets, not being depreciated	7,594,368	1,236,283	8,830,651	2,039
Capital assets, net of accumulated depreciation	7,480,197	1,214,502	8,694,699	11,809
Total capital assets	15,074,565	2,450,785	17,525,350	13,848
TOTAL ASSETS	23,127,377	3,444,872	26,572,249	933,677
LIABILITIES				
Accounts payable	329,879	80,176	410,055	32,440
Accrued payroll	550,630	114,754	665,384	
Other payables	158,263	11,561	169,824	
Accrued interest payable	15,388	659	16,047	
Unearned revenue (Note 7)	50,947	3,972	54,919	1,174
Advances payable	272,282	7,844	280,126	
Noncurrent liabilities: (Note 10)				
Due within one year	895,435	430,705	1,326,140	63
Due in more than one year	5,284,138	1,052,488	6,336,626	208
TOTAL LIABILITIES	7,556,962	1,702,159	9,259,121	33,885
NET ASSETS				
Invested in capital assets, net of related debt (Notes 6 and 10)	13,913,070	2,259,617	16,172,687	13,848
Restricted for:				
Capital projects	121,251		121,251	
Debt service	587	255,295	255,882	
Permanent trust	3,455		3,455	
Special purpose	1,480,470	52,690	1,533,160	885,944
Unrestricted (deficit)	51,582	(824,889)	(773,307)	
TOTAL NET ASSETS	$ 15,570,415	$ 1,742,713	$ 17,313,128	$ 899,792

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

FUNCTIONS	EXPENSES	PROGRAM REVENUE: CHARGES FOR SERVICES	PROGRAM REVENUE: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUE: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	$ 1,171,448	$ 445,948	$ 42,829	$ 81,523
Public protection	5,799,593	1,273,710	1,147,407	12,806
Public ways and facilities	299,304	39,767	159,602	88,773
Health and sanitation	2,638,135	708,097	1,521,459	1,400
Public assistance	5,061,367	61,568	4,238,169	
Education	112,035	3,098	1,675	
Recreation and cultural services	290,669	206,364	1,994	
Interest on long-term debt	191,551			
Total governmental activities	15,564,102	2,738,552	7,113,135	184,502
Business-type activities:				
Hospitals	3,092,682	1,730,231	54,922	
Aviation	4,182	3,030	314	1,484
Waterworks	74,810	61,514	50	1,413
Community Development Commission	246,195	11,972	208,185	
Total business-type activities	3,417,869	1,806,747	263,471	2,897
Total primary government	$ 18,981,971	$ 4,545,299	$ 7,376,606	$ 187,399
COMPONENT UNIT -				
First 5 LA	$ 139,587	$	$ 143,428	$

GENERAL REVENUES:
- Taxes:
  - Property taxes
  - Utility users taxes
  - Voter approved taxes
  - Documentary transfer taxes
  - Other taxes
- Sales and use taxes, levied by the State
- Grants and contributions not restricted to special programs
- Investment earnings
- Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET ASSETS

NET ASSETS, JULY 1, 2007, as restated (Note 2)

NET ASSETS, JUNE 30, 2008

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
PRIMARY GOVERNMENT			COMPONENT UNIT	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 LA	FUNCTIONS
				PRIMARY GOVERNMENT:
				Governmental activities:
$ (601,148)	$	$ (601,148)		General government
(3,365,670)		(3,365,670)		Public protection
(11,162)		(11,162)		Public ways and facilities
(407,179)		(407,179)		Health and sanitation
(761,630)		(761,630)		Public assistance
(107,262)		(107,262)		Education
(82,311)		(82,311)		Recreation and cultural services
(191,551)		(191,551)		Interest on long-term debt
(5,527,913)		(5,527,913)		Total governmental activities
				Business-type activities:
	(1,307,529)	(1,307,529)		Hospitals
	646	646		Aviation
	(11,833)	(11,833)		Waterworks
	(26,038)	(26,038)		Community Development Commission
	(1,344,754)	(1,344,754)		Total business-type activities
(5,527,913)	(1,344,754)	(6,872,667)		Total primary government
				COMPONENT UNIT -
			$ 3,841	Total - First 5 LA
				GENERAL REVENUES:
				Taxes:
4,514,909	4,405	4,519,314		Property taxes
65,583		65,583		Utility users taxes
255,580		255,580		Voter approved taxes
56,439		56,439		Documentary transfer taxes
62,935		62,935		Other taxes
78,953		78,953		Sales and use taxes, levied by the State
778,936	37	778,973		Grants and contributions not restricted to special programs
324,132	14,073	338,205	34,996	Investment earnings
229,810	24,950	254,760	468	Miscellaneous
(1,152,946)	1,152,946			TRANSFERS - NET
5,214,331	1,196,411	6,410,742	35,464	Total general revenues and transfers
(313,582)	(148,343)	(461,925)	39,305	CHANGE IN NET ASSETS
15,883,997	1,891,056	17,775,053	860,487	NET ASSETS, JULY 1, 2007, as restated (Note 2)
$ 15,570,415	$ 1,742,713	$ 17,313,128	$ 899,792	NET ASSETS, JUNE 30, 2008

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
ASSETS:				
Pooled cash and investments: (Notes 1 and 5)				
Operating (Note 1)	$ 1,494,243	121,353	145,474	27,929
Other (Note 1)	849,282	42,043	11,445	4,110
Total pooled cash and investments	2,343,525	163,396	156,919	32,039
Other investments (Notes 4 and 5)	6,236			120
Taxes receivable	320,281	70,407	19,855	9,217
Interest receivable	20,503	618	735	160
Other receivables	1,804,965	39,034	5,860	1,347
Due from other funds (Note 14)	357,416	6,441	24,906	1,993
Advances to other funds (Note 14)	571,872		6,213	
Inventories	43,906	6,797		1,066
TOTAL ASSETS	$ 5,468,704	286,693	214,488	45,942
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 252,794	5,780	9,996	2,408
Accrued payroll	472,007	49,779		4,918
Other payables	151,700	2,118		375
Due to other funds (Note 14)	561,540	7,662	22,154	2,393
Deferred revenue (Note 7)	380,322	51,317	20,439	6,757
Advances payable	263,500			
Third party payor liability (Notes 10 and 13)	12,401			
TOTAL LIABILITIES	2,094,264	116,656	52,589	16,851
FUND BALANCES:				
Reserved for:				
Encumbrances	532,752	16,629	112,849	8,675
Inventories	43,906	6,797		1,066
Housing programs				
Debt service				
Endowments and annuities				
Assets unavailable for appropriation	20,808	25	12,011	15
Unreserved, designated for:				
Budget uncertainties	292,113	49,500		
Program expansion	302,763	25,423		5,379
Health services	242,408			
Capital projects	315,355	51,222	13,314	
Special revenue funds - program expansion				
Unreserved, undesignated, reported in:				
General fund	1,624,335			
Special revenue funds		20,441	23,725	13,956
Capital projects funds				
TOTAL FUND BALANCES	3,374,440	170,037	161,899	29,091
TOTAL LIABILITIES AND FUND BALANCES	$ 5,468,704	286,693	214,488	45,942

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				ASSETS:
$ 283,342	1,420,830		$ 3,493,171	Pooled cash and investments: (Notes 1 and 5)
3,728	56,769		967,377	Operating (Note 1)
287,070	1,477,599		4,460,548	Other (Note 1)
	585,059	(269,995)	321,420	Total pooled cash and investments
3,868	19,596		443,224	Other investments (Notes 4 and 5)
1,387	6,077		29,480	Taxes receivable
4,839	205,845		2,061,890	Interest receivable
323	361,496		752,575	Other receivables
	11,034		589,119	Due from other funds (Note 14)
	37,563		89,332	Advances to other funds (Note 14)
$ 297,487	2,704,269	(269,995)	$ 8,747,588	Inventories
				TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
				LIABILITIES:
$ 936	53,715		$ 325,629	Accounts payable
	481		527,185	Accrued payroll
464	1,866		156,523	Other payables
4,073	347,071		944,893	Due to other funds (Note 14)
6,009	41,318		506,162	Deferred revenue (Note 7)
	7,327		270,827	Advances payable
	877		13,278	Third party payor liability (Notes 10 and 13)
11,482	452,655		2,744,497	TOTAL LIABILITIES
				FUND BALANCES:
				Reserved for:
84,450	161,872		917,227	Encumbrances
	37,563		89,332	Inventories
	1,167		1,167	Housing programs
	717,083	(269,995)	447,088	Debt service
	3,455		3,455	Endowments and annuities
	41,167		74,026	Assets unavailable for appropriation
				Unreserved, designated for:
	43,097		384,710	Budget uncertainties
39,489			373,054	Program expansion
			242,408	Health services
	70,000		449,891	Capital projects
	275,287		275,287	Special revenue funds - program expansion
				Unreserved, undesignated, reported in:
			1,624,335	General fund
162,066	710,825		931,013	Special revenue funds
	190,098		190,098	Capital projects funds
286,005	2,251,614	(269,995)	6,003,091	TOTAL FUND BALANCES
$ 297,487	2,704,269	(269,995)	$ 8,747,588	TOTAL LIABILITIES AND FUND BALANCES

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008 (in thousands)

Fund balances - total governmental funds (page 27)		$ 6,003,091
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not reported in governmental funds:		
Land & Easements	$ 7,015,260	
Construction-in-progress	579,108	
Buildings and improvements - net	2,659,802	
Equipment - net	274,157	
Infrastructure - net	4,470,576	14,998,903
Other long-term assets are not available to pay for current-period expenditures and are unearned, or not recognized, in governmental funds:		
Deferred revenue - taxes	$ 324,998	
Long-term receivables	183,881	508,879
The net pension obligation (an asset) pertaining to governmental fund types is not recorded in governmental fund statements.		101,589
Accrued interest payable is not recognized in governmental funds.		(15,279)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds and notes payable (including accreted interest)	$ (1,575,458)	
Pension bonds payable	(623,720)	
Capital lease obligations	(173,309)	
Accrued vacation/sick leave	(709,855)	
Workers' compensation	(1,745,246)	
Litigation/self-insurance	(139,640)	
OPEB obligation	(974,336)	(5,941,564)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net assets.		(85,204)
Net assets of governmental activities (page 23)		$ 15,570,415

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
REVENUES:				
Taxes	$ 3,796,296	611,359	93,153	71,007
Licenses, permits and franchises	58,799	12,592	741	
Fines, forfeitures and penalties	251,933	4,415	1,429	638
Revenue from use of money and property:				
Investment income (Note 5)	223,591	2,685	6,610	980
Rents and concessions (Note 9)	56,614	90	7,428	12
Royalties	598		369	
Intergovernmental revenues:				
Federal	2,944,622	1,455	6,086	162
State	4,207,046	16,982	3,396	2,055
Other	110,000	30,955	4,747	1,358
Charges for services	1,695,004	181,586	118,798	2,366
Miscellaneous	282,818	273	1,420	614
TOTAL REVENUES	13,627,321	862,392	244,177	79,192
EXPENDITURES:				
Current:				
General government	919,534			
Public protection	4,222,644	807,151	211,267	
Public ways and facilities				
Health and sanitation	2,345,484			
Public assistance	4,619,225			
Education				
Recreation and cultural services	231,584			105,385
Debt service:				
Principal	101,931	8,489		1,130
Interest and other charges	186,647	7,896		1,616
Capital leases	19,629			
Capital outlay	97,270			898
TOTAL EXPENDITURES	12,743,948	823,536	211,267	109,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	883,373	38,856	32,910	(29,837)
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 14)	342,906		244	41,660
Transfers out (Note 14)	(1,123,808)	(16,488)	(19,048)	(4,798)
Issuance of debt (Note 10)				
Refunding bonds issued (Note 10)				
Payment to refunded bonds escrow agent (Note 10)				
Capital leases (Note 9)	97,270			898
Sales of capital assets	1,036	158	175	3
TOTAL OTHER FINANCING SOURCES (USES)	(682,596)	(16,330)	(18,629)	37,763
NET CHANGE IN FUND BALANCES	200,777	22,526	14,281	7,926
FUND BALANCE, JULY 1, 2007, as restated (Note 2)	3,173,663	147,511	147,618	21,165
FUND BALANCE, JUNE 30, 2008	$ 3,374,440	170,037	161,899	29,091

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				REVENUES:
$	251,678		$ 4,823,493	Taxes
	7,379		79,511	Licenses, permits and franchises
805	81,915		341,135	Fines, forfeitures and penalties
				Revenue from use of money and property:
13,112	88,282	(12,189)	323,071	Investment income (Note 5)
	14,226		78,370	Rents and concessions (Note 9)
	11		978	Royalties
				Intergovernmental revenues:
	197,427		3,149,752	Federal
	392,485		4,621,964	State
	23,345		170,405	Other
78,613	164,928		2,241,295	Charges for services
	157,520		442,645	Miscellaneous
92,530	1,379,196	(12,189)	16,272,619	TOTAL REVENUES
				EXPENDITURES:
				Current:
	15,107		934,641	General government
	87,861		5,328,923	Public protection
	318,468		318,468	Public ways and facilities
	116,911		2,462,395	Health and sanitation
	151,368		4,770,593	Public assistance
	299		105,684	Education
32,944	7,500		272,028	Recreation and cultural services
				Debt service:
	142,977	(34,240)	220,287	Principal
	75,284	(12,189)	259,254	Interest and other charges
			19,629	Capital leases
	89,922		188,090	Capital outlay
32,944	1,005,697	(46,429)	14,879,992	TOTAL EXPENDITURES
59,586	373,499	34,240	1,392,627	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES):
423	217,119		602,352	Transfers in (Note 14)
(35,216)	(553,327)		(1,752,685)	Transfers out (Note 14)
	3,000		3,000	Issuance of debt (Note 10)
	94,315		94,315	Refunding bonds issued (Note 10)
	(94,315)		(94,315)	Payment to refunded bonds escrow agent (Note 10)
			98,168	Capital leases (Note 9)
	2,727		4,099	Sales of capital assets
(34,793)	(330,481)		(1,045,066)	TOTAL OTHER FINANCING SOURCES (USES)
24,793	43,018	34,240	347,561	NET CHANGE IN FUND BALANCES
261,212	2,208,596	(304,235)	5,655,530	FUND BALANCE, JULY 1, 2007, as restated (Note 2)
$ 286,005	2,251,614	(269,995)	$ 6,003,091	FUND BALANCE, JUNE 30, 2008

COUNTY OF LOS ANGELES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

Net change in fund balances - total governmental funds (page 31)		$ 347,561
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for general capital assets, infrastructure and other related capital asset adjustments	$ 356,061	
Less - current year depreciation expense	(338,817)	17,244
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as an increase in financial resources. Thus, the change in net assets differs from the change in fund balance.		(3,341)
Contribution of capital assets is not recognized in the governmental funds.		25,481
Revenue timing differences result in more revenue in government-wide statements.		69,138
Issuance of long-term debt along with any bond premium provides revenue in the governmental funds, but increases long-term liabilities in the statement of net assets.		(3,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Pension bonds	$ 108,075	
General obligation bonds	373	
Certificates of participation	69,961	
Assessment bonds	34,240	
Other long term notes and loans	25,638	238,287
Some expenses reported in the accompanying statement of activities do not require (or provide) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in workers' compensation	$ 62,691	
Change in litigation/self-insurance	(60,227)	
Change in accrued vacation/sick leave	(47,495)	
Change in OPEB liability	(974,336)	
Change in third party payor liability	400	
Change in accrued interest payable	3,150	
Change in accretion of tobacco settlement bonds	(19,554)	
Change in accretion of pension bonds	88,826	(946,545)
The change in the net pension obligation (an asset) is not recognized in governmental funds.		(20,577)
The portion of internal service funds that is reported with governmental activities.		(37,830)
Change in net assets of governmental activities (page 25)		$ (313,582)

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 3,828,094	3,842,971	3,826,908	(16,063)
Licenses, permits and franchises	56,880	60,924	58,799	(2,125)
Fines, forfeitures and penalties	206,047	206,124	251,933	45,809
Revenue from use of money and property:				
Investment income	100,625	114,727	217,378	102,651
Rents and concessions	51,693	52,243	56,614	4,371
Royalties	156	156	598	442
Intergovernmental revenues:				
Federal	3,128,513	3,173,676	2,948,385	(225,291)
State	4,568,927	4,588,722	4,189,202	(399,520)
Other	92,302	93,144	105,891	12,747
Charges for services	1,744,459	1,758,279	1,695,004	(63,275)
Miscellaneous	114,518	220,331	314,521	94,190
TOTAL REVENUES	13,892,214	14,111,297	13,665,233	(446,064)
EXPENDITURES:				
Current:				
General government	1,300,940	1,363,585	912,999	(450,586)
Public protection	4,480,743	4,575,551	4,414,810	(160,741)
Health and sanitation	2,712,971	2,693,857	2,469,110	(224,747)
Public assistance	4,984,500	5,016,098	4,739,945	(276,153)
Recreation and cultural services	249,014	250,844	240,237	(10,607)
Debt Service-				
Interest	18,365	18,365	18,365	
Capital Outlay	1,413,544	1,355,655	178,249	(1,177,406)
TOTAL EXPENDITURES	15,160,077	15,273,955	12,973,715	(2,300,240)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,267,863)	(1,162,658)	691,518	1,854,176
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	676	676	1,036	360
Transfers in	479,427	493,057	306,238	(186,819)
Transfers out	(1,024,450)	(1,088,103)	(1,064,589)	23,514
Appropriation for contingencies		(302)		302
Changes in reserves and designations	105,853	50,973	168,244	117,271
OTHER FINANCING SOURCES (USES) - NET	(438,494)	(543,699)	(589,071)	(45,372)
NET CHANGE IN FUND BALANCE	(1,706,357)	(1,706,357)	102,447	1,808,804
FUND BALANCE, JULY 1, 2007 (Note 15)	1,706,357	1,706,357	1,706,357	
FUND BALANCE, JUNE 30, 2008 (Note 15)	$		1,808,804	1,808,804

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FIRE PROTECTION DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 611,230	618,757	618,757	
Licenses, permits and franchises	8,252	8,252	12,592	4,340
Fines, forfeitures and penalties	2,655	2,655	4,415	1,760
Revenue from use of money and property:				
Investment income	1,000	1,870	2,442	572
Rents and concessions	86	86	90	4
Intergovernmental revenues:				
Federal	11,892	12,592	1,455	(11,137)
State	15,586	17,122	16,982	(140)
Other	28,291	28,291	30,955	2,664
Charges for services	165,615	181,994	181,586	(408)
Miscellaneous	628	628	273	(355)
TOTAL REVENUES	845,235	872,247	869,547	(2,700)
EXPENDITURES:				
Current-Public protection:				
Salaries and employee benefits	709,669	734,519	718,220	(16,299)
Services and supplies	112,610	116,354	98,470	(17,884)
Other charges	960	960	882	(78)
Capital assets	15,996	18,099	8,357	(9,742)
TOTAL EXPENDITURES	839,235	869,932	825,929	(44,003)
EXCESS OF REVENUES OVER EXPENDITURES	6,000	2,315	43,618	41,303
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	103	103	158	55
Transfers in	43	43		(43)
Transfers out	(10,951)	(15,951)	(15,951)	
Changes in reserves and designations	(51,822)	(43,137)	(41,104)	2,033
OTHER FINANCING SOURCES (USES) - NET	(62,627)	(58,942)	(56,897)	2,045
NET CHANGE IN FUND BALANCE	(56,627)	(56,627)	(13,279)	43,348
FUND BALANCE, JULY 1, 2007 (Note 15)	56,627	56,627	56,627	
FUND BALANCE, JUNE 30, 2008 (Note 15)	$		43,348	43,348

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 93,125	94,451	94,451	
Licenses, permits and franchises	1,176	1,176	741	(435)
Fines, forfeitures and penalties	1,200	1,200	1,429	229
Revenue from use of money and property:				
Investment income	5,421	5,808	6,538	730
Rents and concessions	8,633	8,633	7,428	(1,205)
Royalties	200	200	369	169
Intergovernmental revenues:				
Federal	5,119	5,119	6,086	967
State	3,055	3,096	3,396	300
Other	2,300	5,300	4,747	(553)
Charges for services	113,449	113,449	119,275	5,826
Miscellaneous	1,165	1,165	728	(437)
TOTAL REVENUES	234,843	239,597	245,188	5,591
EXPENDITURES:				
Current-Public protection:				
Services and supplies	239,013	219,860	210,961	(8,899)
Other charges	19,871	20,121	19,613	(508)
Capital assets	160	160	116	(44)
Capital Outlay	4,325	27,118	21,712	(5,406)
TOTAL EXPENDITURES	263,369	267,259	252,402	(14,857)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(28,526)	(27,662)	(7,214)	20,448
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	921	921	175	(746)
Transfers in			244	244
Transfers out	(1,330)	(1,790)	(23)	1,767
Long-term debt proceeds			692	692
Appropriation for contingencies		726		(726)
Changes in reserves and designations	12,630	11,500	21,226	9,726
OTHER FINANCING SOURCES (USES) - NET	12,221	11,357	22,314	10,957
NET CHANGE IN FUND BALANCE	(16,305)	(16,305)	15,100	31,405
FUND BALANCE, JULY 1, 2007 (Note 15)	16,305	16,305	16,305	
FUND BALANCE, JUNE 30, 2008 (Note 15)	$		31,405	31,405

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
PUBLIC LIBRARY
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 73,489	73,489	71,918	(1,571)
Fines, forfeitures and penalties			638	638
Revenue from use of money and property:				
Investment income	180	180	922	742
Rents and concessions	15	15	12	(3)
Intergovernmental revenues:				
Federal			162	162
State	2,054	2,054	2,055	1
Other	1,360	1,360	1,358	(2)
Charges for services	2,112	2,112	2,366	254
Miscellaneous	1,088	1,088	614	(474)
TOTAL REVENUES	80,298	80,298	80,045	(253)
EXPENDITURES:				
Current-Education:				
Salaries and employee benefits	78,935	78,935	70,580	(8,355)
Services and supplies	45,998	51,309	38,291	(13,018)
Other charges	752	752	604	(148)
Capital assets	695	1,564	1,216	(348)
TOTAL EXPENDITURES	126,380	132,560	110,691	(21,869)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(46,082)	(52,262)	(30,646)	21,616
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			3	3
Transfers in	41,644	47,853	41,660	(6,193)
Transfers out	(4,376)	(4,405)	(4,401)	4
Changes in reserves and designations	(1,981)	(1,981)	(785)	1,196
OTHER FINANCING SOURCES (USES) - NET	35,287	41,467	36,477	(4,990)
NET CHANGE IN FUND BALANCE	(10,795)	(10,795)	5,831	16,626
FUND BALANCE, JULY 1, 2007 (Note 15)	10,795	10,795	10,795	
FUND BALANCE, JUNE 30, 2008 (Note 15)	$		16,626	16,626

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
REGIONAL PARK AND OPEN SPACE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	$ 1,202	1,202	805	(397)
Revenue from use of money and property- Investment income	12,530	12,530	13,349	819
Charges for services	78,038	78,038	78,562	524
TOTAL REVENUES	91,770	91,770	92,716	946
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	4,994	5,350	3,884	(1,466)
Other charges	191,109	191,109	42,466	(148,643)
TOTAL EXPENDITURES	196,103	196,459	46,350	(150,109)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(104,333)	(104,689)	46,366	151,055
OTHER FINANCING SOURCES (USES):				
Transfers in	98,618	98,974	83,140	(15,834)
Transfers out	(131,365)	(131,365)	(117,933)	13,432
Appropriation for contingencies	(3,301)	(3,301)		3,301
Changes in reserves and designations	22,217	22,217	32,740	10,523
OTHER FINANCING SOURCES (USES) - NET	(13,831)	(13,475)	(2,053)	11,422
NET CHANGE IN FUND BALANCE	(118,164)	(118,164)	44,313	162,477
FUND BALANCE, JULY 1, 2007 (Note 15)	119,700	119,700	119,700	
FUND BALANCE, JUNE 30, 2008 (Note 15)	$ 1,536	1,536	164,013	162,477

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

COUNTY OF LOS ANGELES
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
ASSETS					
Current assets:					
Pooled cash and investments: (Notes 1 and 5)					
Operating (Note 1)	$ 614	477	89,644	316	230
Other (Note 1)	18,655	17,846	41,332	8,764	3,495
Total pooled cash and investments	19,269	18,323	130,976	9,080	3,725
Other investments (Note 5)					
Taxes receivable					
Accounts receivable - net (Note 13)	129,592	126,221	255,939	180,785	65,355
Interest receivable	2		533	1	1
Other receivables	10,778	10,289	24,485	4,766	3,627
Due from other funds (Note 14)	47,403	56,131	192,968	19,648	20,740
Advances to other funds (Note 14)					
Inventories	3,370	4,162	12,296	2,013	1,407
Total current assets	210,414	215,126	617,197	216,293	94,855
Noncurrent assets:					
Restricted assets (Note 5)	39,509	31,345	74,935	1,090	7,314
Net pension obligation (Note 7)	5,979	5,188	15,700	6,663	4,304
Capital assets: (Notes 6 and 9)					
Land and easements	1,001	15,171	18,183	2,277	217
Buildings and improvements	77,672	152,939	163,685	194,951	187,179
Equipment	37,887	28,050	115,021	48,771	11,864
Infrastructure					
Construction in progress	51,078	1,954	896,740		6,550
Less accumulated depreciation	(72,805)	(100,937)	(194,214)	(139,696)	(99,986)
Total capital assets - net	94,833	97,177	999,415	106,303	105,824
Total noncurrent assets	140,321	133,710	1,090,050	114,056	117,442
TOTAL ASSETS	350,735	348,836	1,707,247	330,349	212,297
LIABILITIES					
Current liabilities:					
Accounts payable	11,587	10,781	41,513	4,951	3,756
Accrued payroll	27,497	20,263	49,976	7,738	9,280
Other payables	2,110	1,770	3,243	1,745	1,000
Accrued interest payable	89		85	206	219
Due to other funds (Note 14)	18,591	45,451	64,410	21,872	6,632
Advances from other funds (Note 14)	96,862	71,315	199,678	146,920	53,508
Advances Payable			7,844		
Unearned revenue (Note 7)	391	339	1,735	436	282
Current portion of long-term liabilities (Note 10)	102,869	64,436	190,990	39,321	25,701
Total current liabilities	259,996	214,355	559,474	223,189	100,378
Noncurrent liabilities:					
Accrued vacation and sick leave (Note 10)	28,680	19,432	49,269	8,336	9,898
Bonds and notes payable (Note 10)	9,655		14,202	38,746	35,614
Pension bonds payable (Notes 7 and 10)	24,729	21,455	64,930	27,557	17,801
Capital lease obligations (Notes 9 and 10)					143
Workers' compensation (Notes 10 and 17)	27,324	27,982	124,641	61,556	22,190
Litigation and self-insurance (Notes 10 and 17)	12,062	4,424	52,292	13,958	190
OPEB obligation (Notes 8 and 10)	41,378	36,490	88,279	16,681	16,863
Third party payor liability (Notes 10 and 13)	16,029	10,573	80,723	5,054	8,079
Total noncurrent liabilities	159,857	120,356	474,336	171,888	110,778
TOTAL LIABILITIES	419,853	334,711	1,033,810	395,077	211,156
NET ASSETS					
Invested in capital assets, net of related debt (Notes 6 and 10)	51,620	95,575	947,800	66,283	68,934
Restricted:					
Debt service	39,420	31,345	74,850	884	7,095
Special purpose					
Unrestricted (deficit)	(160,158)	(112,795)	(349,213)	(131,895)	(74,888)
TOTAL NET ASSETS (DEFICIT) (Note 3)	$ (69,118)	14,125	673,437	(64,728)	1,141

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
				ASSETS
				Current assets:
$ 91,792	4,448	$ 187,521	$ 61,170	Pooled cash and investments: (Notes 1 and 5)
893	6	90,991	8,339	Operating (Note 1)
92,685	4,454	278,512	69,509	Other (Note 1)
	55,495	55,495	8,618	Total pooled cash and investments
915		915		Other investments (Note 5)
		757,892		Taxes receivable
426	3	966	273	Accounts receivable - net (Note 13)
8,892	6,700	69,537	5,759	Interest receivable
2,469	48	339,407	59,358	Other receivables
1,164		1,164		Due from other funds (Note 14)
		23,248	7,676	Advances to other funds (Note 14)
106,551	66,700	1,527,136	151,193	Inventories
				Total current assets
				Noncurrent assets:
		154,193	8,603	Restricted assets (Note 5)
		37,834	7,300	Net pension obligation (Note 7)
				Capital assets: (Notes 6 and 9)
10,799	199,160	246,808		Land and easements
117,000	177,225	1,070,651	1,734	Buildings and improvements
481	3,105	245,179	207,477	Equipment
1,095,023	39,720	1,134,743		Infrastructure
31,465	1,688	989,475		Construction in progress
(457,749)	(185,504)	(1,250,891)	(118,729)	Less accumulated depreciation
797,019	235,394	2,435,965	90,482	Total capital assets - net
797,019	235,394	2,627,992	106,385	Total noncurrent assets
903,570	302,094	4,155,128	257,578	TOTAL ASSETS
				LIABILITIES
				Current liabilities:
2,520	3,995	79,103	6,778	Accounts payable
		114,754	23,445	Accrued payroll
	1,693	11,561	1,740	Other payables
		599	169	Accrued interest payable
5,022	162	162,140	44,307	Due to other funds (Note 14)
		568,283	22,000	Advances from other funds (Note 14)
		7,844		Advances Payable
475	314	3,972	578	Unearned revenue (Note 7)
93	1,443	424,853	43,798	Current portion of long-term liabilities (Note 10)
8,110	7,607	1,373,109	142,815	Total current liabilities
				Noncurrent liabilities:
	204	115,819	36,540	Accrued vacation and sick leave (Note 10)
86	3,674	101,977	30,565	Bonds and notes payable (Note 10)
		156,472	30,191	Pension bonds payable (Notes 7 and 10)
		143		Capital lease obligations (Notes 9 and 10)
		263,693	56,898	Workers' compensation (Notes 10 and 17)
		82,926	1,341	Litigation and self-insurance (Notes 10 and 17)
		199,691	42,559	OPEB obligation (Notes 8 and 10)
		120,458		Third party payor liability (Notes 10 and 13)
86	3,878	1,041,179	198,094	Total noncurrent liabilities
8,196	11,485	2,414,288	340,909	TOTAL LIABILITIES
				NET ASSETS
796,915	230,891	2,258,018	54,690	Invested in capital assets, net of related debt (Notes 6 and 10)
				Restricted:
98,459	2,968	255,021	729	Debt service
	52,690	52,690	2,920	Special purpose
	4,060	(824,889)	(141,670)	Unrestricted (deficit)
$ 895,374	290,609	1,740,840	$ (83,331)	TOTAL NET ASSETS (DEFICIT) (Note 3)
		1,873		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ 1,742,713		NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 23)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
OPERATING REVENUES:					
Net patient service revenues (Note 13)	$ 385,281	323,861	711,346	195,379	110,009
Rentals					
Charges for services					
Other	16,382	13,588	45,979	2,122	4,907
TOTAL OPERATING REVENUES	401,663	337,449	757,325	197,501	114,916
OPERATING EXPENSES:					
Salaries and employee benefits	390,251	294,515	740,286	133,005	140,169
Services and supplies	102,380	87,449	202,501	47,825	25,943
Other professional services	113,359	112,146	283,659	77,933	31,400
Depreciation and amortization (Note 6)	4,692	5,004	9,896	4,948	2,799
Medical malpractice	4,091	5,895	11,282	2,388	187
Rent	3,477	2,569	8,504	2,358	1,540
TOTAL OPERATING EXPENSES	618,250	507,578	1,256,128	268,457	202,038
OPERATING LOSS	(216,587)	(170,129)	(498,803)	(70,956)	(87,122)
NONOPERATING REVENUES (EXPENSES):					
Taxes					
Interest income	591	473	5,815	372	284
Interest expense	(6,536)	(4,460)	(14,357)	(8,893)	(6,840)
Intergovernmental transfers expense (Note 13)	(40,247)	(38,143)	(104,100)	(8,051)	(9,118)
Intergovernmental revenues:					
State					
Federal					
TOTAL NONOPERATING REVENUES (EXPENSES)	(46,192)	(42,130)	(112,642)	(16,572)	(15,674)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(262,779)	(212,259)	(611,445)	(87,528)	(102,796)
Capital contributions					
Transfers in (Note 14)	217,485	190,937	605,142	82,951	90,683
Transfers out (Note 14)	(732)	(451)	(31,191)	(507)	(23)
CHANGE IN NET ASSETS	(46,026)	(21,773)	(37,494)	(5,084)	(12,136)
TOTAL NET ASSETS (DEFICIT), JULY 1, 2007, as restated (Note 2)	(23,092)	35,898	710,931	(59,644)	13,277
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2008	$ (69,118)	14,125	673,437	(64,728)	1,141

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
$		$ 1,725,876	$	OPERATING REVENUES: Net patient service revenues (Note 13)
	14,622	14,622	22,705	Rentals
61,514	379	61,893	409,450	Charges for services
982	504	84,464		Other
62,496	15,505	1,886,855	432,155	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
		1,698,226	354,241	Salaries and employee benefits
47,403	247,045	760,546	66,070	Services and supplies
2,017	254	620,768	13,119	Other professional services
25,379	2,805	55,523	27,796	Depreciation and amortization (Note 6)
		23,843		Medical malpractice
		18,448		Rent
74,799	250,104	3,177,354	461,226	TOTAL OPERATING EXPENSES
(12,303)	(234,599)	(1,290,499)	(29,071)	OPERATING LOSS
				NONOPERATING REVENUES (EXPENSES):
4,405		4,405		Taxes
4,304	2,234	14,073	1,331	Interest income
(11)	(272)	(41,369)	(7,317)	Interest expense
		(199,659)		Intergovernmental transfers expense (Note 13)
				Intergovernmental revenues:
87	25	112		State
	209,454	209,454	621	Federal
8,785	211,441	(12,984)	(5,365)	TOTAL NONOPERATING REVENUES (EXPENSES)
(3,518)	(23,158)	(1,303,483)	(34,436)	LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
1,413		1,413		Capital contributions
21	350	1,187,569	196	Transfers in (Note 14)
		(32,904)	(4,528)	Transfers out (Note 14)
(2,084)	(22,808)	(147,405)	(38,768)	CHANGE IN NET ASSETS
897,458	313,417		(44,563)	TOTAL NET ASSETS (DEFICIT), JULY 1, 2007, as restated (Note 2)
$ 895,374	290,609		$ (83,331)	TOTAL NET ASSETS (DEFICIT), JUNE 30, 2008
		(938)		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ (148,343)		CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from patient services	$ 376,700	281,825	747,263	119,890	125,344
Rentals received					
Cash received from charges for services					
Other operating revenues	16,397	13,609	45,986	2,123	4,909
Cash received for services provided to other funds	17,218	17,862	26,527	7,575	369
Cash paid for salaries and employee benefits	(349,286)	(264,541)	(669,104)	(143,600)	(123,069)
Cash paid for services and supplies	(79,058)	(63,081)	(171,283)	(16,480)	(8,062)
Other operating expenses	(120,227)	(116,531)	(303,888)	(84,404)	(32,968)
Cash paid for services from other funds	(36,023)	(32,916)	(105,278)	(40,538)	(17,518)
Net cash provided by (required for) operating activities	(174,279)	(163,773)	(429,777)	(155,434)	(50,995)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash advances received from other funds	161,827	132,889	362,464	216,945	61,843
Cash advances paid/returned to other funds	(140,853)	(99,522)	(318,100)	(121,079)	(79,265)
Interest paid on pension bonds	(3,964)	(3,438)	(10,404)	(4,416)	(2,853)
Interest paid on advances	(1,213)	(578)	(2,696)	(2,204)	(1,504)
Intergovernmental transfers	(40,247)	(38,143)	(104,100)	(8,051)	(9,118)
Intergovernmental receipts					
Transfers in	217,485	190,937	605,142	82,951	90,683
Transfers out	(732)	(451)	(31,191)	(507)	(23)
Net cash provided by (required for) noncapital financing activities	192,303	181,694	501,115	163,639	59,763
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from taxes					
Proceeds from bonds and notes	69,500	31,700	94,300	1,000	6,500
Interest paid on capital borrowing	(1,481)	(494)	(1,373)	(2,555)	(2,783)
Principal payments on bonds and notes	(1,637)	(10,025)	(1,554)	(3,786)	(4,022)
Principal payments on capital leases					(125)
Acquisition and construction of capital assets	(39,599)	(9,644)	(106,319)	(824)	(925)
Net cash provided by (required for) capital and related financing activities	26,783	11,537	(14,946)	(6,165)	(1,355)
CASH FLOWS FROM INVESTING ACTIVITIES -					
Interest income received	308	233	5,637	50	75
Net increase (decrease) in cash and cash equivalents	45,115	29,691	62,029	2,090	7,488
Cash and cash equivalents, July 1, 2007	13,663	19,977	143,882	8,080	3,551
Cash and cash equivalents, June 30, 2008	$ 58,778	49,668	205,911	10,170	11,039

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
				CASH FLOWS FROM OPERATING ACTIVITIES:
$		$ 1,651,022	$	Cash received from patient services
	14,322	14,322	22,631	Rentals received
61,104		61,104	426,670	Cash received from charges for services
982	504	84,510		Other operating revenues
		69,551		Cash received for services provided to other funds
	285	(1,549,315)	(320,055)	Cash paid for salaries and employee benefits
(46,982)	(246,509)	(631,455)	(53,473)	Cash paid for services and supplies
(1,942)	(254)	(660,214)	(13,119)	Other operating expenses
		(232,273)		Cash paid for services from other funds
13,162	(231,652)	(1,192,748)	62,654	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
		935,968		Cash advances received from other funds
		(758,819)		Cash advances paid/returned to other funds
		(25,075)	(4,840)	Interest paid on pension bonds
		(8,195)		Interest paid on advances
		(199,659)		Intergovernmental transfers
87	209,479	209,566	621	Intergovernmental receipts
21	350	1,187,569	196	Transfers in
		(32,904)	(4,528)	Transfers out
108	209,829	1,308,451	(8,551)	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
4,221		4,221		Proceeds from taxes
	6	203,006	50,360	Proceeds from bonds and notes
(11)	(272)	(8,969)	(3,168)	Interest paid on capital borrowing
(17)	(710)	(21,751)	(53,245)	Principal payments on bonds and notes
		(125)	(145)	Principal payments on capital leases
(15,160)	(1,947)	(174,418)	(33,383)	Acquisition and construction of capital assets
(10,967)	(2,923)	1,964	(39,581)	Net cash provided by (required for) capital and related financing activities
4,521	2,241	13,065	1,056	CASH FLOWS FROM INVESTING ACTIVITIES - Interest income received
6,824	(22,505)	130,732	15,578	Net increase (decrease) in cash and cash equivalents
85,861	82,454	357,468	71,152	Cash and cash equivalents, July 1, 2007
$ 92,685	59,949	$ 488,200	$ 86,730	Cash and cash equivalents, June 30, 2008

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:					
Operating loss	$ (216,587)	(170,129)	(498,803)	(70,956)	(87,122)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:					
Depreciation and amortization	4,692	5,004	9,896	4,948	2,799
Other charges - net	1,849	2,916	(6,606)	(1,180)	(166)
(Increase) decrease in:					
Accounts receivable - net	(14,659)	(49,706)	(71,576)	(62,394)	11,505
Interest receivable					
Other receivables	(1,583)	(165)	(2,212)	2,091	(542)
Due from other funds	22,279	15,389	82,085	4,759	(841)
Inventories	490	(76)	743	1,268	(214)
Net pension obligation	1,211	1,050	3,180	1,349	872
Increase (decrease) in:					
Accounts payable	1,226	291	2,304	(4,782)	1,393
Accrued payroll	4,954	3,123	7,994	(5,457)	1,922
Other payables	199	160	266	74	75
Accrued vacation and sick leave	3,702	(4,546)	3,892	(4,853)	7,177
Due to other funds	(14,850)	(10,938)	(68,459)	(6,810)	(205)
Unearned revenue			(2,446)		
Pension bonds payable	(11,588)	(10,053)	(30,431)	(12,914)	(8,341)
Workers' compensation liability	(2,392)	875	(8,512)	(4,359)	(2,766)
Litigation and self-insurance liability	700	4,382	(443)	(1,375)	159
OPEB obligation	44,378	39,136	94,679	17,890	18,085
Third party payor liability	1,700	9,514	54,672	(12,733)	5,215
TOTAL ADJUSTMENTS	42,308	6,356	69,026	(84,478)	36,127
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	$ (174,279)	(163,773)	(429,777)	(155,434)	(50,995)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Pooled cash and investments	$ 19,269	18,323	130,976	9,080	3,725
Other investments					
Restricted assets	39,509	31,345	74,935	1,090	7,314
TOTAL	$ 58,778	49,668	205,911	10,170	11,039

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
				RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
$ (12,303)	(234,599)	$ (1,290,499)	$ (29,071)	Operating loss
				Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:
25,379	2,805	55,523	27,796	Depreciation and amortization
	509	(2,678)	141	Other charges - net
				(Increase) decrease in:
		(186,830)		Accounts receivable - net
			41	Interest receivable
(45)	(1,843)	(4,299)	(916)	Other receivables
(700)	10	122,981	17,152	Due from other funds
		2,211	274	Inventories
		7,662	1,478	Net pension obligation
				Increase (decrease) in:
1,480	1,324	3,236	965	Accounts payable
		12,536	3,456	Accrued payroll
	(7)	767	159	Other payables
	285	5,657	1,513	Accrued vacation and sick leave
(1,059)	(142)	(102,463)	11,204	Due to other funds
335	6	(2,105)	(57)	Unearned revenue
		(73,327)	(14,145)	Pension bonds payable
		(17,154)	(2,980)	Workers' compensation liability
75		3,498		Litigation and self-insurance liability
		214,168	45,644	OPEB obligation
		58,368		Third party payor liability
25,465	2,947	97,751	91,725	TOTAL ADJUSTMENTS
$ 13,162	(231,652)	$ (1,192,748)	$ 62,654	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:
$ 92,685	4,454	$ 278,512	$ 69,509	Pooled cash and investments
	55,495	55,495	8,618	Other investments
		154,193	8,603	Restricted assets
$ 92,685	59,949	$ 488,200	$ 86,730	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	$ 86,438	$ 13,284,552	$ 1,261,788
Other investments: (Note 5)		474,638	43,927
Stocks	19,285,947		
Bonds	11,296,770		
Short-term investments	741,505		
Commodities	638,575		
Real estate	3,996,568		
Mortgages	260,913		
Alternative assets	3,296,714		
Cash collateral on loaned securities	2,322,698		
Taxes receivable			310,536
Interest receivable	132,306	129,447	2,498
Other receivables	849,578		
TOTAL ASSETS	42,908,012	13,888,637	$ 1,618,749
LIABILITIES			
Accounts payable	1,799,138		
Other payables (Note 5)	2,384,203		
Due to other governments			1,618,749
TOTAL LIABILITIES	4,183,341		$ 1,618,749
NET ASSETS			
Held in trust for pension benefits and investment trust participants	$ 38,724,671	$ 13,888,637	

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

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS
ADDITIONS:		
Contributions:		
Pension trust contributions:		
Employer	$ 788,029	$
Member	414,752	
Contributions to investment trust funds		40,191,455
Total contributions	1,202,781	40,191,455
Investment earnings:		
Investment income	4,929,295	584,425
Net decrease in the fair value of investments	(6,258,819)	
Securities lending income (Note 5)	122,531	
Total investment earnings (losses)	(1,206,993)	584,425
Less - Investment expenses:		
Expense from investing activities	114,183	
Expense from securities lending activities (Note 5)	104,941	
Total net investment expense	219,124	
Net investment earnings (losses)	(1,426,117)	584,425
Miscellaneous	1,767	
NET INCREASE (DECREASE) IN ADDITIONS	(221,569)	40,775,880
DEDUCTIONS:		
Salaries and employee benefits	33,626	
Services and supplies	14,597	
Benefit payments	1,887,684	
Distribution from investment trust funds		39,869,092
Miscellaneous	25,959	
TOTAL DEDUCTIONS	1,961,866	39,869,092
CHANGE IN NET ASSETS	(2,183,435)	906,788
NET ASSETS HELD IN TRUST, JULY 1, 2007	40,908,106	12,981,849
NET ASSETS HELD IN TRUST, JUNE 30, 2008	$ 38,724,671	$ 13,888,637

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Los Angeles (County) is a legal subdivision of the State of California (State) charged with general governmental powers. The County's powers are exercised through an elected Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by the Governmental Accounting Standards Board (GASB), these basic financial statements include both those of the County and its component units. The component units discussed below are included primarily because the Board is financially accountable for them.

Blended Component Units

County management has determined that the following related entities should be included in the basic financial statements as blended component units:

- Fire Protection District
- Flood Control District
- Street Lighting Districts
- Improvement Districts
- Community Development Commission (including the Housing Authority of the County of Los Angeles) (CDC)
- Regional Park and Open Space District
- Garbage Disposal Districts
- Sewer Maintenance Districts
- Waterworks Districts
- Los Angeles County Capital Asset Leasing Corporation (a Non Profit Corporation) (NPC)
- Various Joint Powers Authorities (JPAs)
- Los Angeles County Employees Retirement Association (LACERA)
- Los Angeles County Securitization Corporation (LACSC)

Although they are separate legal entities, the various districts and the CDC are included primarily because the Board is also their governing Board. As such, the Board establishes policy, appoints management and exercises budgetary control. The NPC and JPAs have been included because their sole purpose is to finance and construct County capital assets and because they are dependent upon the County for funding. Blended component units are those that, because of the closeness of the relationship with the primary government, should be blended in the basic financial statements as though they are part of the primary government. LACERA is reported in the Pension Trust Fund of the basic financial statements and has been included because its operations are dependent upon County funding and because its operations, almost exclusively, benefit the County.

The LACSC is a California public benefit corporation created by the County Board of Supervisors in January 2006. Three directors, the County's Auditor-Controller, Treasurer and Tax Collector, and an independent party designated by at least one of the County directors, govern the LACSC. The LACSC purpose is to acquire the County's rights in relation to future tobacco settlement payments and to facilitate the issuance of long-term bonds secured by the County Tobacco Assets. The LACSC provides service solely to the County and is reported as a blended component unit of the County.

Discretely Presented Component Unit

First 5 LA (First 5), was established by the County as a separate legal entity to administer the County's share of tobacco taxes levied by the State pursuant to Proposition 10. The County's Board established First 5 with nine voting members and four non-voting representatives. Of the nine voting members, one is a member of the Board of Supervisors, two are heads of County Departments (Health Services and Mental Health), one is an early childhood education expert, and five are public members appointed by the Board. The non-voting representatives are from other County commissions and planning groups.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Unit-Continued

First 5 services are focused on the development and well-being of all children, from the prenatal stage until age five. First 5 is a component unit of the County because the County's Board appoints the voting Commissioners and the County has the ability to impose its will by removing those commissioners at will. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to the County.

Component Unit Financial Statements

Separate financial statements or additional financial information for each of the component units may be obtained from the Auditor-Controller at 500 West Temple Street, Room 525, Los Angeles, California 90012.

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government, the County, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for services provided among funds (other than internal service funds). 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 normally are 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 segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular program are also recognized as program revenues. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Net assets are classified into the following three categories: 1) invested in capital assets, net of related debt; 2) restricted and 3) unrestricted. Net assets are reported as restricted when they have external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2008, the restricted net assets balances were $1.606 billion and $308 million for governmental activities and business-type activities, respectively. For governmental activities, $92 million was restricted by enabling legislation.

When both restricted and unrestricted net assets are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

Fund Financial Statements

The fund financial statements 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 displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

The County reports the following major governmental funds:

General Fund
The General Fund is available for any authorized purpose and is used to account for all resources except for those accounted for in other funds.

Fire Protection District Fund
The Fire Protection District Fund was established to provide for fire prevention and suppression, rescue service, management of hazardous materials incidents, ocean lifeguard services, and acquisition and maintenance of district property and equipment. Revenues are derived principally from the Countywide tax levy and charges for services.

Flood Control District Fund
The Flood Control District Fund was established to provide for the control and conservation of flood, storm and other waste waters, to conserve such waters for beneficial and useful purposes, and to protect the harbors, waterways, public highways and property located within the District from damage from such flood and storm waters. Revenues are derived primarily from the Countywide tax levy and benefit assessments (charges for services).

Public Library Fund
The Public Library Fund was established to provide free library services to the unincorporated areas of the County and to cities that contract for these services. Revenues are derived principally from the Countywide tax levy.

Regional Park and Open Space District Fund
The Regional Park and Open Space District Fund was established to administer grant programs designed to preserve beaches, parks and wild lands, to acquire and renovate new and existing recreational facilities, and to restore rivers, streams, and trails in the County. Funding is derived from voter-approved assessments and long-term debt proceeds.

The County's major enterprise funds consist of five Hospital Funds and a Waterworks Enterprise Fund. The Hospital Enterprise funds provide health services to County residents. Revenues are principally patient service fees. Subsidies are also received from the General Fund. The Waterworks Enterprise Fund provides water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. A description of each Enterprise Fund is provided below:

Harbor-UCLA Medical Center
The Harbor-UCLA Medical Center (H/UCLA) provides acute and intensive care unit medical/surgical inpatient and outpatient care services, trauma and emergency room services, acute psychiatric services, pediatric and obstetric services, and transplants.

Olive View-UCLA Medical Center
The Olive View-UCLA Medical Center (OV/UCLA) provides acute and intensive care, emergency services, medical/surgical inpatient and outpatient health care services, obstetric and gynecological services, and psychiatric services.

LAC+USC Medical Center
The LAC+USC Medical Center (LAC+USC) provides acute and intensive care unit medical/surgical inpatient and outpatient services, trauma and emergency room services, a burn center, psychiatric services, renal dialysis, AIDS services, pediatric and obstetric services, and communicable disease services.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Martin Luther King, Jr. Ambulatory Care Center

The Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK-MACC), formerly known as Martin Luther King, Jr.-Harbor Hospital, began the 2007-08 fiscal year providing general adult medical, surgical and low-risk obstetrical and gynecological care with a basic emergency room. Upon the loss of the hospital's licensing/accreditation on August 25, 2007, inpatient and emergency services were closed and the facility was re-organized as MLK-MACC. The MLK-MACC provides urgent care services, comprehensive outpatient services, including, primary, specialty and subspecialty services in surgery, medicine, pediatrics, obstetrics, HIV/AIDS, and dental services.

Rancho Los Amigos National Rehabilitation Center

The Rancho Los Amigos National Rehabilitation Center (Rancho) specializes in the rehabilitation for victims of spinal cord injuries and strokes, pathokinesiology and polio services, services for liver diseases, pediatrics, ortho diabetes, dentistry, and neuro-science.

Waterworks Funds

The Waterworks Enterprise funds provide for the administration, maintenance, operation and improvement of district water systems.

The following fund types have also been reported:

Internal Service Funds

The Internal Service Funds are used to account for the financing of services provided by a department or agency to other departments or agencies on a cost-reimbursement basis. The County's principal Internal Service Fund is used to account for the cost of services provided by the Department of Public Works to various other County funds and agencies.

Fiduciary Fund Types

Pension Trust Fund

The Pension Trust Fund is used to account for financial activities of LACERA.

Investment Trust Funds

The Pooled Investment Trust Fund is used to account for net assets of the County's external investment pool.

The Specific Investment Trust Fund is used to account for the net assets of individual investment accounts, in aggregate. The related investment activity occurs separately from the County's investment pool and is provided as a service to external investors.

Agency Funds

The Agency Funds are used primarily to account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental entities, and other funds. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds (including Clearing and Revolving Funds, Deposit Funds, Other Agency Funds, State and City Revenue Funds, and Tax Collection Funds) account for assets held by the County in an agency capacity for individuals or other government units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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. 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 an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and similar items are 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. The County considers revenues to be available if collectible within one year after year-end, except for property taxes, which are considered available to the extent that they are collectible within 60 days after year-end. 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 and claims (including workers' compensation) and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

For the governmental funds financial statements, revenues are recorded when they are susceptible to accrual. Specifically, property and sales taxes, investment income, and charges for services and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met. All other revenues are not considered susceptible to accrual and are recognized when received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's five Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the Waterworks Enterprise Funds are from charges for services. The principal operating revenues for the County's Nonmajor Enterprise Funds and Internal Service Funds are charges for services and rental revenues. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Medical malpractice expenses, which are self-insured, are classified as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 13, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

Agency funds do not have a measurement focus because they report only assets and liabilities. They do however, use the accrual basis of accounting to recognize receivables and payables.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

The County applies all applicable Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, in accounting and reporting for government-wide and proprietary fund financial statements. FASB statements issued after November 30, 1989, have not been applied unless specifically adopted in a GASB statement.

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (Government Code), commonly known as the County Budget Act, the County prepares and adopts a budget on or before August 30 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting which is different from generally accepted accounting principles (GAAP). Annual budgets were not adopted for the JPAs, Public Buildings and the LACSC debt service funds, the capital project funds and the permanent funds.

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board of Supervisors. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled on the object level for all budget units within the County, except for capital asset expenditures, which are controlled on the sub-object level. The total budget exceeds $24 billion and is currently controlled through the use of approximately 400 separate budget units. There were no excesses of expenditures over the related appropriations within any fund for the year ended June 30, 2008. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control.

Transfers of appropriations between budget units must be approved by the Board. Supplemental appropriations financed by unanticipated revenue during the year must also be approved by the Board. Transfers of appropriations between objects of expenditure within the same budget unit must be approved by the Board or the Chief Administrative Office, depending upon the amount transferred. The original and final budget amounts are reported in the accompanying basic financial statements. Any excess of budgetary expenditures and other financing uses over revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

Note 15 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the major governmental funds.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total 2007-2008 assessed valuation of the County of Los Angeles exceeded $1 trillion for the first time and approximated $1,010 billion.

The property tax levy to support general operations of the various jurisdictions is limited to one percent (1%) of full cash value and is distributed in accordance with statutory formulae. Amounts needed to finance the annual requirements of voter-approved debt are excluded from this limitation and are separately 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

The County is divided into 11,242 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes which are delinquent and unpaid as of June 30 are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five (5) years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due, and any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payment and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on August 1 and become delinquent, if unpaid, on August 31.

Deposits and Investments

In accordance with GASB Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the accompanying basic financial statements reflect the fair value of investments. Specific disclosures related to GASB 31 appear in Note 5.

Deposits and investments are reflected in the following asset accounts:

Pooled Cash and Investments

As provided for by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily deposit balance during the allocation period. Each respective fund's share of the total pooled cash and investments is included among asset balances under the caption "Pooled Cash and Investments."

Pooled Cash and Investments are identified within the following categories for all County operating funds:

Operating Pooled Cash and Investments

This account represents amounts reflected in the County's day-to-day financial records. Such amounts are utilized to determine the availability of cash for purposes of disbursing and borrowing funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2008 that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB Statement No. 34.

Other Investments

"Other Investments" represent Pension Trust Fund investments, investments of the CDC, various JPAs, NPCs and Public Buildings (bond financed capital assets), and amounts on deposit with the County Treasurer which are invested separately as provided by the Government Code or by specific instructions from the depositing entity.

Restricted Assets

Enterprise Funds' restricted assets represent cash and investments of certain JPAs and Public Buildings projects restricted in accordance with the provisions of the certificates of participation issued. The Internal Service Funds' restricted assets represent cash and investments restricted for debt service in accordance with the provisions of the LAC-CAL bond indenture. All of the above noted assets are included in the various disclosures in Note 5. These restricted assets are presented as noncurrent assets and are generally associated with long-term bonds payable.

Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at cost using the average cost basis. The inventory costs of the governmental funds are accounted for as expenditures when the inventory items are consumed. Reported inventories are offset with a corresponding reservation of fund balance because these amounts are not available for appropriation and expenditure.

Of the amounts reported as inventories in the governmental activities, $37,563,000 represents land held for resale by the CDC. The CDC records land held for resale at the lower of cost or estimated net realizable value.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road; water; sewer; flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Certain buildings and equipment are being leased under capital leases as defined in FASB Statement No. 13. The present value of the minimum lease obligation has been capitalized in the statement of net assets and is also reflected as a liability in that statement.

Capital outlay is recorded as expenditures of the General, Special Revenue, and Capital Project Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

The County's capitalization thresholds are $5,000 for equipment, $100,000 for buildings and improvements and $100,000 for infrastructure assets. 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 the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 6.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Infrastructure	15 to 100 years

Works of art and historical treasures held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, encumbered, conserved, and preserved by the County. It is the County's policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

Advances Payable

The County uses certain agency funds as clearing accounts for the distribution of financial resources to other County funds. Pursuant to GASB 34, for external financial reporting purposes, the portions of the clearing account balances that pertain to other County funds should be reported as cash of the appropriate funds. The corresponding liability is included in "Advances Payable."

Vacation and Sick Leave Benefits

Vacation pay benefits accrue to employees ranging from 10 to 20 days per year depending on years of service and the benefit plan. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of 8 days per year depending on the benefit plan. All benefits are payable upon termination, if unused, within limits and rates as specified in the County Salary Ordinance.

Liabilities for accrued vacation and sick leave benefits are accrued in the government-wide financial statements and in the proprietary funds. For the governmental funds, expenditures are recorded when amounts become due and payable (i.e., when employees terminate from service).

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Long-term-Debt-Continued

In the governmental funds financial statements, bond premiums, discounts, and issuance costs, are recognized in the period issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e. portion that has come due for payment) is reported as a liability in the fund financial statement of the related fund.

Cash Flows

For purposes of reporting cash flows, all amounts reported as "Pooled Cash and Investments," "Other Investments," and "Restricted Assets" are considered cash equivalents. Pooled cash and investment amounts represent funds held in the County Treasurer's cash management pool. Such amounts are similar in nature to demand deposits (i.e., funds may be deposited and withdrawn at any time without prior notice or penalty).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. ACCOUNTING CHANGES AND RESTATEMENT OF FUND BALANCES/NET ASSETS

As discussed below, the County implemented the following GASB Statements in the 2007-2008 fiscal year:

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2008, the County implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This Statement establishes standards for the measurement, recognition, and display of other post employment benefits (OPEB) expenses/expenditures and related liabilities (assets), note disclosures and required supplementary information (RSI). This matter is further discussed in Note 8.

Long-Term Disability Benefits

The County provides long-term disability benefits (LTD benefits) that were determined to be within the definition of OPEB. Prior to GASB 45, the County had recognized liabilities for LTD benefits in the government-wide financial statements and the proprietary funds. These amounts were classified as Litigation and Self-Insurance liabilities. Although the previously recorded liability amounts were actuarially determined, they were not in compliance with provisions of GASB 45. Effective July 1, 2007, the County began to measure LTD benefits in accordance with GASB 45, which provides for the prospective measurement of such expenses. Previously recorded LTD benefit liabilities have been removed and beginning fund balances have been restated (increased) as indicated at the end of this Note.

2. ACCOUNTING CHANGES AND RESTATEMENT OF FUND BALANCES/NET ASSETS-Continued

Governmental Accounting Standards Board Statement No. 45-Continued

Employer Assets Held by OPEB Administrator

In conjunction with implementing GASB 45, the County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. These amounts were held on behalf of the County and earmarked for future OPEB benefit payments. However, the County has not yet established an OPEB trust (or equivalent arrangement) and GASB 45 requires that such amounts be recorded as employer assets. Effective July 1, 2007, the County has recognized assets (Other Receivables) in all applicable funds to reflect the OPEB related amount held by LACERA. Accordingly, beginning fund balances have been restated (increased) as indicated at the end of this Note.

Governmental Accounting Standards Board Statement No. 50

GASB Statement No. 50, "Pension Disclosures," amends Statements 25 and 27 to more closely align the financial reporting requirements for pensions with those for OPEB. GASB Statement No. 50 did not have an impact on the County's financial statements, but required additional and rearranged disclosures in Note 7.

Restatement of Fund Balances/Net Assets

In order to meet the guidelines presented in GASB Statement 45, the County restated beginning balances to reflect the removal of the long-term disability (LTD) liabilities, as previously presented. Additionally, the County restated beginning balances to reflect the inclusion of LACERA's OPEB Agency Fund. The effects of the changes are as follows (in thousands):

	Fund Balance /Net Assets July 1, 2007 as previously reported	Effect of Removal of LTD Liabilities	Effect of LACERA OPEB Agency Fund	Fund Balance /Net Assets July 1, 2007 as restated
Government-wide:				
Governmental activities	$ 15,440,624	$ 338,959	$ 104,414	$ 15,883,997
Business-type activities	1,736,574	132,558	21,924	1,891,056
Governmental funds:				
Major Governmental funds:				
General Fund	3,080,444		93,219	3,173,663
Fire Protection District	141,941		5,570	147,511
Public Library	20,213		952	21,165
Internal Service Fund-Public Works	(79,791)	20,859	4,673	(54,259)
Proprietary funds:				
Major enterprise funds:				
Harbor/UCLA Medical Center	(47,974)	20,339	4,543	(23,092)
Olive View/UCLA Medical Center	12,695	19,197	4,006	35,898
LAC+USC Medical Center	651,917	49,322	9,692	710,931
Martin Luther King Jr./ Ambulatory Care Center	(92,358)	30,882	1,832	(59,644)
Rancho Los Amigos National Rehab Center	(1,392)	12,818	1,851	13,277

3. NET ASSET DEFICITS

The following funds had net asset deficits at June 30, 2008 (in thousands):

	Accumulated Deficit
Enterprise Funds:	
Harbor/UCLA Medical Center	$ 69,118
M. L. King, Jr. Ambulatory Care Center	64,728
Internal Service Fund-	
Public Works	91,811

The Enterprise and Internal Service Funds' deficits result primarily from the recognition of certain liabilities including accrued vacation and sick leave, OPEB obligation, workers' compensation, self-insurance and, for the enterprise funds, medical malpractice and third party payor liabilities, as required by GAAP. Deficits are expected to continue until such liabilities are retired through user charges or otherwise funded.

4. ELIMINATIONS

The Regional Park and Open Space District (RPOSD), a blended component unit, is authorized to issue assessment bonds to acquire and improve recreational land and facilities. These bonds are secured by voter-approved property tax assessments. The RPOSD executed a financing agreement with the Public Works Financing Authority, another blended component unit referred to in the basic financial statements as "Joint Powers Authorities" (JPAs). Under the terms of the agreement, the RPOSD sold $510,185,000 of bonds in 1997 that were acquired as an investment by the JPAs. The JPAs financed this investment from proceeds of a simultaneous issuance of an equivalent amount of bonds as a public offering. The structure of the publicly offered JPA bonds was designed to match the RPOSD's bonds relative to principal and interest maturities and interest rates. This series of transactions was conducted to facilitate the issuance of RPOSD related bonds and to minimize the County's overall interest cost. Pursuant to the financing agreement with the JPAs, the RPOSD has pledged all available tax assessments necessary to ensure the timely payment of principal and interest on the bonds issued by the JPAs. The 1997 bonds were partially refunded in 2004-2005 and the remaining 1997 bonds were fully refunded in 2007-2008. The transactions between the two component units have been accounted for as follows:

Fund Financial Statements

At June 30, 2008, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of $269,995,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable ($269,995,000), as this obligation is not currently due. Accordingly, the value of the asset represents additional fund balance in the Nonmajor Governmental Funds.

In order to reflect the economic substance of the transaction described above, an eliminations column has been established in the governmental fund financial statements. The purpose of the column is to remove the duplication of assets, fund balances, revenues and expenditures that resulted from the consolidation of the two component units into the County's overall financial reporting structure.

4. ELIMINATIONS-Continued

Government-wide Financial Statements

The government-wide financial statements are designed to minimize the duplicative effects of transactions between funds. Accordingly, the effects of the transaction described above have been eliminated from the amounts presented within governmental activities (as appropriate under the accrual basis of accounting). The specific items eliminated were other investments and bonds payable ($269,995,000) and investment earnings and interest expense ($12,189,000 for each). Accordingly, there are no reconciling differences between the two sets of financial statements (after the effects of eliminations) for this matter.

The bonds payable of $269,995,000 that were publicly issued are included among the liabilities presented in the Government-wide Financial Statements. Disclosures related to those outstanding bonds appear in Note 10 and are captioned "Assessment Bonds."

5. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension Trust Fund investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2008 (in thousands):

			Restricted Assets		
	Pooled Cash and Investments	Other Investments	Pooled Cash and Investments	Other Investments	Total
Governmental Funds	$ 4,460,548	$ 321,420			$ 4,781,968
Proprietary Funds	348,021	64,113	$ 25,194	$ 137,602	574,930
Fiduciary Funds (excluding Pension Trust Fund)	14,546,340	518,565			15,064,905
Pension Trust Fund	86,438	41,839,690			41,926,128
Component Unit	875,166				875,166
Total	$ 20,316,513	$ 42,743,788	$ 25,194	$ 137,602	$ 63,223,097

Deposits-Custodial Credit Risk

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized.

At June 30, 2008, the carrying amount of the County's deposits was $97,696,000 and the balance per various financial institutions was $96,817,000. County's deposits are not exposed to custodial credit risk since all its deposits are either covered by federal depository insurance or collateralized with securities held by the County or its agent in the County's name, in accordance with California Government Code Section 53652.

At June 30, 2008, the carrying amount of Pension Trust Fund deposits was $44,087,000. Pension Trust Fund deposits are held in the Fund's custodial bank and, therefore, are not exposed to custodial credit risk since its deposits are eligible for and covered by "pass through insurance" in accordance with applicable law and FDIC rules and regulations.

5. CASH AND INVESTMENTS-Continued

Investments

State statutes authorize the County to invest pooled funds in certain types of investments including obligations of the United States Treasury, federal, State and local agencies, commercial paper rated A-1 by Standard Poor's Corporation or P-1 by Moody's Commercial Paper Record, medium-term corporate and deposit notes, negotiable certificates of deposit, floating rate notes, money market funds, guaranteed investment contracts, repurchase and reverse repurchase agreements, bankers' acceptances, State and local area investment funds, and mortgage pass-through securities.

The investments are managed by the County Treasurer who reports on a monthly basis to the Board of Supervisors. In addition, Treasury investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial reviews, and annual financial reporting.

Investments held by the County Treasurer are stated at fair value, except for certain non-negotiable securities that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of each participant's position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawals.

The Pension Trust Fund is managed by LACERA. Pension Trust Fund investments are authorized by State Statutes which are referred to as the "County Employees' Retirement Law of 1937." Statutes authorize a "Prudent Expert" guideline as to form and types of investments which may be purchased. Examples of the Fund's investments are obligations of the various agencies of the federal government, corporate and private placement bonds, global bonds, domestic and global stocks, domestic and global convertible debentures and real estate. LACERA's investment policy also allows the limited use of derivatives by certain investment managers. The classes of derivatives that are permitted are futures contracts, currency forward contracts, options, and swaps.

The interest rate risk, foreign currency risk, credit risk, concentration of credit risk, and custodial credit risk related to Pension Trust Fund investments are different than the corresponding risk on investments held by the County Treasurer. Detailed deposit and investment risk disclosures are included in Note G of LACERA's Report on Audited Financial Statements for the year ended June 30, 2008.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-one percent (81%) of the Treasurer's external investment pool consists of these involuntary participants. Voluntary participants in the County's external investment pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the External Pooled Investment Trust Fund. Certain specific investments have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's investment pool and is reported in the Specific Investment Trust Fund. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer must follow.

5. CASH AND INVESTMENTS-Continued

Investments-Continued

County pooled and other investments (excluding Pension Trust Fund other investments) at June 30, 2008 (in thousands) are as follows:

	Fair Value
U.S. Government securities	$ 7,744,671
Negotiable certificates of deposit	4,349,618
Commercial paper	7,089,527
Corporate and deposit notes	1,314,561
Municipal bonds	5,370
Los Angeles County securities	190,404
Guaranteed investment contracts	251,437
Investment in money market funds	227,022
Investment in State and local agency investment funds	112,235
1st and 2nd mortgages	866
Total	$ 21,285,711

Pension Trust Fund investments are reported in the basic financial statements at fair value at June 30, 2008 (in thousands) and are as follows:

	Fair Value
Domestic and international equity	$ 21,564,558
Fixed income	12,038,275
Real estate	3,996,568
Private equity	3,296,714
Commodities	638,575
Mortgages	260,913
Total	$ 41,795,603

The Pension Trust Fund also had deposits with the Los Angeles County Treasury Pool at June 30, 2008 totaling $86,438,000. The Pension Trust Fund portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the total investment portfolio.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2008 to support the value of shares in the Treasurer's investment pool.

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

5. CASH AND INVESTMENTS-Continued

Investments-Continued

A summary of deposits and investments held by the Treasurer's Pool is as follows (in thousands):

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
U. S. Government securities	$7,356,400	$7,371,943	2.41% - 9.25%	7/3/08 - 5/29/13	3.87
Negotiable certificates of deposit	4,339,502	4,340,612	2.40% - 3.058%	7/3/08 - 8/21/09	0.13
Commercial paper	7,061,349	7,062,687	2.30% - 3.00%	7/1/08 - 9/2/08	0.04
Corporate and deposit notes	1,314,332	1,318,842	2.20% - 5.20%	7/1/08 - 1/21/11	0.82
Los Angeles County securities	190,404	190,404	2.35% - 4.66%	6/30/10 - 12/1/37	25.90
Money market mutual funds	518	518	0.25%	7/1/08	
Deposits	79,202	79,202			
	$20,341,707	$20,364,208			1.75

A summary of other (non-pooled) deposits and investments, excluding the Pension Trust Fund, is as follows (in thousands):

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
Local Agency Investment Fund $	112,235	112,238			0.5
Commercial paper	28,178	28,178	4.21%	8/20/08	0.14
Corporate and deposit notes	229	230	5.33%	8/3/09	1.09
Mortgage trust deeds	866	866	4.50% - 5.50%	8/1/12 - 4/1/17	6.25
Municipal bonds	5,370	5,370	5.00%	9/2/21	13.15
Negotiable certificates of deposit	10,116	10,000	5.05%	3/16/09	0.71
Guaranteed investment contracts	251,437	251,437	4.65% - 4.87%	1/6/09 - 3/15/10	1.42
U.S. agency securities	282,170	280,424	3.63% - 5.59%	7/18/08 - 6/10/13	1.03
U.S. treasury bonds	430	315	7.25% - 11.25%	2/15/15 - 5/15/16	6.96
U.S. treasury notes	61,744	60,507	3.25% - 4.88%	8/15/08 - 7/31/11	0.79
U.S. treasury bills	43,927	43,577	2.05% - 2.09%	8/14/08 -12/11/08	0.29
Money market mutual funds	226,504	226,504	0.35%	7/1/08	
Deposits	18,494	18,494			
	$ 1,041,700	$1,038,140			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The government code limits most investment maturities to five years, with the exception of commercial paper and bankers' acceptances which are limited to 270 days and 180 days, respectively. The County Treasurer manages equity and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity. The County's investment guidelines limit the weighted average maturity of its portfolios to less than 18 months. Of the Pooled Cash and Investments and Other Investments at June 30, 2008, more than 58% have a maturity of six months or less. Of the remainder, less than 40% have a maturity of more than one year.

5. CASH AND INVESTMENTS-Continued

Interest Rate Risk-Continued

As of June 30, 2008, variable-rate notes comprised 5.61% of the Treasury Pool and Other Investment portfolios. The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable-rate coupon resets back to the market rate on a periodic basis. Effectively, at each reset date, a variable-rate investment reprices back to par value, eliminating interest rate risk at each periodic reset.

Custodial Credit Risk

Custodial credit risk for investments is the risk that the County will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the County are deposited in trust for safekeeping with a custodial bank different from the County's primary bank, except for Bond Anticipation Notes, certain long-term debt proceeds issued by Los Angeles County entities, investment in the State's Local Area Investment Fund, and mortgage trust deeds which are held in the County Treasurer's vault. Securities are not held in broker accounts. At June 30, 2008, the County's external investment pools and specific investments did not have any securities exposed to custodial credit risk and there was no securities lending.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County Treasurer mitigates these risks by holding a diversified portfolio of high quality investments.

The County's investment policy establishes minimum acceptable credit ratings for investments from any two nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's) while an issuer of long-term debt shall be rated no less than an "A." At June 30, 2008, a portion of the County's other investments was invested in the State of California's Local Agency Investment Fund which is unrated as to credit quality.

The County's Investment Policy, approved annually by the Board of Supervisors, limits the maximum total par value for each permissible security type (e.g., commercial paper and certificates of deposit) to a certain percentage of the investment pool. Exceptions to this are obligations of the United States government and United States government agencies or government-sponsored enterprises, which do not have limits. Further, the County restricts investments in any one issuer based on the issuer's Nationally Recognized Statistical Rating Organization (NRSRO) ratings. For bankers acceptances, certificates of deposit, corporate notes and floating rate notes, the highest issuer limit was $575 million, approximately 2.7% of the investment pool's daily investment balance. For commercial paper, the highest issuer limit was $750 million, or 3.5% of the investment pool's daily investment balance.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2008:

	S & P	Moody's	% of Portfolio
Pooled Cash and Investments:			
Commercial paper	A-1	P-1	34.85%
Corporate and deposit notes	A-1+	P-1	6.49%
Los Angeles County securities	A	A2	0.94%
Negotiable certificates of deposit	A-1	P-1	21.41%
U.S. Government securities	AAA	Aaa	36.31%
Money market mutual funds	AAAm	Aaa	0.00%
			100.00%

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

Other Investments:			
Local Agency Investment Fund	Not rated	Not rated	10.97%
Commercial paper	A-1+	P-1	2.75%
Corporate and deposit notes	A-1+	P-1	0.02%
Mortgage trust deeds	AA	Aa3	0.08%
Municipal bonds	AA	Aa3	0.53%
Negotiable certificates of deposit	A-1+	P-1	0.99%
Guaranteed investment contracts	Not rated	Not rated	24.57%
U.S. agency securities	AAA	Aaa	27.58%
U.S. treasury securities	AAA	Aaa	10.37%
Money market mutual funds	AAAm	Aaa	22.14%
			100.00%

The earned yield, which includes net gains on investments sold, on all investments held by the Treasurer's Pool for the fiscal year ended June 30, 2008 was 4.62%.

A separate financial report is not issued for the external investment pool. The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2008 (in thousands):

Statement of Net Assets	
Net assets held in trust for all pool participants	$ 20,341,707
Equity of internal pool participants	$ 6,940,990
Equity of external pool participants	13,400,717
Total equity	$ 20,341,707
Statement of Changes in Net Assets	
Net assets at July 1, 2007	$ 18,010,933
Net change in investments by pool participants	2,330,774
Net assets at June 30, 2008	$ 20,341,707

The unrealized loss on investments held in the Treasurer's Pool was $22,501,000 as of June 30, 2008. This amount takes into account all changes in fair value (including purchases, sales and redemptions) that occurred during the year.

Reverse Repurchase Agreements

The California Government Code permits the County Treasurer to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the broker-dealer a margin against a decline in the fair value of the securities. If the broker-dealer defaults on the obligation to resell these securities to the County or provide securities or cash of equal value, the County would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest.

The County's investment guidelines limit the maximum par value of reverse repurchase agreements to $500,000,000 and proceeds from reverse repurchase agreements may only be reinvested in instruments with maturities at or before the maturity of the reverse repurchase agreement. During the fiscal year, the County did not enter into any reverse repurchase agreements.

5. CASH AND INVESTMENTS-Continued

Derivatives

The California Government Code permits the County Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The County's investment guidelines limit the amount of floating rate notes to 10% of the Los Angeles County Treasury Pool portfolio and prohibit the purchase of inverse floating rate notes and hybrid or complex structured investments. As of June 30, 2008, there were approximately $1,137,950,000 in floating rate notes.

LACERA utilizes forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. Included in net investment income are gains and losses from foreign currency transactions. At June 30, 2008, forward currency contracts receivable and payable totaled $146,108,000 and $146,262,000, respectively.

Securities Lending Transactions

LACERA, as the administering agency for the Pension Trust Fund, is authorized to participate in a securities lending program under policies adopted by the LACERA Board of Investments. This program is an investment management activity that mirrors the fundamentals of a loan transaction in which a security is used as collateral. Securities are lent to brokers and dealers (borrowers) and LACERA receives cash as collateral. LACERA pays the borrower interest on the collateral received and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower.

LACERA's program is managed by one principal borrower and two agent lenders. Under exclusive borrowing and lending arrangements, securities on loan must be collateralized with a fair value of 102% for U.S. securities, and 105% for international securities, of the borrowed securities. Collateral is marked to market daily. Cash collateral is invested by the agent lenders in short-term, liquid instruments.

Under the terms of the lending agreements, the two agent lenders have agreed to hold LACERA harmless for borrower default from the loss of securities or income, or from any litigation arising from these loans. The principal borrower's agreement entitles LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities." Either LACERA or the borrower can terminate all loans on securities on demand.

At year end, LACERA had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. As of June 30, 2008, there were no violations of legal or contractual provisions. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2008. Securities on loan at year-end, which include stocks and government and corporate bonds, are maintained in LACERA's financial records. A corresponding liability is recorded for the fair value of the invested cash collateral received.

As of June 30, 2008, the fair value of securities on loan was $2.25 billion. The value of the cash collateral received for those securities was $2.32 billion and there was no non-cash collateral. Securities lending assets (Other Investments) and liabilities (Other Payables) of $2.3 billion are recorded in the Pension Trust Fund. Pension Trust Fund income, net of expenses, from securities lending was $17.6 million for the year ended June 30, 2008.

For the year ended June 30, 2008, the Los Angeles County Treasury Pool did not enter into any securities lending transactions.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

5. CASH AND INVESTMENTS-Continued

Summary of Deposits and Investments

Following is a summary of the carrying amount of deposits and investments at June 30, 2008 (in thousands):

	County	Pension Trust Fund	Total
Deposits	$ 97,696	$ 44,087	$ 141,783
Investments	21,285,711	41,795,603	63,081,341
	$ 21,383,407	$ 41,839,690	$ 63,223,097

6. CAPITAL ASSETS

Capital assets activity of the primary government for the year ended June 30, 2008 is as follows (in thousands):

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities				
Capital assets, not depreciated:				
Land	$ 2,339,457	12,487	(1,246)	$ 2,350,698
Easements	4,655,380	9,187	(5)	4,664,562
Construction in progress-buildings and improvements	224,014	88,856	(57,603)	255,267
Construction in progress-infrastructure	214,828	165,838	(56,825)	323,841
Subtotal	7,433,679	276,368	(115,679)	7,594,368
Capital assets, depreciated:				
Buildings and improvements	3,963,481	101,640	(19,791)	4,045,330
Equipment	978,264	151,695	(37,086)	1,092,873
Infrastructure	6,958,759	93,699	(4)	7,052,454
Subtotal	11,900,504	347,034	(56,881)	12,190,657
Less accumulated depreciation for:				
Buildings and improvements	(1,328,529)	(72,424)	16,492	(1,384,461)
Equipment	(657,160)	(123,267)	36,306	(744,121)
Infrastructure	(2,418,519)	(163,360)	1	(2,581,878)
Subtotal	(4,404,208)	(359,051)	52,799	(4,710,460)
Total capital assets, being depreciated, net	7,496,296	(12,017)	(4,082)	7,480,197
Governmental activities capital assets, net	$14,929,975	264,351	(119,761)	15,074,565
Business-type Activities				
Capital assets, not depreciated:				
Land	$ 216,328		(55)	$ 216,273
Easements	29,122	1,413		30,535
Construction in progress-buildings and improvements	857,957	100,818	(140)	958,635
Construction in progress-infrastructure	14,903	16,289	(352)	30,840
Subtotal	1,118,310	118,520	(547)	1,236,283

6. CAPITAL ASSETS-Continued

Business-type Activities-Continued

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets, being depreciated:				
Buildings and improvements	1,071,044	440	(833)	1,070,651
Equipment	223,024	68,528	(17,618)	273,934
Infrastructure	1,135,018	334	(609)	1,134,743
Subtotal	2,429,086	69,302	(19,060)	2,479,328
Less accumulated depreciation for:				
Buildings and improvements	(661,880)	(10,999)	724	(672,155)
Equipment	(173,931)	(27,074)	16,089	(184,916)
Infrastructure	(383,469)	(24,373)	87	(407,755)
Subtotal	(1,219,280)	(62,446)	16,900	(1,264,826)
Total capital assets, being depreciated, net	1,209,806	6,856	(2,160)	1,214,502
Business-type activities capital assets, net	$ 2,328,116	125,376	(2,707)	$ 2,450,785
Total Capital Assets, net	$17,258,091	$389,727	$(122,468)	$17,525,350

Depreciation Expense

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental activities:	
General government	$ 32,064
Public protection	177,575
Public ways and facilities	84,677
Health and sanitation	14,700
Public assistance	7,616
Education	1,839
Recreation and cultural services	19,707
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	20,873
Total depreciation expense, governmental activities	$ 359,051
Business-type activities:	
Hospitals	$ 27,339
Aviation	1,680
Waterworks	25,379
Community Development Commission	1,125
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	6,923
Total depreciation expense, business-type activities	$ 62,446

6. CAPITAL ASSETS-Continued

Discretely Presented Component Unit

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2008 was as follows (in thousands):

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets, not depreciated-				
Land	$ 2,039	$	$	$ 2,039
Capital assets, depreciated:				
Buildings and improvements	16,874	416		17,290
Equipment	1,213	456		1,669
Subtotal	18,087	872		18,959
Less accumulated depreciation for:				
Buildings and improvements	(5,876)	(239)		(6,115)
Equipment	(698)	(337)		(1,035)
Subtotal	(6,574)	(576)		(7,150)
Total capital assets being depreciated, net	11,513	296		11,809
Component unit capital assets, net	$ 13,552	$ 296	$	$ 13,848

7. PENSION PLAN

Plan Description

The County pension plan is administered by the Los Angeles County Employees Retirement Association (LACERA) which was established under the County Employees' Retirement Law of 1937. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

Little Lake Cemetery District
Local Agency Formation Commission
Los Angeles County Office of Education
South Coast Air Quality Management District

New employees of the latter two agencies are not eligible for LACERA benefits.

LACERA is technically a cost sharing, multi-employer defined benefit plan. However, because the non-County entities are immaterial to its operations the disclosures herein are made as if LACERA was a single employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Benefits are authorized in accordance with the California Constitution, the County Employees' Retirement Law, the bylaws, procedures and policies adopted by LACERA's Boards of Retirement and Investments and Board of Supervisors' resolutions.

LACERA issues a stand-alone financial report which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199.

7. PENSION PLAN-Continued

Funding Policy

LACERA has seven benefit tiers known as A, B, C, D and E, and Safety A and B. All tiers except E are employee contributory. Tier E is employee non-contributory. New general employees are eligible for tiers D or E at their discretion. New safety members are eligible for only Safety B. Rates for the tiers are established in accordance with State law by LACERA's Boards of Retirement and Investments and the County Board of Supervisors.

The following employer rates were in effect for 2007-2008:

	A	B	C	D	E
General Members	18.14%	11.44%	11.14%	11.33%	11.29%
Safety Members	26.89%	20.93%			

The rates were determined by the actuarial valuation performed as of June 30, 2006 and are the same as those used to calculate the annual required contribution (ARC).

Employee rates vary by the option and employee entry age from 5% to 15% of their annual covered salary.

During 2007-2008, the County contributed the full amount of the ARC.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for 2007-2008, computed in accordance with GASB 27, as amended by GASB 50, were as follows (in thousands):

Annual required contribution (ARC):	
County	$ 827,789
Non County entities	122
Total ARC	827,911
Interest on net pension obligation (asset)	(13,674)
Adjustment to ARC	44,110
Annual pension cost	858,347
Contributions made:	
County	827,789
Non County entities	841
Total contributions	828,630
Cost in excess of contributions	29,717
Net pension obligation (asset), July 1, 2007	(176,440)
Net pension obligation (asset), June 30, 2008	$ (146,723)

Trend Information (in thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2006	$ 822,468	82.3%	$ (267,485)
June 30, 2007	842,896	89.2%	(176,440)
June 30, 2008	858,347	96.5%	(146,723)

7. PENSION PLAN-Continued

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the funded ratio was determined to be 93.8%. The actuarial value of assets was $37 billion, and the actuarial accrued liability (AAL) was $39.5 billion, resulting in an unfunded AAL of $2.5 billion. The covered payroll was $5.6 billion and the ratio of the unfunded AAL to the covered payroll was 43.8%.

The schedule of funding process, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The annual required contribution was calculated using the entry age normal method. The most recent actuarial valuation also assumed an annual investment rate of return of 7.75%, and projected salary increases ranging from 4.26% to 10.24%, with both assumptions including a 3.5% inflation factor. Additionally, the valuation assumed post-retirement benefit increases of between 2% and 3%, in accordance with the provisions of the specific benefit options. The actuarial value of assets was determined utilizing a three-year smoothed method based on the difference between the expected market value and the actual market value of assets as of the valuation date.

The County contribution rate (effective for the 2007-2008 fiscal year) was equal to 2.24% of payroll (using the level percentage of payroll amortization method, over a 30-year open period) plus the normal cost rate of 10.16%, for a total rate of 12.40% of payroll.

LACERA uses the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of each plan.

Because it is negative, the net pension obligation represents an asset. Accordingly, a pension asset, "Net Pension Obligation," has been recognized in the government-wide financial statements and in the proprietary funds financial statements.

Pension Obligation Bonds and Certificates

During 1994-95 the County sold approximately $1,965,230,000 in par value pension bonds and utilized the proceeds to fund LACERA. A portion of the bonds ($1,365,230,000) were fixed rate. The remaining $600,000,000 were variable rate bonds, which were restructured into fixed rate bonds during 1995-96. In conjunction with the 1994-95 issuance of the pension bonds, the County entered into debt service advance agreements. Under the agreements, the County received $79,022,000 in exchange for future interest that the County would have earned on deposits with the trustee between the time the County is required to pay debt service payments to the trustee and the time the trustee pays the bondholders. These proceeds have been recorded as unearned revenue on the government-wide statements and deferred revenue on the fund-based statements, and are being amortized over the life of the bonds on the basis of annual debt service requirements. As of June 30, 2008, the unamortized balance was $9,604,000.

7. PENSION PLAN-Continued

Pension Obligation Bonds and Certificates-Continued

For the year ended June 30, 2008, the combined principal and interest payments for both the bonds and certificates were $295,292,000 and $86,323,000, respectively. For governmental activities, the total debt service was $283,213,000. For business-type activities, the total debt service was $ 98,402,000. At June 30, 2008, the total outstanding principal on both bonds and certificates was $900,824,000, including accretions of $548,569,000 on deep discount bonds. The bonds have interest rates varying from 7.07% to 9.19%.

The following is a summary of future funding requirements for all outstanding pension bonds and certificates (in thousands):

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2009	$ 86,771	$151,001	$ 29,793	$ 52,773
2010	86,851	178,557	30,354	62,403
2011	87,801	187,956	30,685	65,688
Total	261,423	$517,514	90,832	$180,864
Accretions	407,116		141,453	
Total Pension Bonds Payable	$ 668,539		$ 232,285	

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

As discussed in Note 2, the County implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. GASB 45 establishes financial reporting standards designed to measure, recognize, and display OPEB costs.

LACERA administers a cost sharing, multi-employer defined benefit Other Postemployment Benefit (OPEB) plan on behalf of the County. As indicated in Note 7-Pension Plan, because the non-County entities are immaterial to its operations, the disclosures herein are made as if LACERA was a single employer defined benefit plan.

In April 1982, the County of Los Angeles adopted an ordinance pursuant to Government Code Section 31691 which provided for a health insurance program and death benefits for retired employees and their dependents. In 1994, the County amended the agreements to continue to support LACERA's retiree insurance benefits program regardless of the status of active member insurance.

LACERA issues a stand-alone financial report that includes the required information for the OPEB plan. The report is available at its offices located at Gateway Plaza, 300 North Lake Avenue, Pasadena, California 91101-4199.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funding Policy

In 1996-1997, the County entered into an agreement with LACERA to establish an Internal Revenue Code Section 401(h) Account to use in connection with the County's payment of retiree health care costs. Section 401(h) permits the establishment of a separate account (a "401(h) Account") to fund retiree healthcare benefits, and limits contributions to the 401(h) Account to 25% of aggregate contributions to LACERA. This agreement also permits the use of LACERA excess earnings reserves to reduce the County's funding requirements for these benefits.

Health care benefits earned by County employees are dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. The benefits earned by County employees range from 40% of the benchmark plan cost with ten completed years of service to 100% of the benchmark plan cost with 25 or more completed years of service. In general, each completed year of service after ten years reduces the member's cost by 4%. Service includes all service on which the member's retirement allowance was based.

Health care benefits include medical, dental, vision, Medicare Part B reimbursement and death benefits. In addition to these retiree health care benefits, the County provides long-term disability benefits to employees, and these benefits have been determined to fall within the definition of OPEB, per GASB 45. These long-term disability benefits provide for income replacement if an employee is unable to work because of illness or injury. Specific coverage depends on the employee's employment classification, chosen plan and, in some instances years of service.

A trust fund has not been established for the retiree health benefits or the long-term disability benefits. The County's contribution is on a pay-as-you-go basis. During the 2007-2008 fiscal year, the County made payments to LACERA totaling $352 million for retiree health care benefits. Included in this amount was $9 million paid through the 401(h) Account, $29.6 million for Medicare Part B reimbursements and $6.1 million in death benefits. Additionally, $34.9 million was paid by member participants. The County also made payments of $29 million for long-term disability benefits.

Annual OPEB Cost and Net OPEB Obligation (including Long-Term Disability)

The County's Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The following table shows the ARC, the amount actually contributed and the net OPEB Obligation (in thousands):

Annual OPEB required contribution (ARC)	$ 1,615,272
Annual OPEB cost (expense)	1,615,272
Less: Contributions made (pay-as-you-go)	(381,124)
Cost in excess of contributions	1,234,148
Net OPEB obligation, July 1, 2007	0
Net OPEB obligation, June 30, 2008	$ 1,234,148

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Annual OPEB Cost and Net OPEB Obligation (including Long-Term Disability)-Continued

	Trend Information (in thousands)		
Fiscal Year Ended	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2008	$ 1,615,272	23.6%	$ 1,234,148

Funded Status and Funding Progress

As of July 1, 2006, the most recent actuarial valuation date for OPEB health care benefits, the funded ratio was 0%. The actuarial value of assets was zero. The actuarial accrued liability (AAL) was $20.3 billion, resulting in an unfunded AAL of $20.3 billion. The covered payroll was $5.2 billion and the ratio of the unfunded AAL to the covered payroll was 389.98%.

As of July 1, 2007, the most recent actuarial valuation date for OPEB long-term disability benefits, the funded ratio was 0%. The actuarial value of assets was zero. The actuarial accrued liability (AAL) was $929.3 million, resulting in an unfunded AAL of $929.3 million. The covered payroll was $5.6 billion and the ratio of the unfunded AAL to the covered payroll was 16.55%.

The schedules of funding progress are presented as RSI following the notes to the financial statements. These RSI schedules are to present multi-year trend information. However, there is no data available prior to the above indicated first valuations.

Actuarial Methods and Assumptions

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 continued revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

While the actuarial valuations for OPEB health care and OPEB long-term disability benefits were prepared by two different firms, they both used the same methods and assumptions. The projected unit credit cost method was used. Both valuations assumed an annual investment rate of return of 5%, an inflation rate of 3.5% per annum and projected salary increases of 4.01% to 9.98%. The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 3.75% per annum increase in the general wage level of the membership. An actuarial asset valuation was not performed. Finally, the firms used the level percentage of projected payroll over a rolling (open) 30 year amortization period.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Actuarial Methods and Assumptions-Continued

The healthcare cost trend initial and ultimate rates are as follows:

		Initial Year	Ultimate
Healthcare Cost Trend Rates (Initial and Ultimate Rates)	LACERA Medical Under 65	6.50%	5.00%
	LACERA Medical Over 65	15.00%	5.25%
	Firefighters Local 1014 (all)	11.50%	5.00%
	Part B Premiums	11.50%	5.00%
	Dental (all)	7.20%	3.00%

9. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2008 (in thousands):

Year Ending June 30	Governmental Activities
2009	$ 79,052
2010	57,451
2011	42,423
2012	30,811
2013	23,721
2014-2018	46,350
2019-2023	8,602
2024-2028	6
Total	$ 288,416

Rent expenditures related to operating leases were $ 80,944,000 for the year ended June 30, 2008.

Capital Leases

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2008 (in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2009	$ 32,785	$ 145
2010	27,736	147
2011	21,606	
2012	18,330	
2013	18,235	
2014-2018	74,614	
2019-2023	68,940	
2024-2028	69,190	

9. LEASES-Continued

Capital Leases-Continued

Year Ending June 30	Governmental Activities	Business-type Activities
2029-2033	58,501	
2034-2038	32,239	
Total	$ 422,176	$ 292
Less: Amount representing interest	248,807	19
Present value of future minimum lease payments	$ 173,369	$ 273

The following is a schedule of property under capital leases by major classes at June 30, 2008 (in thousands):

	Governmental Activities	Business-type Activities
Land	$ 17,279	$
Buildings and improvements	191,263	1,200
Equipment	71,207	393
Accumulated depreciation	(80,147)	(958)
Total	$ 199,602	$ 635

Future rent revenues to be received from noncancelable subleases are $1,345,000 as of June 30, 2008.

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, various County golf courses and regional parks, and Asset Development Projects. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain golf courses and regional parks are leased under agreements which provide for activities such as golf course management and clubhouse operations, food and beverage concessions, and recreational vehicle camping. The Asset Development Projects are ground leases and development agreements entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Asset Development leases cover remaining periods ranging generally from 1 to 89 years and are accounted for in the General Fund. The lease terms for the golf courses and regional parks cover remaining periods ranging from 1 to 27 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 59 years and are accounted for in the General Fund.

9. LEASES-Continued

Leases of County-Owned Property-Continued

The land carrying value of the Asset Development Project ground leases and the Marina del Rey Project area leases is $429,493,000. The carrying value of the capital assets associated with the golf course and regional park operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2008 (in thousands):

Year Ending June 30	Governmental Activities
2009	$ 38,233
2010	38,614
2011	38,585
2012	37,842
2013	35,770
Thereafter	1,294,335
Total	$ 1,483,379

The following is a schedule of rental income for these operating leases for the year ended June 30, 2008 (in thousands):

	Governmental Activities
Minimum rentals	$ 38,437
Contingent rentals	23,542
Total	$ 61,979

The minimum rental income is a fixed amount based on the lease agreements. The contingent rental income is a percentage of revenue above a certain base for the Asset Development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

10. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans payable, pension bonds payable (see Note 7), OPEB (see Note 8), capital lease obligations (see Note 9) and other liabilities which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

10. LONG-TERM OBLIGATIONS-Continued

A summary of bonds, notes and loans payable recorded within governmental activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2008
Los Angeles County Flood Control District Refunding Bonds 2.5% to 5.0%	$ 143,195	$ 81,035
Los Angeles County Flood Control District Revenue Bonds 4.0% to 4.12%	20,540	18,175
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	289,156
Community Development Commission (CDC) Notes Payable, 2.31% to 7.91%	69,295	45,856
NPC Bond Anticipation Notes, 2.35% to 4.658%	9,450	9,450
NPC Bonds 3.0% to 4.0%	34,042	19,769
Marina del Rey Loans Payable, 4.5% to 4.7%	23,500	20,705
Public Buildings Certificates of Participation, 2.8% to 7.75%	944,106	757,055
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds 5.25% to 6.65%	319,827	363,476
Total	$ 1,839,490	$ 1,604,677

A summary of bonds and notes payable recorded within business-type activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2008
NPC Bond Anticipation Notes, 2.35% to 4.658%	$ 5,550	$ 5,550
NPC Bonds 3.0% to 4.0%	19,993	11,611
Public Buildings Certificates of Participation, 2.8% to 7.0%	140,064	110,507
Commercial Paper,1.35% to 1.9%	205,500	205,500
Waterworks District Bonds, 3.3% to 8.0%	280	104
Community Development Commission Mortgage Notes, 0.00% to 7.3%	11,395	4,504
Total	$ 382,782	$ 337,776

10. LONG-TERM OBLIGATIONS-Continued

General Obligation Bonds

The Flood Control District issued general obligation bonds to finance flood control projects. These bonds fully matured in November, 2007.

Waterworks Districts issued general obligation bonds to finance water system projects. Revenue for retirement of such bonds is provided from ad valorem taxes on property within the jurisdiction of the governmental unit issuing the bonds. Principal and interest requirements on general obligation long-term debt Los Angeles County (LAC) Waterworks District bonds are as follows (in thousands):

Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2009	$ 18	$ 9
2010	19	7
2011	21	6
2012	22	3
2013	24	1
Total	$ 104	$ 26

Assessment Bonds

The Regional Park and Open Space District issued voter approved assessment bonds in 1997, some of which were advance refunded in 2004-2005 and the remainder in 2007-2008, to fund the acquisition, restoration, improvement and preservation of beach, park, wildlife and open space resources within the District. As discussed in Note 4, the bonds were purchased by the Public Works Financing Authority (Authority) and similar bonds were issued as a public offering. The bonds issued by the Authority are payable from the proceeds of annual assessments levied on parcels within the District's boundaries.

Principal and interest requirements on assessment bonds are as follows (in thousands):

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2009	$ 23,120	$ 12,822
2010	24,215	11,692
2011	25,375	10,514
2012	26,560	9,270
2013	27,855	7,925
2014-2018	116,295	18,922
2019-2023	26,575	1,391
Subtotal	269,995	$ 72,536
Add: Unamortized Bond Premiums	19,161	
Total Assessment Bonds	$ 289,156	

10. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation-Continued

The County has issued certificates of participation (COPs) through various financing entities that have been established by, and are component units of, the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. Principal and interest requirements on COPs (LAC Flood Control District Refunding bonds and Revenue bonds, NPC bonds, and Public Buildings COPs for Governmental Activities and NPC bonds and Public Buildings COPs for Business-type activities) are as follows (in thousands):

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2009	$ 87,794	$ 38,728	$ 17,322	$ 7,270
2010	83,399	35,998	15,747	6,549
2011	72,244	33,611	14,609	5,873
2012	71,026	31,096	13,165	5,236
2013	64,440	28,889	12,610	4,488
2014-2018	177,607	126,104	41,297	12,076
2019-2023	131,563	87,776		
2024-2028	64,910	22,718		
2029-2033	52,585	6,997		
2034-2038	6,750	169		
Subtotal	812,318	$ 412,086	114,750	$ 41,492
Accretions	72,826			
Unamortized Bond Premiums	28,875		7,368	
Unamortized Loss	(37,985)			
Total Certificates of Participation	$ 876,034		$ 122,118	

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the Los Angeles County Securitization Corporation (LACSC) under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of $319,827,000 and a residual certificate in exchange for the rights to receive and retain 25.9% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the sales agreement. Residuals through 2011 were expected to be approximately $140,632,000. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be $1,438,000,000. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.7% interest rate at the time of the sale, was $309,230,000. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County nor the LACSC has any liability to make up any such shortfall.

10. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

Principal and interest requirements (in thousands) for the Tobacco Settlement Asset-Backed bonds, which do not begin until 2011, are as follows:

Year Ending June 30	Governmental Activities Principal	Interest
2011	$	$ 21,197
2012		21,197
2013		21,197
2014-2018		105,987
2019-2023	60,280	97,864
2024-2028	46,370	85,681
2029-2033		69,311
2034-2038	62,196	60,224
2039-2043	53,157	38,738
2044-2048	97,824	16,173
Subtotal	319,827	$ 537,569
Accretions	43,649	
Total Tobacco Settlement Asset-Backed Bonds	$ 363,476	

Notes, Loans, and Commercial Paper

Bond Anticipation Notes (BANS) are issued by the Los Angeles County Capital Assets Leasing Corporation (LACCAL Equipment Acquisition Internal Service Fund) to provide interim financing for equipment purchases. BANS are purchased by the County Treasury Pool and are payable within five years. In addition, the BANS are issued with a formal agreement that, in the event they are not liquidated within the five-year period, they convert to capital leases with a three-year term secured by County real property. During the 2007-2008 fiscal year, LACCAL issued additional BANS in the amount of $25,000,000.

CDC notes are secured by annual contributions from the United States Department of Housing and Urban Development (HUD) and housing units constructed with the note proceeds. Commission mortgage notes are secured by revenues from the operation of housing projects and from housing assistance payments from HUD. During the 2007-08 fiscal year, CDC issued additional notes payable in the amount of $3,000,000 as reflected in the governmental activities.

Marina del Rey loans were obtained from the California Department of Boating and Waterways for the restoration and renovation of the marina seawall. The loans are secured by Marina del Rey lease revenue and by Los Angeles County Music Center parking revenues.

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Commercial Paper-Continued

Tax-exempt commercial paper notes (TECP) are issued by the County to pay for the construction costs for the various hospital construction projects. Repayment of the TECP is secured by a letter of credit and a sublease of twenty-one County-owned properties. Pursuant to the underlying leases, the County is able to amortize the remaining TECP over the useful life of the underlying assets. The term of individual commercial paper notes may not exceed 270 days. During the 2007-2008 fiscal year, the County issued additional TECP in the amount of $203,000,000.

Principal and interest requirements on CDC Notes payable, NPC BANS, and Marina del Rey Loans payable for Governmental Activities and NPC BANS, Commercial paper, and CDC Mortgage notes for Business-type Activities are as follows (in thousands):

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2009	$ 2,736	$ 3,310	$ 206,331	$ 98
2010	12,529	3,296	5,905	45
2011	3,232	3,144	350	13
2012	3,895	2,965		
2013	4,009	2,759		
2014-2018	19,755	10,690	974	
2019-2023	17,982	5,294		
2024-2028	10,395	1,514		
2029-2033	1,478	67		
Indeterminate maturity			1,994	
Total	$ 76,011	$ 33,039	$ 215,554	$ 156

Summary-All Future Principal, Interest and Accretions

The following summarizes total future principal and interest requirements for the various debt issues referenced above (in thousands):

Debt Type	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
General Obligation Bonds	$	$	$ 104	$ 26
Assessment Bonds	269,995	72,536		
Certificates of Participation	812,318	412,086	114,750	41,492
Tobacco Settlement Asset-Backed Bonds	319,827	537,569		
Notes, Loans, and Commercial Paper	76,011	33,039	215,554	156
Subtotal	1,478,151	$1,055,230	330,408	$ 41,674
Add: Accretions	116,475			
Unamortized Bond Premiums	48,036		7,368	
Less: Unamortized Loss on Advance Refunding of Debt	(37,985)			
Total Bonds and Notes Payable	$ 1,604,677		$ 337,776	

10. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions-Continued

Long-term liabilities recorded in the Government-wide Statement of Net Assets include accreted interest on zero coupon bonds, unamortized bond premiums, and unamortized losses on advance debt refundings.

Advance Refunding of Debt

On July 5, 2007, the County issued $94,315,000 of Regional Park and Open Space District lease revenue refunding bonds, maturing on various dates between 2007 and 2019. These bonds, with an average rate of 3.76%, were issued to refund the outstanding principal amount of $126,520,000 of bonds issued in 1997, with an average interest rate of 5.29%.

U.S. Government securities were purchased and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the Government-Wide Statement of Net Assets – Governmental Activities. Specific disclosures related to the refunding issue are as follows (in thousands):

Proceeds of refunding bonds issued	$ 94,315
Prior years' bond reserves and/or premiums	23,876
County equity contribution	13,020
Deposit to escrow	$ 131,211
Future years' aggregate debt service payment reduction	$ 16,449
Present value savings (economic gain)	$ 6,465

For the advance refunding transaction, the carrying amount of the refunded debt was less than the reacquisition price. This difference was $4,691,000. This amount has been reported as a reduction of the amount of outstanding debt in the basic financial statements.

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for the defeased bonds are not reflected in the County's financial position. At June 30, 2008, the amount of outstanding bonds and certificates of participation considered defeased was $241,895,000. All of this amount was related to governmental activities.

10. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2008 (in thousands):

	Balance July 1, 2007	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2008	Due Within One Year
Governmental activities:					
Bonds and notes payable	$ 1,688,286	$ 153,658	$ 237,267	$ 1,604,677	$ 120,401
Pension bonds payable (Note 7)	879,585		211,046	668,539	218,197
Capital lease obligations (Note 9)	98,450	98,168	23,249	173,369	15,537
Accrued vacation and sick leave	700,200	94,482	45,474	749,208	42,859
Workers' compensation liability (Note 17)	1,875,134	208,106	273,777	1,809,463	308,156
Litigation and self-insurance liability, as restated (Note 17)	86,582	92,182	37,705	141,059	108,056
OPEB obligation (Note 8)		1,019,980		1,019,980	68,951
Third party payor liability	17,568	1,850	6,140	13,278	13,278
Total governmental activities	$ 5,345,805	$1,668,426	$ 834,658	$ 6,179,573	$ 895,435
Business-type activities:					
Bonds and notes payable	$ 160,344	221,639	44,207	337,776	224,490
Pension bonds payable (Note 7)	305,612		73,327	232,285	75,813
Capital lease obligations (Note 9)	398		125	273	130
Accrued vacation and sick leave	119,151	15,669	10,012	124,808	8,989
Workers' compensation liability (Note 17)	328,119	23,373	40,527	310,965	47,272
Litigation and self-insurance liability, as restated (Note 17)	102,832	22,173	18,675	106,330	23,404
OPEB obligation (Note 8)		214,168		214,168	14,477
Third party payor liability (Note 13)	98,220	82,065	23,697	156,588	36,130
Total business-type activities	$ 1,114,676	$ 579,087	$ 210,570	$ 1,483,193	$ 430,705

For governmental activities, the General Fund, the Fire Protection District Special Revenue Fund and the Public Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued vacation and sick leave and litigation and self-insurance liabilities.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds and Notes Payable and Pension Bonds Payable. For Bonds and Notes Payable, accretions increased during 2007-2008, thereby increasing liabilities for Bonds and Notes Payable by $21,783,000 for governmental activities. Amounts accreted for Pension Bonds in previous years were paid during 2007-2008 thereby decreasing liabilities for Pension Bonds Payable for governmental and business-type activities by $95,207,000 and $33,079,000, respectively, for interest accretions. Note 17 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance liabilities.

11. SHORT-TERM DEBT

On July 2, 2007, the County issued $500,000,000 short-term Tax and Revenue Anticipation Notes at an effective interest rate of 3.62%. The proceeds of the notes were used to assist with County General Fund cash flow needs prior to the first major apportionment of property taxes, which occurred in December 2007. The notes matured and were redeemed on June 30, 2008.

12. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2008, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $82,800,000 and limited obligation improvement bonds totaling $11,645,000. The bonds were issued to finance the cost of various construction activities and infrastructure improvements which have a regional or direct benefit to the related property owners.

The bonds do not constitute an indebtedness of the County and are payable solely from special taxes and benefit assessments collected from property owners within the districts. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County and neither the full faith and credit of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

The County functions as an agent for the districts and bondholders. Debt service transactions related to the various bond issues are reported in the agency funds. Construction activities are reported in the Improvement Districts' Capital Projects Fund. Revenues have been recorded (proceeds from property owners) to reflect the bond proceeds issued for capital improvements.

Residential Mortgage Revenue Bonds

Residential Mortgage Revenue Bonds have been issued to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single family residences in the County. The purpose of this program is to provide low interest rate home mortgage loans to persons who are unable to qualify for conventional mortgages at market rates. Multi-Family Mortgage Revenue Bonds have been issued to provide permanent financing for apartment projects located in the County to be partially occupied by persons of low or moderate income. The amount of Mortgage Revenue Bonds outstanding as of June 30, 2008, was $723,704,000.

The bonds do not constitute an indebtedness of the County. The bonds are payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County, and neither the full faith and credit nor the taxing authority of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

12. CONDUIT DEBT OBLIGATIONS-Continued

Industrial Development and Other Conduit Bonds

Industrial development bonds, and other conduit bonds, have been issued to provide financial assistance to private sector entities and nonprofit corporations for the acquisition of industrial and health care facilities which provide a public benefit. The bonds are secured by the facilities acquired and/or bank letter of credit and are payable solely from project revenue or other pledged funds. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2008, the amount of industrial development and other conduit bonds outstanding was $14,080,000.

13. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Medi-Cal Hospital / Uninsured Care Demonstration Project

The Medicaid Demonstration Project, which was a sub-state waiver, included the Supplemental Project Pool (SPP) program and the Federally Reimbursable Ambulatory Care Service Costs. This sub-state waiver was terminated on June 30, 2005. A new Statewide Project, the California's Medi-Cal Hospital / Uninsured Care Demonstration Project, was implemented on July 1, 2005. This Demonstration Project and the associated changes to various State Plan Amendments either modified and/or replaced the Medi-Cal Fee For Services, SB 855 and SB 1255 payment funding systems.

The Demonstration Project was negotiated between the State of California's Department of Health Services (SDHS) and the federal Centers for Medicare and Medicaid Services (CMS), and covers the period from July 1, 2005 to June 30, 2010. The implementing State legislation (SB 1100) was enacted by the Legislature in September 2005. The five-year Demonstration Project applies to payments Statewide (which currently includes 21 public hospitals, including all University of California owned hospitals, identified as Designated Public Hospitals, and private and non-designated public safety net hospitals that serve large numbers of Medi-Cal patients).

The Medicaid Demonstration Project restructures inpatient hospital fee-for-service (FFS) payments and Disproportionate Share Hospital (DSH) payments, as well as the financing method by which the State draws down federal matching funds. Under the old system, public hospitals negotiated and received inpatient FFS contract per diem payments and supplemental contract payments (SB 1255) under the Medi-Cal Selective Provider Contract Program, and received DSH funds pursuant to a statutory formula (SB 855). The non-federal share of the inpatient FFS per diems was funded with State general funds, while the non-federal share of the supplemental contract payments and DSH payments was provided in the form of intergovernmental transfers (IGTs) of funds made by the public entities that operated public hospitals.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Hospital / Uninsured Care Demonstration Project-Continued

Under the Demonstration Project, payments for the public hospitals are comprised of: 1) FFS cost-based reimbursement for inpatient hospital services; 2) DSH payments and 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP), which was capped Statewide at $586 million for FY 2007-08. The non-federal share of these three types of payments will be provided by the public hospitals rather than the State, primarily through certified public expenditures (CPE) whereby the hospital would expend its local funding for services to draw down the federal financial participation (FFP), currently provided at a 50% match. For the inpatient hospital cost-based reimbursement, each hospital will provide its own CPE and receive all of the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals will be used in the aggregate to draw down the federal match. It is therefore possible for one hospital to receive the federal match that results from another hospital's CPE. In this situation, the first hospital is referred to as a "recipient" hospital, while the second is referred to as a "donor" hospital. A recipient hospital is required to "retain" the FFP amounts resulting from donated CPEs.

The Demonstration Project restricts the amount of IGTs that may be used for DSH payments. A hospital's IGT may be used to draw federal DSH funding, but only with respect to DSH payments made to that hospital, and the gross amount of such IGT funded payments (non-federal plus federal match) may not exceed 75% of the hospital's uncompensated care costs to ensure compliance with the OBRA 1993 hospital-specific DSH limit. The gross IGT funded DSH payment must be "retained" by the hospital.

The County of Los Angeles provides funding for the State's share of the Demonstration Project by transferring funds to the State. These transferred funds, referred to as IGTs, are used by the State to draw down federal matching funds. The combined IGTs sent to the State by each hospital Enterprise Fund plus the matching federal funds are utilized by the State to provide supplemental funding for health care expenses.

The County recognizes the supplemental funding received for each hospital as net patient services revenue as reflected in the Statement of Revenues, Expenses, and Changes in Net Assets. The IGT payments are reflected as non-operating expenses by each Hospital in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. For the year ended June 30, 2008, the estimated cost of the IGTs and the related estimated revenues are as follows (in thousands):

Program	Intergovernmental Transfers Expense	Revenues
Medicaid Demonstration Project	$199,659	$808,358

Baseline Payments

The Demonstration Project prioritizes payments so that, to the extent possible, total payments to hospitals are at a minimum "baseline" level. For public hospitals, the baseline level is determined and satisfied on a hospital-specific basis. The baseline for the 2007-08 program year is established at each hospital's total net Medi-Cal inpatient payments for 2006-07. The State DHS estimates the aggregate baseline funding for the Statewide designated public hospitals to be $2.258 billion.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Baseline Payments-Continued

The estimated FY 2007-08 baseline for Los Angeles County hospitals is as follows (in thousands):

Hospital Name	Baseline Amount
LAC+USC Medical Center	$ 360,349
Harbor-UCLA Medical Center	175,827
MLK, Jr.-Harbor Hospital	15,813
Rancho Los Amigos National Rehabilitation Center	82,624
Olive View -UCLA Medical Center	113,381
Total	$ 747,994

The three funding components that will be utilized to meet each hospital's baseline level are as follows:

1) Medi-Cal inpatient FFS cost-based reimbursement: The FFP which is paid to the hospital represents approximately half of the facility-specific costs or CPE. The hospital's amounts will fluctuate based on the number of facility-specific Medi-Cal patients served and the facility-specific cost-computations that will be adjusted on an interim and final basis.

2) DSH funds: These payments are made to hospitals to take into account the uncompensated costs of care delivered to the uninsured, undocumented immigrants, shortfalls between Medi-Cal psychiatric and Medi-Cal managed care payments. The non-federal share of these funds will be a combination of CPEs for these services and IGTs that are subject to interim and final cost settlement. There is an annual fixed allotment of federal DSH funds. The waiver allocates almost all of these funds to public hospitals. (The State DHS estimates the aggregate value of federal DSH funds for the Statewide designated public hospitals to be $1.025 billion as of June 30, 2008.)

3) SNCP Distributions: These federal payments are made to public hospitals and clinics for uncompensated care delivered to uninsured patients and for certain designated non-hospital costs, such as drugs and supplies for the uninsured. The non-federal share of these funds will be based on CPEs for these services.

Stabilization Payments

Payments to private and non-designated public DSH hospitals that exceed the aggregate baseline are considered stabilization funds and are included in the allocation among all waiver hospitals based on State law. Stabilization is distributed to the Designated Public Hospitals from the SNCP. The non-federal share of these funds will be based on CPEs for related services.

SB 1100 requires the California Department of Health Services (CDHS) to finalize the calculation of stabilization funding for each hospital and pay that amount by April 1 following the project year. This determination will be based on cost estimates and specified adjustments. Under State law, the stabilization payments determined through this process shall not be modified for any reason other than mathematical errors or mathematical omissions on the part of the State of California.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Reported CPEs Subject to Audit

All CPEs reported by each hospital will be subject to State and federal audit and final reconciliation. If at the end of the final reconciliation process, it is determined that a hospital's claimed CPEs resulted in an overpayment of federal funds to the State, the hospital may be required to return the overpayment whether or not they received the federal matching funds.

South Los Angeles Medical Services Preservation Fund

On October 12, 2007, State Senate Bill (SB) 474 established an annual fund to stabilize health services for low-income, underserved populations of South Los Angeles. The "South Los Angeles Medical Services Preservation Fund" is intended to address the regional impact of the closure of the MLK-Harbor Hospital (currently MLK-MACC) and will help defray the County's costs for treating uninsured patients in the South Los Angeles area. The estimated amount of the funds identified to MLK-MACC for FY 2007-08 is $87.7 million for 10.5 months.

SB 474 also requires the County to make intergovernmental transfers to the State to fund the non-federal share of increased Medi-Cal payments to those private hospitals that serve the South Los Angeles population formerly served by MLK-Harbor Hospital. An IGT expense of $4.385 million is recorded as health care expenditures in the County's General Fund.

Other Medi-Cal Programs

Cost Based Reimbursement Clinics (CBRC)

A State Plan Amendment to extend CBRC funding has been approved by the federal government. The Amendment is effective July 1, 2005 through June 30, 2010. CBRC reimburses at 100 percent of reasonable costs for Medi-Cal outpatient services provided to Medi-Cal beneficiaries at hospital-based clinics, Multi-Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services).

Cost Report Settlements

Medi-Cal field audits for FY 2004-05 have been completed and audit reports have been issued for all hospitals and health centers with the exception of Martin Luther King, Jr. MACC (MLK), formerly known as MLK-Harbor Hospital, and Rancho Los Amigos National Rehabilitation Center (Rancho). FY 2005-06 Medi-Cal audits are in progress.

The hospitals have various outstanding appeals pertaining to Medi-Cal audit settlements. The FYs 2002-03 and 2003-04 informal level appeals for Medi-Cal have been resolved and $3.5 million will be paid to the County as a result of the resolution of those appeals.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Supplement

In October 2006, the State submitted a proposal to the CMS to allow supplements to the Medi-Cal managed care capitation rates. The County and the State continued to work with CMS and finally obtained approval for the supplements on April 10, 2008. The term of the State agreement will be for the period of October 1, 2006 through September 30, 2008 and expires on December 31, 2008. The County does not receive managed care payments directly from the State; rather, the State contracts with L.A. Care which then subcontracts for services with various provider networks, including DHS' Community Health Plan. The estimated aggregate gross payment for FYs 2006-07 and 2007-08 is $129.475 million. An estimated IGT expenditure of $64.75 million was recorded as health care expenditures in the County's General Fund.

Revenues from the various Medi-Cal programs (FFS, DSH, SNCP, CBRC, AB 915, SB 1732, and Managed Care) represent approximately 78% of the hospitals' patient care revenue for the year ended June 30, 2008.

Medicare Program

Services to inpatient Medicare program beneficiaries are primarily paid under prospectively determined rates-per-discharge based upon diagnostic related groups (DRGs). Certain other services to Medicare beneficiaries are reimbursed based on a fee schedule or other rates.

Medicare audits have been completed at all hospitals and notices of program reimbursement have been received for all hospitals through FY 2000-01. For FYs 2001-02 and 2002-03, Medicare audits have been completed for all hospitals except for LAC+USC Medical Center (LAC+USC). For FY 2003-04, the audits for MLK, Rancho, and Olive View-UCLA Medical Center (OV/UCLA) have been completed and the notices of program reimbursement have been issued. The audits for LAC+USC and Harbor/UCLA Medical Center (H/UCLA) have not been scheduled for FY 2003-04.

For FYs 2004-05 through 2005-06, the audits for MLK and OV/UCLA have been completed and notices of program reimbursement have been issued. Rancho audits are in progress. The audits for LAC+USC and H/UCLA have not been scheduled.

For FY 2006-07, the audit for Rancho has been completed and the notice of program reimbursement has been issued. The audits for LAC+USC, H/UCLA, MLK, and OV/UCLA have not been scheduled.

Revenues from the Medicare program represent approximately 8% of patient care revenue for the year ended June 30, 2008.

Other Program Revenues

Proposition 99 imposes an additional State excise tax on cigarettes and other tobacco products. The increased taxes on tobacco products generate additional revenues for health care, research, health education, and public resources. State Assembly Bill 75 (AB 75) allocates these revenues to health care providers based upon their share of the financial burden for providing care to persons who are uninsured or otherwise unable to pay for care. The County's share of the AB 75 California Healthcare for the Indigent Program (CHIP) revenues for the year ended June 30, 2008 was $9.9 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Program Revenues-Continued

Revenues related to the aforementioned programs are included in the accompanying basic financial statements as hospital operating revenues. Uncollected amounts are reported as Accounts Receivable. Claims for these programs are subject to audit by State and/or federal agencies.

Accounts Receivable-net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts for the year ended June 30, 2008 (in thousands):

	H/UCLA	OV/UCLA	LAC+USC	MLK/H	Rancho	Total
Accounts receivable	$ 561,552	298,403	852,741	196,388	192,493	$2,101,577
Less: Allowance for uncollectible amounts	431,960	172,182	596,802	15,603	127,138	1,343,685
Accounts Receivable - net	$ 129,592	126,221	255,939	180,785	65,355	$ 757,892

Charity Care

Charity care includes those uncollectible amounts, for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through one of the Department's Reduced Cost Health Care plans, through other eligibility plans utilized by the Department, by the Treasurer-Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter.

The total amount of such charity care provided by the hospitals for the fiscal year ended June 30, 2008, based on established rates, is as follows (in thousands):

Charges forgone	$1,298,794
Less: Federal and State subventions	9,939
Net charges forgone	$1,288,855

Litigation Regarding Reduction in Health Services

In March 2003, two lawsuits were filed in Federal District Court against the County challenging health care reductions approved by the Board. The lawsuits challenged the closure of Rancho Los Amigos National Rehabilitation Center as well as the reduction of the 100 beds at LAC+USC Medical Center. On August 9, 2005, the Board of Supervisors approved a negotiated settlement with the plaintiffs. The Federal District Court approved the Rancho settlement on December 19, 2005, and the LAC+USC settlement on March 10, 2006. These settlement agreements allow for the phased reduction of beds at LAC+USC contingent upon meeting established milestone reductions in patients' average length of stay. Specifically, DHS was able to reduce 25 beds immediately, with additional decreases tied to achieving and maintaining milestone reductions for prescribed periods of time. The settlement also calls for DHS to continue to operate Rancho, although at a reduced size with only core rehabilitation services, for a three-year period through March 9, 2009, while the County simultaneously seeks an entity to take over hospital operations.

14. INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables have been eliminated in the government-wide financial statements, except for "internal balances" that are reflected between the governmental and business-type activities. Interfund receivables and payables have been recorded in the fund financial statements. Such amounts arise due to the exchange of goods or services (or subsidy transfers) between funds that were pending the transfer of cash as of June 30, 2008.

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2008 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	$ 2,265
	Flood Control District	4,289
	Public Library	2,135
	Regional Park and Open Space District	4,073
	Internal Service Funds	8,059
	Waterworks Enterprise Funds	24
	Harbor-UCLA Medical Center	14,675
	Olive View-UCLA Medical Center	38,402
	LAC+USC Medical Center	31,991
	M.L. King Ambulatory Care Center	18,969
	Rancho Los Amigos Nat'l Rehab Center	5,249
	Nonmajor Enterprise Funds	14
	Nonmajor Governmental Funds	227,271
		357,416
Fire Protection District	General Fund	3,303
	Internal Service Funds	4
	LAC+USC Medical Center	6
	Nonmajor Governmental Funds	3,128
		6,441
Flood Control District	General Fund	3,554
	Internal Service Funds	19,250
	Nonmajor Enterprise Funds	1
	Nonmajor Governmental Funds	2,101
		24,906
Public Library	General Fund	1,343
	Nonmajor Governmental Funds	650
		1,993
Regional Park and Open Space Dist	General Fund	323

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Internal Service Funds	General Fund	11,224
	Fire Protection District	75
	Flood Control District	17,628
	Public Library	4
	Waterworks Enterprise Funds	4,988
	Harbor-UCLA Medical Center	2
	M.L. King Ambulatory Care Center	14
	Rancho Los Amigos Nat'l Rehab Center	45
	Nonmajor Enterprise Funds	144
	Nonmajor Governmental Funds	25,234
		59,358
Waterworks Enterprise Funds	General Fund	2
	Internal Service Funds	2,467
		2,469
Harbor-UCLA Medical Center	General Fund	25,178
	Fire Protection District	29
	Olive View-UCLA Medical Center	3,666
	LAC+USC Medical Center	9,851
	M.L. King Ambulatory Care Center	708
	Rancho Los Amigos Nat'l Rehab Center	26
	Nonmajor Governmental Funds	7,945
		47,403
Olive View-UCLA Medical Center	General Fund	44,634
	Fire Protection District	98
	Harbor-UCLA Medical Center	21
	LAC+USC Medical Center	27
	M.L. King Ambulatory Care Center	24
	Rancho Los Amigos Nat'l Rehab Center	15
	Nonmajor Governmental Funds	11,312
		56,131
LAC+USC Medical Center	General Fund	128,870
	Fire Protection District	129
	Harbor-UCLA Medical Center	3,859
	Olive View-UCLA Medical Center	3,323
	M.L. King Ambulatory Care Center	2,109
	Rancho Los Amigos Nat'l Rehab Center	1,297
	Nonmajor Governmental Funds	53,381
		192,968
M.L. King Ambulatory Care Center	General Fund	10,152
	Harbor-UCLA Medical Center	34
	Olive View-UCLA Medical Center	60
	LAC+USC Medical Center	9,402
		19,648

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	7,493
	Fire Protection District	66
	LAC+USC Medical Center	13,133
	M.L. King Ambulatory Care Center	48
		20,740
Nonmajor Enterprise Funds	Internal Service Funds	48
Nonmajor Governmental Funds	General Fund	325,464
	Fire Protection District	5,000
	Flood Control District	237
	Public Library	254
	Internal Service Funds	14,479
	Waterworks Enterprise Funds	10
	Nonmajor Enterprise Funds	3
	Nonmajor Governmental Funds	16,049
		361,496
Total Interfund Receivables/Payables		$ 1,151,340

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the Public Library and the five hospitals. Other transfers primarily consisted of payments from the various operating funds (principally the General Fund) to debt service funds in accordance with long-term debt covenants. In addition, special revenue funds that are statutorily restricted made transfers to other funds to reimburse eligible costs incurred.

Interfund transfers to/from other funds for the year ended June 30, 2008 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Public Library	$ 41,391
	Internal Service Funds	14
	Harbor-UCLA Medical Center	181,834
	Olive View-UCLA Medical Center	165,183
	LAC+USC Medical Center	501,220
	M.L. King Ambulatory Care Center	75,599
	Rancho Los Amigos Nat'l Rehab Center	77,591
	Nonmajor Governmental Funds	80,976
		1,123,808
Fire Protection District	Nonmajor Governmental Funds	16,488

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Flood Control District	Internal Service Funds	23
	Nonmajor Governmental Funds	19,025
		19,048
Public Library	General Fund	3,876
	Nonmajor Governmental Funds	922
		4,798
Regional Park and Open Space District	Nonmajor Governmental Funds	35,216
Internal Service Funds	General Fund	3,903
	Waterworks Enterprise Funds	21
	Nonmajor Governmental Funds	604
		4,528
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	732
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	451
LAC+USC Medical Center	Harbor-UCLA Medical Center	9,749
	M.L. King Ambulatory Care Center	7,352
	Rancho Los Amigos Nat'l Rehab Center	13,092
	Nonmajor Governmental Funds	998
		31,191
M.L. King Ambulatory Care Center	Nonmajor Governmental Funds	507
Rancho Los Amigos Nat'l Rehab Center	Nonmajor Governmental Funds	23
Nonmajor Governmental Funds	General Fund	335,127
	Flood Control District	244
	Public Library	269
	Regional Park and Open Space District	423
	Internal Service Funds	159
	Harbor-UCLA Medical Center	25,902
	Olive View-UCLA Medical Center	25,754
	LAC+USC Medical Center	103,922
	Nonmajor Enterprise Funds	350
	Nonmajor Governmental Funds	61,177
		553,327
Total Interfund Transfers		$1,790,117

14. INTERFUND TRANSACTIONS-Continued

Short-term Advances

The General Fund makes short-term advances to assist the Hospital Funds in meeting their cash flow requirements. The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations.

Advances from/to other funds at June 30, 2008 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Funds	$ 3,589
	Harbor-UCLA Medical Center	96,862
	Olive View-UCLA Medical Center	71,315
	LAC+USC Medical Center	199,678
	M.L. King Ambulatory Care Center	146,920
	Rancho Los Amigos Nat'l Rehab Center	53,508
		571,872
Flood Control District	Internal Service Funds	6,213
Waterworks Enterprise Funds	Internal Service Funds	1,164
Nonmajor Governmental Funds	Internal Service Funds	11,034
Total Short-term Advances		$ 590,283

15. BUDGETARY ACCOUNTING CHANGES/RECONCILIATION BETWEEN THE BUDGETARY BASIS AND GAAP

The County's Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual on Budgetary Basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental fund statements are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

- For budgetary purposes, reserves and designations are recorded as other financing uses at the time they are established. Although designations are not legal commitments, the County recognizes them as uses of budgetary fund balance. Designations that are subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.

15. BUDGETARY ACCOUNTING CHANGES/RECONCILIATION BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred.

- For the General Fund, obligations for accrued vacation and sick leave and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.

- In conjunction with the sale of pension obligation bonds in 1994-95, the County sold the right to future investment income on debt service deposits. Under the budgetary basis, the proceeds were included in 1994-95 revenues. Under the modified accrual basis, the proceeds were recorded as deferred revenue (unearned) and are being amortized over the life of the bonds. This matter is also discussed in Note 7.

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in 2005-06, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as a sale of future revenues and were being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is also discussed in Note 10, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

- In conjunction with implementing GASB 45, the County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2008. This matter is also discussed in Note 2.

15. BUDGETARY ACCOUNTING CHANGES/RECONCILIATION BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

The following schedule is a reconciliation of the budgetary and GAAP fund balances for the major governmental funds (in thousands):

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District
Fund balance - budgetary basis	$ 1,808,804	$ 43,348	$ 31,405	$ 16,626	$ 164,013
Reserves and designations	1,750,106	150,411	138,174	15,136	123,939
Subtotal	3,558,910	193,759	169,579	31,762	287,952
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	106,239	(1,001)		(62)	
Accrual of vacation and sick leave benefits	36,766				
Deferral of unearned investment income	(6,272)	(309)		(69)	
Deferral of sale of tobacco settlement revenue	(272,797)				
Change in revenue accruals	(48,406)	(22,412)	(7,680)	(2,540)	(1,947)
Subtotal	(184,470)	(23,722)	(7,680)	(2,671)	(1,947)
Fund balance - GAAP basis	$ 3,374,440	$ 170,037	$ 161,899	$ 29,091	$ 286,005

16. OTHER COMMITMENTS

Construction Commitments

At June 30, 2008, the LAC+USC Medical Center Hospital Enterprise Fund had contractual commitments of approximately $20,638,000 to provide for the construction of the LAC+USC Medical Center replacement facility. The construction is currently being financed by commercial paper and a grant from the Federal Emergency Management Agency. There were also contractual commitments of approximately $4,041,000 for various hospital construction projects that were financed by commercial paper.

LACERA Capital Commitments

At June 30, 2008, LACERA had outstanding capital commitments to various investment managers, approximating $2,470,000,000. Subsequent to June 30, 2008, LACERA funded $229,000,000 of these capital commitments.

16. OTHER COMMITMENTS-Continued

Investment Purchase Commitments

At June 30, 2008, the County had open trade commitments with various brokers to purchase investments approximating $2,400,000 with settlement dates subsequent to year end. These investment transactions had not been recorded as of June 30, 2008, since the County neither takes delivery of the securities nor earns interest on the investments until the settlement date. By July 1, 2008, the County had purchased such investments.

17. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as aviation, employee fidelity, boiler and machinery in certain structures, art objects, catastrophic hospital general liability, volunteer, special events, public official bond, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The County also has insurance on most major structures. Losses did not exceed coverage in 2006-2007 or 2007-2008.

The County retains the risk for all other loss exposures. Major areas of risk include workers' compensation, medical malpractice, law enforcement, theft and damage to property including natural disasters, errors and omissions, and torts. Expenditures are accounted for in the fund whose operations resulted in the loss. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The County utilizes actuarial studies, historical data, and individual claims reviews to estimate these liabilities. The liabilities include estimable incremental claim adjustment expenses, net of salvage, and subrogation of approximately 10% of the total liabilities. They do not include other claim adjustment costs because the County does not believe it is practical or cost effective to estimate them.

As indicated in the following table, the County's workers' compensation liabilities as of June 30, 2008 were approximately $2.120 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2008. Approximately $171,599,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2008, the County's best estimate of these liabilities is $2.368 billion. As discussed in Note 2, the County restated beginning balances to reflect the removal of the LTD disability liability in accordance with GASB 45. Changes in the reported liability since July 1, 2006 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability, as restated	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year-End
2006-2007				
Workers' Compensation	$ 2,370,702	$ 143,593	$(311,042)	$ 2,203,253
Other	722,420	24,458	(85,947)	660,931
Total 2006-2007	$ 3,093,122	$ 168,051	$(396,989)	$ 2,864,184
2007-2008				
Workers' Compensation	$ 2,203,253	$ 231,480	$(314,305)	$ 2,120,428
Other (as restated, July 1, 2007)	189,414	114,355	(56,380)	247,389
Total 2007-2008	$ 2,392,667	$ 345,835	$(370,685)	$ 2,367,817

17. RISK MANAGEMENT-Continued

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately $539.8 million are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

18. PROPOSITIONS 218 AND 62

In November 1996, the voters approved the "Right To Vote on Taxes Act" (Proposition 218) which limits the County's ability to levy general and special taxes without voter approval and property related benefit assessments without property owner approval. In September 1998, the Board of Supervisors approved ordinance amendments to bring the County's general purpose taxes into conformance with Proposition 218.

In September 1995, the California Supreme Court upheld the constitutionality of Proposition 62, which requires voter approval of all new local taxes. Taxes imposed without voter approval after the 1986 effective date of Proposition 62 may be invalidated. The Court did not provide clarification about whether the decision would apply only prospectively to all new taxes or retrospectively to all taxes since the effective date of the Proposition.

A class action lawsuit was filed against the County, contending the County's utility taxes do not meet the requirements of Proposition 62 and are therefore invalid. Discussions have taken place with the plaintiffs and on July 1, 2008, the Board authorized a settlement of the lawsuit. The monetary provisions of the settlement are estimated at $65 million and liabilities of this amount have been recognized in the government-wide financial statements (governmental activities). As discussed in Note 19 (Unincorporated Los Angeles County Utility Users' Tax), the County placed a measure on the November 4, 2008 ballot in conjunction with the settlement. County management believes there is no additional material exposure for this matter.

19. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2008, the County issued $500,000,000 in 2008-09 TRANS which will mature on June 30, 2009. The TRANS are collateralized by taxes and other revenues attributable to the 2008-09 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rate of 1.58%.

Capital Asset Leasing Corporation Bond Anticipation Notes

On both September 4, 2008 and October 31, 2008, the Corporation issued a $5,000,000 Bond Anticipation Note each with an initial interest rate of 1.97% and 0.612% respectively. The rates are adjustable on January 2 and July 1, of each year. The notes were purchased by the Los Angeles County Treasury Pool and are due on June 30, 2011. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of lease revenue bonds.

19. SUBSEQUENT EVENTS-Continued

Unincorporated Los Angeles County Utility User Tax

On November 4, 2008, the voters approved the Unincorporated Los Angeles County Utility Users' Tax Continuation Measure (Measure U) to validate and reduce the Los Angeles County's existing utility users' tax from 5 percent to 4.5 percent. The funds will be used to continue funding the essential services, including sheriff's deputies, parks, libraries, street repairs, and other general fund services. The adoption of this measure prospectively addresses the validity of taxes that are collectible for FY 2008-2009. As discussed in Note 18, there is a pending lawsuit that addresses the collection of taxes prior to the adoption of this measure. The lawsuit is expected to be settled in March, 2009.

Recent Financial Market Events

While there have been numerous fluctuations in the financial markets in the past several months, the County Treasurer's Pool has not sustained material negative effects.

Subsequent to June 30, 2008, Pension Trust Fund investments managed by LACERA experienced material reductions in investment values due to the downturn in the financial markets. As of October 31, 2008, LACERA's investment portfolio, excluding securities lending collateral, had declined by an estimated $6.91 billion in value to $32.6 billion (unaudited). The most significant decline was in the domestic and international public equity portfolios. These portfolios declined $5.96 billion, or 31%, during this period. LACERA's stand-alone audited financial report (see Note O to the financial statements) discusses specific market events which impacted LACERA's investment portfolios subsequent to June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of Funding Progress-Pension Plan
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/05	$ 29,497,485	$ 34,375,949	$ 4,878,464	85.8%	$ 4,982,084	97.9%
06/30/06	32,819,725	36,258,929	3,439,204	90.5%	5,205,804	66.1%
06/30/07	37,041,832	39,502,456	2,460,624	93.8%	5,615,736	43.8%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)
Schedule of Funding Progress-Other Post Employment Benefits
(Dollar amounts in thousands)

Retiree Health Care(1)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2006	$ 0	$ 20,301,800	$ 20,301,800	0%	$ 5,205,804	389.98%

Long-Term Disability(1)

July 1, 2007	$ 0	$ 929,265	$ 929,265	0%	$ 5,615,736	16.55%

(1) There is no data available prior to this first valuation.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Thru Entity ID No.	Federal Expenditures
U.S. Agency for International Development			
Direct Program			
International Search and Rescue Operations	98.001		$ 998,409
Total U.S. Agency for International Development			998,409
U.S. Department of Agriculture			
Passed Through the California Department of Aging			
Senior Farmer's Market Program	10.576		168,180
Passed Through the California Department of Education			
Child Nutrition Program - School Breakfast	10.553 (3)	19 34199 9000	1,826,741
Child Nutrition Program - School Lunch	10.555 (3)	19 34199 9000	2,877,076
Summer Food Service Program for Children	10.559 (3)	CN06679	25,815
Summer Food Service Program for Children	10.559 (3)	19-86190V	574,705
Subtotal Child Nutrition Cluster (10.553, 10.555, 10.559)			5,304,337
Passed Through the California Department of Social Services			
Dollar Value of Food Stamps Issued	10.551 (2)		808,221,299
Food Stamp Program Administration - NAFS	10.561 (2)		115,729,415
Subtotal Food Stamp Cluster (10.551, 10.561)			923,950,714
Total U.S. Department of Agriculture			929,423,231
U.S. Department of Defense			
Direct Program			
Procurement Technical Assistance	12.002		253,376
Total U.S. Department of Defense			253,376
U.S. Department of Education			
Direct Program			
Supplemental Education Opportunity	84.007 (1)		15,247
Pell Grants	84.063 (1)		146,775
Passed Through the California Department of Alcohol and Drugs			
Drug Free Schools and Communities (DFSC) - Friday Night Live	84.186	50b-08	75,000
Drug Free Schools and Communities - School Based	84.186	82	50,000
Drug Free Schools and Communities - Club Live	84.186	50c-08	75,000
Subtotal 84.186			200,000
Passed Through the California Department of Education			
Passed Through the Los Angeles County Office of Education			
Federal - Educational Aid Disabled Student (IDEA)	84.027 (10)		13,832,574
Total U.S. Department of Education			14,194,596
U.S. Department of Health and Human Services			
Direct Program			
Public Health Preparedness and Response for Bioterrorism	93.069		36,519,566
Child Mental Health Initiative Grant	93.104		1,033,645
Tuberculosis/Centers for Disease Control Cooperative Agreement	93.116		4,496,877
Active Varicella Surveillance and Epidemic Studies	93.185		186,051
Childhood Lead Poisoning Case Management	93.197		767,217
Families Coming Together to Fight Substance Abuse	93.243		374,533

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)		Pass-Thru Entity ID No.	Federal Expenditures
State Epidemiology and Lab Surveillance Responses	93.283			$ 668,053
Adult Viral Hepatitis Prevention Coordinator	93.283			63,834
Subtotal 93.283				731,887
Rapid Testing Algorithms	93.491			207,496
Bioterrorism Hospital Preparedness Program	93.889			13,925,218
HIV Emergency Relief Project Grant	93.914			35,254,989
Minority AIDS Initiative (MAI)	93.914			418,712
Subtotal 93.914				35,673,701
Scholarships for Disadvantaged Students	93.925	(1)		12,218
Special Projects of National Significance/PHC	93.928			62,094
Special Projects of National Significance/MSM Youth	93.928			184,583
Subtotal 93.928				246,677
HIV Prevention Project	93.940			15,804,592
Expanded and Integrated HIV Testing for Populations	93.940			44,115
National HIV Behavioral Surveillance	93.940			124,661
Subtotal 93.940				15,973,368
Enhanced HIV/AIDS Surveillance for Perinatal Prevention	93.941			104,733
HIV Risk Behavior Surveillance MSM	93.943			37,513
STD-Test HIV Seronegative	93.943			31,760
Subtotal 93.943				69,273
HIV AIDS Surveillance and Seroprevalence	93.944			2,775,202
Morbidity and Risk Behavior Surveillance	93.944			533,425
Monitoring Atypical HIV Strains in Los Angeles County	93.944			67,463
Subtotal 93.944				3,376,090
Comprehensive STD Preventions Systems	93.977			3,617,752
Passed Through the California Family Health Center				
Family Planning	93.217			938,092
Passed Through the California Department of Aging				
Title VII: Elder Abuse Prevention	93.041		AP-0708-19	88,598
Title VII - Ombudsman	93.042		AP-0708-19	211,147
Area Agency on Aging - III D	93.043		AP-0708-19	367,872
Area Agency on Aging III B	93.044	(11)	AP-0708-19	5,890,455
Area Agency on Aging III C-I	93.045	(11)	AP-0708-19	5,080,382
Area Agency on Aging III C-II	93.045	(11)	AP-0708-19	4,259,234
Area Agency on Aging III USDA CI	93.053	(11)	AP-0708-19	766,579
Area Agency on Aging III USDA CII	93.053	(11)	AP-0708-19	605,496
Subtotal Aging Cluster (93.044, 93.045, 93.053)				16,602,146
Area Agency on Aging Title III E	93.052		AP-0708-19	2,289,619
Area Agency on Aging Health Insurance Counseling and Advocacy Program (HICAP)	93.779		HI-0708-19	166,919
Passed Through the California Department of Alcohol and Drugs				
Federal Drug Medi-Cal (Prenatal and Drug)	93.778	(13)	40 & 40a	3,541,926

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)		Pass-Thru Entity ID No.	Federal Expenditures
Alcohol Block Grant	93.959		50-08	$ 49,314,792
Federal Female Offender	93.959		45-08	353,778
New Prenatal Set - Aside	93.959		52-08	3,376,329
Substance Abuse Block Grant New HIV Set - Aside	93.959		51-08	3,724,019
Substance Abuse Prevention and Treatment Projects	93.959		56-08	188,213
Substance Abuse Prevention and Treatment Block Grant Adolescent Treatment	93.959		50a-08	1,597,462
Substance Abuse Prevention and Treatment Set - Aside	93.959		50d-08	12,049,467
Alcohol Block Grant	93.959			1,167,425
Substance Abuse Prevention and Treatment Set - Aside	93.959			247,375
Subtotal 93.959				72,018,860
Passed Through the California Department of Child Support Services				
Child Support Enforcement Title IV D	93.563			117,292,438
Passed Through the California Department of Community Services and Development				
Community Services Block Grant 06F-4722	93.569			4,295,660
Community Services Block Grant 08F-4921	93.569			2,093,179
Community Services Block Grant American Indian 06F-4760	93.569		06F-4760	143,060
Community Services Block Grant American Indian 08F-4960	93.569		08F-4960	174,570
Community Services Block Grant American Indian 08F-4975	93.569		08F-4975	15,000
Subtotal 93.569				6,721,469
Passed Through the California Department of Education				
Child Day Care Program	93.596	(12)	CAPP7031	9,256,389
Passed Through the California Department of Health Services				
Health Care Program Children in Foster Care	93.658		75-1545-0-1-60	7,175,935
Medi-Cal Administrative Activities (MAA)	93.778	(13)	04-35096	10,615,144
Targeted Case Management (TCM)	93.778	(13)	19-0712	3,373,177
Medi-Cal Eligibility Determination	93.778	(13)		213,865,897
In Home Supportive Services - Personal Care Services Program Health Related	93.778	(13)		58,999,776
Child Health and Disability Program	93.778	(13)	75-0512-0-1-55	5,708,653
Subtotal 93.778				292,562,647
Comprehensive AIDS Resources Emergency Act Title II	93.917		06-55756	5,141,469
Passed Through the California Department of Mental Health				
McKinney Homeless Act Program	93.150		1946001347j5	1,948,874
Mental Health Services: Block Grant	93.958		1946001347j5	15,508,357
Passed Through the California Department of Public Health				
Immunization Calendar Year	93.568		06-55673	4,991,497
Immunization Supplemental Fund	93.568		07-65229	218,184
Immunization Tracking	93.568		07-65283	24,345
Subtotal 93.568				5,234,026
Health Facilities Inspection	93.777	(13)	05-45391	12,578,490
Refugee Preventive Health Services	93.978		07-70-9460-1	1,697,560
Maternal and Child Health	93.994		200719	2,015,728
Passed Through the California Department of Social Services				
Promoting Safe and Stable Families Program (PSSF)	93.556		CFL 07/08-13	10,214,085

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Thru Entity ID No.	Federal Expenditures
CALWORKS - FG/U Assistance	93.558		$ 445,964,772
CALWORKS Legal Immigrants (MC)	93.558		17,260,669
CALWORKS Diversion - Federal	93.558		16,739
CALWORKS Fraud Incentives	93.558		15,245,565
CALWORKS Single	93.558		500,044,936
CALWORKS Temporary Assistance for Needy Families Time-Out Assistance	93.558		36,827,123
Emergency Assistance Foster Care Administration and Assistance (Title IV-A)	93.558	CFL 07/08-42	36,266,057
Subtotal 93.558			1,051,625,861
Refugee Resettlement	93.566		5,335,607
Refugee Employment Social Services	93.566		3,127,450
Subtotal 93.566			8,463,057
Refugee Targeted Assistance Program	93.584		2,198,854
Children's Welfare Services IV B (Direct Cost)	93.645	CFL 07/08-56	8,633,797
Probation IVE Administration and Assistance	93.658 (15)	CFL 07/08-56	320,000
AIDS to Families with Dependent Children - FC - Administration and Assistance	93.658 (15)	CFL 07/08-56	155,543,675
Children's Welfare Services Title IVE	93.658 (15)	CFL 07/08-56	188,149,188
Foster Parent Training	93.658 (15)	CFL 07/08-56	33,770
Foster Family Licensing	93.658 (15)	CFL 07/08-56	583,033
Group Home Month Visits / CWD	93.658 (15)	CFL 07/08-56	953,091
Cohort 1	93.658 (15)	CFL 07/08-56	1,302,918
Probation Title IV-E	93.658 (15)		51,109,000
Subtotal 93.658			397,994,675
Adoptions - Administration and Assistance	93.659	CFL 07/08-27	120,849,612
Children's Welfare Services Title XX	93.667	CFL 07/08-56	35,992,119
Independent Living Skills - Children's Services	93.674	CFL 07/08-45	7,778,998
Adult Protective Services/County Services Block Grant	93.778 (13)		9,429,824
Children's Welfare Services XIX (HLTH REEL)	93.778 (13)	CFL 07/08-56	31,523,795
Subtotal 93.778			40,953,619
Passed Through the California Secretary of State			
Help America Vote Act Section 261 Elections Assistance for Individuals with Disabilities	93.617	07G26112	312,784
Total U.S. Department of Health and Human Services			2,375,692,324
U.S. Department of Homeland Security			
Direct Program			
Terrorism Early Warning (TEW) Resource Center	97.007		77,686
Assistance to Firefighters Grant EMW-2006-FG-18330	97.044		496,000
TSA National Explosives Detection Canine Team Program	97.072		328,790
Urban Search and Rescue EMW-2003-CA-0101	97.025		36,985
Urban Search and Rescue EMW-2006-CA-0196	97.025		342,309
Urban Search and Rescue EMW-2007-CA-0155	97.025		710,447
Subtotal 97.025			1,089,741

(Continued)

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)		Pass-Thru Entity ID No.	Federal Expenditures
Passed Through the United Way				
Food Basket Distribution	97.024		LROID 069500-009	$ 10,372
Emergency Food and Shelter National Board Program	97.024		LROID 069500-009	11,837
Subtotal 97.024				22,209
Passed Through the California Office of Emergency Services				
Earthquake (Northridge)	97.036		ST DR 1008	1,018,615
2005 Winterstorms	97.036		ST DR 1577	6,988,577
2005 Winterstorms #2	97.036		ST DR 1585	2,707,274
2007 Wildfires (Santa Clarita Valley)	97.036			8,072
Subtotal 97.036				10,722,538
Hazard Mitigation Grant	97.039		FMA 05-PL01	5,433,156
Passed Through the California Office of Homeland Security				
State Homeland Security Program 05	97.067	(14)		1,657,603
State Homeland Security Program 06	97.067	(14)	2006-0071	5,068,907
State Homeland Security Program 06	97.067	(14)		926,463
State Homeland Security Program 07	97.067	(14)	2007-2008	308,458
Subtotal Homeland Security Cluster 97.067				7,961,431
Buffer Zone Protection Program 05	97.078			608,385
Passed Through the California Office of Homeland Security				
Passed Through the City of Los Angeles				
Urban Area Security Initiative 05	97.008		2005-0015	75,200
Urban Area Security Initiative 05	97.008			7,384,689
Urban Area Security Initiative 06	97.008			1,225,238
Subtotal 97.008				8,685,127
Total U.S. Department of Homeland Security				35,425,063
U.S. Department of Housing and Urban Development (HUD)				
Direct Program				
Homeless Foster Youth Program (HFYP)	14.235			2,127,138
Passed Through the Los Angeles County Community Development Commission				
Community Development Block Grant - Santa Clarita Service Center	14.218	(4)	F96517-05	10,000
Project Star (Studying, Tutoring, and Reading)	14.218	(4)	F96125-07	30,000
Project Star (La Puente/Graham Library)	14.218	(4)	F98125-07/600908-07	75,140
Hacienda Heights Community Recreation Program	14.218	(4)	F96411-08	26,896
Burke's Club Drug Prevention and Gang Intervention	14.218	(4)	F96228-08	69,910
Adventure Park Recreation Program	14.218	(4)	F96410-08	67,772
Amigo Park Mobile Recreation Program	14.218	(4)	F96409-08	27,537
Pathfinder Senior Recreation Program	14.218	(4)	F98415-08	11,571
Stephen Sorensen Park Community Building Project	14.218	(4)	600581-04	75,635
Loma Alta Park Recreation Program	14.218	(4)	600475-08	19,552
Pamela Park Recreation Program	14.218	(4)	600482-08	20,101
Pearblossom Park Recreation Program	14.218	(4)	600483-08	13,739
Community Development Block Grant	14.218	(4)	600922-07	730,488
Community Code Enforcement East Los Angeles - 1st District	14.218	(4)	F96131-07	163,159
Community Code Enforcement 4th District	14.218	(4)	600727-07	31,543
Century Station Code Enforcement	14.218	(4)		6,500
Homeowners Fraud Prevention Program	14.218	(4)	F96227-7	45,597

(Continued)

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Thru Entity ID No.	Federal Expenditures
Fraud Prevention for Senior and Families	14.218 (4)	600978.07	$ 90,403
Success Through Awareness and Resistance (STAR)	14.218 (4)	F96233-07	25,000
Lennox Station Community Youth Center	14.218 (4)	F96235-07	20,988
Rowland Heights Youth Athletic League Program-Carolyn Rosas Park	14.218 (4)	F96415-07	34,456
Century Sheriff Youth Activity League Center Firestone	14.218 (4)	F96234-07	10,495
Century Station Code Enforcement Project	14.218 (4)	F96232-07	29,045
Community Code Enforcement East Los Angeles - 1st District	14.218 (4)		303,516
Subtotal Community Development Block Grant (CDBG) Entitlement and (HUD-Administered) Small Cities Cluster (14.218)			1,939,043
Total U.S. Department of HUD			4,066,181
U.S. Department of Justice			
Direct Program			
Asset Forfeiture	16.UNKNOWN		509,426
Asset Seizure and Forfeiture	16.UNKNOWN		42,000
Asset Forfeiture (NARCO)	16.UNKNOWN		5,546,587
Southwest Border Initiative	16.UNKNOWN		521,821
Subtotal 16.UNKNOWN			6,619,834
Drug Enforcement Administration	16.001		152,109
2004 Solving Cold Cases with DNA-384	16.560		163,353
DNA Forensic Casework Backlog Red Program	16.560		39,957
Subtotal 16.560			203,310
DNA Forensic Casework Backlog Red Program	16.564		239,176
LASD Command and Control Personal Computer	16.580		158,348
Gang and Narcotics Enforcement Team (GANET)	16.580		399,342
Subtotal 16.580			557,690
JAG Strategies Against Gang Environments (SAGE)	16.592		40,000
JAG Community Law Enforcement and Recovery (CLEAR)	16.592		61,000
JAG at Risk Youth Countywide	16.592		99,700
Subtotal 16.592			200,700
State Criminal Alien Assistance Program	16.606		16,342,867
Bulletproof Vest Partnership Program	16.607		112,194
Cops Creating a Culture of Integrity	16.710		9,544
RCPI 2004 Integrity Initiative	16.710		904
Cops 2003 Technology Program-CF28	16.710		53,290
RCPI Integrity/Public Trust Initiative	16.710		5,979
Cops 2005 Technology Program	16.710		104,000
Subtotal 16.710			173,717
Gang Resistance, Education and Training	16.737		51,640
Community Law Enforcement and Recovery (CLEAR) (JAG)	16.738 (16)		181,000
Abolish Chronic Truancy (ACT) (JAG)	16.738 (16)		190,000
Strategies Against Gang Environments (SAGE) (JAG)	16.738 (16)		494,000
Special Enforcement Unit (CRASH) (JAG)	16.738 (16)		114,000
L.A. Bridges (JAG)	16.738 (16)		116,000
City Clear (JAG)	16.738 (16)		657,273

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Thru Entity ID No.	Federal Expenditures
Alternative Sentencing Program (JAG)	16.738 (16)		$ 208,000
Subtotal 16.738			1,960,273
DNA Capacity Enhancement Program	16.741		301,875
Community Law Enforcement and Recovery (CITY)	16.744		504,240
Passed Through the City of Los Angeles			
City Clear (OJJDP)	16.541		109,848
City Clear (JAG)	16.738 (16)		97,000
Passed Through the California Office of Emergency Services			
Elder Abuse Advocacy and Outreach Program (EAAOP-VOC)	16.575		153,869
Special Emphasis Victim Assistance Program (SEVAP)	16.575		110,000
Victim Witness Assistance Program (VWAP)	16.575		1,585,553
Subtotal 16.575			1,849,422
Stalking and Threat Assessment Team (STAT)	16.588		180,000
Lancaster Domestic Violence Program	16.588		89,484
Subtotal 16.588			269,484
Project Safe Neighborhoods	16.609		131,200
Project Safe Neighborhoods	16.609	US07P30190	169,369
Project Safe Neighborhoods	16.609	US05S20190	50,000
Subtotal 16.609			350,569
Clearinghouse Electronic Surveillance System	16.738 (16)		353,955
Coverdell Forensic Sciences Improvement Act Program	16.742	CQ05050190	111,818
2007 Paul Coverdell Forensic	16.742	CQ07060190	64,426
Subtotal 16.742			176,244
Project Safe Neighborhoods	16.744		150,244
Six Cities Clear	16.744		123,029
Anti Gang Initiative	16.744	AG07B10190	120,602
Agi Century Gang Suppression	16.744	AG07A10190	59,336
Subtotal 16.744			453,211
Passed Through the Corrections Standards Authority			
Juvenile Accountability Block Grant	16.523		231,244
Disproportionate Minority Contact	16.542	CSA 338-06	123,806
Disproportionate Minority Contact	16.542	CSA 338-07	83,589
Subtotal 16.542			207,395
Total U.S. Department of Justice			31,517,997
U.S. Department of Labor			
Passed Through the California Department of Aging			
Older American Title V Project	17.235	TV-0708-19	1,993,346
Passed Through the California Employment Development Department			
Workforce Investment Act Adult	17.258 (5)	R760327	1,842,154
Workforce Investment Act Adult	17.258 (5)	R865463	8,042,401
Workforce Investment Act Rapid Response	17.258 (5)	R865463	595,355
Workforce Investment Act Adult Recap ST	17.258 (5)	R865463	13,486
Workforce Investment Act Youth	17.259 (5)	R760327	3,354,040

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Thru Entity ID No.	Federal Expenditures
Workforce Investment Act Youth	17.259 (5)	R865463	$ 7,878,121
Workforce Investment Act Dislocated Worker	17.260 (5)	R760327	1,355,086
Workforce Investment Act Dislocated Worker	17.260 (5)	R865463	6,147,450
Workforce Investment Act Dislocated Worker Recap ST	17.260 (5)	R865463	22,258
Subtotal WIA Cluster (17.258, 17.259, 17.260)			29,250,351
National Emergency Grant (NEG) Disaster	17.261	R865463	975,861
Total U.S. Department of Labor			32,219,558
U.S. Department of the Interior			
Passed Through the California Department of Parks and Recreation			
Helen Keller Park Development	15.916	06-01556	35,377
Pamela Park Development	15.916		16,297
Bassett Park Development	15.916		76,632
Subtotal 15.916			128,306
Total U.S. Department of the Interior			128,306
U.S. Department of Transportation			
Direct Program			
Airport Improvement Program	20.106		1,675,207
Urbanized Area Formula Program	20.507 (7)		216,000
Job Access and Reverse Commute	20.516 (8)	MOUPT001001	208,770
Passed Through the California Department of Transportation			
Bridge Retrofit Program	20.205 (6)	BRLSZD-5953(286)	1,342,880
Surface Transportation Program (STP)	20.205 (6)	STPL-5953(468)	19,509,681
Highway Bridge Rehabilitation	20.205 (6)	BRLS-5953(518)	4,919,737
Hazard Elimination Safety	20.205 (6)	STPLH-5953(523)	244,182
1998/1999 Demonstration	20.205 (6)	HP21L-5953(384)	1,970,813
Transportation Enhancement Activities	20.205 (6)	STPLER-5953(498)	295,433
Regional Surface Transportation Program	20.205 (6)	STPLER-5953(417)	298,976
Emergency Relief Program	20.205 (6)	ER4206(002)	200,598
Subtotal Highway Planning and Construction Cluster (20.205)			28,782,300
Los Angeles County Subregional Planning	20.505	07-065.LACS1	14,749
Public Transportation for Non Urbanized Areas	20.509	645404	582,846
Passed Through the California Office of Traffic Safety			
Traffic Safety CB0213	20.600 (9)		362,160
Office of Traffic and Safety Program Driving Under the Influence	20.600 (9)	AL0699	837,531
DUI Enforcement and Education for Contract Cities	20.600 (9)	AL0651	556,705
DUI Enforcement and Education for Contract Cities	20.600 (9)	AL0808	689,665
Subtotal Highway Safety Cluster (20.600)			2,446,061
Total U.S. Department of Transportation			33,925,933
U.S. Election Assistance Commission			
Passed Through the California Secretary of State			
Help America Vote Act Section 301 Voting Systems Program	90.401	07G30112	360,310
Total U.S. Election Assistance Commission			360,310

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Thru Entity ID No.	Federal Expenditures
U.S. National Endowment for the Arts			
Passed Through the Arts Midwest			
The Big Read Grant	45.024	22619/27725	$ 40,000
Total U.S. National Endowment for the Arts			40,000
U.S. Office of the President			
Direct Program			
High Intensity Drug Traffic (HIDTA)	99.UNKNOWN		111,426
Total U.S. Office of the President			111,426
Total Federal Expenditures			$ 3,458,356,710

Legend

(1)	*Student Financial Assistance Cluster*	$ *174,240*
(2)	*Food Stamp Cluster*	*923,950,714*
(3)	*Child Nutrition Cluster*	*5,304,337*
(4)	*CDBG-Entitlement and (HUD-Administered) Small Cities Cluster*	*1,939,043*
(5)	*WIA Cluster*	*29,250,351*
(6)	*Highway Planning and Construction Cluster*	*28,782,300*
(7)	*Federal Transit Cluster*	*216,000*
(8)	*Transit Services Programs Cluster*	*208,770*
(9)	*Highway Safety Cluster*	*2,446,061*
(10)	*Special Education Cluster (IDEA)*	*13,832,574*
(11)	*Aging Cluster*	*16,602,146*
(12)	*CCDF Cluster*	*9,256,389*
(13)	*Medicaid Cluster*	*349,636,682*
(14)	*Homeland Security Cluster*	*7,961,431*
(15)	*Total for 93.658*	*405,170,610*
(16)	*Total for 16.738*	*2,411,228*

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards represents all federal programs of the County of Los Angeles, California (the County). The County's basic financial statements include the operations of the Community Development Commission (CDC), which expended $291,031,919 in federal awards, which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2008. The CDC engaged other auditors to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* All federal financial assistance received directly from federal/state agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented generally using the modified-accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds, as described in Note 1 of the notes to the County's basic financial statements. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations.* However, some amounts presented in this schedule are reported on a cash basis, as described in the succeeding paragraph.

Certain federal program expenditures in the schedule of expenditures of federal awards are converted to and reported on a cash basis due to the claiming requirements of the State pass-through agencies. These expenditures are presented on a cash basis in order to be consistent with the amounts previously claimed and reported to the State for reimbursement purposes. Listed below are the affected programs.

Catalog of Federal Domestic Assistance Number (CFDA#)	Program Name
10.561	Food Stamp Program Administration - NAFS
14.235	Homeless Foster Youth Program (HFYP)
16.738	Alternate Sentencing Program
17.235	Older American Title V Project
17.261	National Emergency Grant
93.052	Area Agency on Aging Title III E
93.116	Tuberculosis CDC Cooperative Agreement
93.556	Promoting Safe and Stable Families Program
93.558	Adult Protective Services
93.558	CalWorks Single
93.558	EA Foster Care Admin and Asst (Title IV-A)
93.563	Child Support Enforcement Title IV
93.566	Refugee Resettlement
93.568	Immunization Calendar Year
93.569	Community Services Block Grant American Indian
93.596	Child Day Care Program
93.645	Children's Welfare Services IV B (Dir Cost)
93.658	Probation IVE Admin and Asst
93.658	AFDC-FC-Admin and Asst
93.658	Children's Welfare Services Title IVE
93.658	Foster Parent Training

(Continued)

Catalog of Federal Domestic Assistance Number (CFDA#)	Program Name
93.658	Foster Family Licensing
93.658	Group Home Month Visits/ CWD
93.658	Cohort 1
93.658	Probation Title IV-E
93.659	Adoptions- Administration and Assistance
93.667	Children's Welfare Services Title XX
93.674	Independent Living Skills – Children's Services
93.778	Medi-Cal Eligibility Determination
93.778	IHSS – PCSP Health Related
93.778	Children's Welfare SRVS XIX (HLTH REEL)
93.778	Medi-Cal Administrative Activities
93.778	Targeted Case Management
93.977	Comprehensive STD Prevention Systems
93.978	Refugee Preventive Health Services
93.994	Maternal and Child Health
97.036	Earthquake (Northridge)
97.036	2005 Winterstorms

NOTE 3 - SUMMARY OF COMMUNITY SERVICES BLOCK GRANT – CSBG CFDA #93.569

The following summarizes the federal expenditures of the Department of Community and Senior Services for the County's Community Services Block Grant (CSBG), U.S. Department of Health and Human Services, passed through the California Department of Community Services and Development, CFDA #93.569 for the year ended June 30, 2008.

Program Name	Grant No.	Expenditure Amount
CSBG - American Indian	06F-4760	$ 143,060
CSBG - American Indian	08F-4960	174,570
CSBG - American Indian	08F-4975	15,000
		$ 332,630

NOTE 4 - SUBRECIPIENT AWARDS

Of the federal expenditures presented in the schedule of expenditures of federal awards, the County provided a significant amount of funding to various subrecipients. Listed below is a summary of amounts provided to the subrecipients by County program title.

County Program Title	CFDA #	Amount Provided to Subrecipients
Workforce Investment Act Adult – R760327	17.258	$ 706,394
Workforce Investment Act Adult – R865463	17.258	7,210,401
Workforce Investment Act Rapid Response	17.258	318,743

(Continued)

County Program Title	CFDA #	Amount Provided to Subrecipients
Workforce Investment Act Adult Recap ST	17.258	$ 13,486
Workforce Investment Act Youth – R760327	17.259	1,935,648
Workforce Investment Act Youth – R865463	17.259	7,103,592
Workforce Investment Act Dislocated Worker – R760327	17.260	357,914
Workforce Investment Act Dislocated Worker – R865463	17.260	5,549,941
Workforce Investment Act Dislocated Worker Recap ST	17.260	22,258
Subtotal WIA Cluster (17.258, 17.259, and 17.260)		23,218,377
National Emergency Grant (NEG) Disaster	17.261	772,521
Traffic Safety CB0213	20.600	90,144
Federal Educational Aid Disabled Student	84.027	12,621,379
Drug Free Schools and Communities (DFSC) - Friday Night Live	84.186	75,000
Drug Free Schools and Communities - Club Live	84.186	75,000
Drug Free Schools and Communities - School Based	84.186	45,000
Subtotal 84.186		195,000
Title VII: Elder Abuse Prevention	93.041	88,598
Title VII: Ombudsman	93.042	211,147
Area Agency on Aging III D	93.043	367,872
Area Agency on Aging III B	93.044	3,960,479
Area Agency on Aging III C II	93.045	3,805,192
Area Agency on Aging III C I	93.045	4,594,617
Area Agency on Aging III USDA CII	93.053	605,496
Area Agency on Aging III USDA CI	93.053	766,579
Subtotal Aging Cluster (93.044, 93.045, and 93.053)		13,732,363
Area Agency on Aging Title III E	93.052	1,573,264
Public Health Preparedness and Response for Bioterrorism	93.069	11,828,128
Child Mental Health Initiative Grant	93.104	909,095
Tuberculosis/Centers for Disease Control Cooperative Agreement	93.116	53,246
McKinney Homeless Act Program	93.150	1,147,676
Childhood Lead Poisoning Case Management	93.197	35,000
Families Coming Together to Fight Substance Abuse	93.243	374,533
Rapid Testing Algorithms	93.491	1,950
Promoting Safe and Stable Families Program (PSSF)	93.556	10,214,085
CalWORKs Single	93.558	149,304,958
Refugee Employment Social Services	93.566	2,933,788

(Continued)

County Program Title	CFDA #	Amount Provided to Subrecipients
Immunization Tracking	93.568	$ 9,329
Immunization Supplemental Fund	93.568	216,311
Subtotal 93.568		225,640
Community Services Block Grant American Indian 06F-4760	93.569	128,385
Community Services Block Grant American Indian 08F-4960	93.569	135,797
Community Services Block Grant American Indian 08F-4975	93.569	15,000
Community Services Block Grant 08F-4921	93.569	1,104,842
Community Services Block Grant 06F-4722	93.569	3,307,853
Subtotal 93.569		4,691,877
Refugee Targeted Assistance Program	93.584	1,674,738
Independent Living Skills - Children's Services	93.674	4,207,430
Medi-Cal Administrative Activities (MAA)	93.778	882,504
Area Agency on Aging Health Insurance Counseling and Advocacy Program	93.779	152,495
Bioterrorism Hospital Preparedness Program	93.889	12,135,207
Minority AIDS Initiative (MAI)	93.914	292,533
HIV Emergency Relief Project Grant	93.914	25,036,024
Subtotal 93.914		25,328,557
Comprehensive AIDS Resources Emergency ACT Title II	93.917	4,533,293
Special Projects of National Significance / PHC	93.928	62,094
Special Projects of National Significance / MSM Youth	93.928	86,756
Subtotal 93.928		148,850
HIV Prevention Project	93.940	9,535,200
Enhanced HIV/AIDS Surveillance for Perinatal Prevention	93.941	54,930
Monitoring Atypical HIV Strains in Los Angeles County	93.944	2,023
HIV AIDS Surveillance and Seroprevalence	93.944	257,164
Subtotal 93.944		259,187
Mental Health Services: Block Grant	93.958	2,609,656
Substance Abuse Block Grant New HIV Set - Aside	93.959	475,019
New Prenatal Set – Aside	93.959	2,902,239
Substance Abuse Prevention and Treatment Block Grant Adolescent Treatment	93.959	1,437,716

(Continued)

COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

County Program Title	CFDA #	Amount Provided to Subrecipients
Federal Female Offender	93.959	$ 353,778
Alcohol Block Grant	93.959	38,877,529
Substance Abuse Prevention and Treatment Projects	93.959	169,463
Substance Abuse Prevention and Treatment - Set Aside	93.959	12,049,467
Alcohol Block Grant	93.959	763,425
Subtotal 93.959		57,028,636
Emergency Food and Shelter National Board Program	97.024	11,837
Food Basket Distribution	97.024	10,372
Subtotal 97.024		22,209
State Homeland Security Program 06	97.067	3,508,596
Total Amount Provided to Subrecipients:		$ 356,672,129

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OAKLAND
WALNUT CREEK
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SAN DIEGO

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2008. Our report was modified to include a reference to other auditors and also included an explanatory paragraph describing the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and 27.* We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Community Development Commission (CDC) and the Los Angeles County Employees Retirement Association (LACERA), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 08-01 to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of management, the audit committee, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
December 15, 2008

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of Supervisors
County of Los Angeles, California

Compliance

We have audited the compliance of the County of Los Angeles, California (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Community Development Commission (CDC), which expended $291,031,919 in federal awards, which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2008. Our audit, described below, did not include the operations of the CDC because the CDC engaged other auditors to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

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

As described in findings 08-04, 08-05, 08-06, 08-08, 08-11, 08-12 and 08-15 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding activities allowed or unallowed (findings 08-05, 08-08, and 08-15), eligibility (finding 08-04), subrecipient monitoring (findings 08-06, 08-11 and 08-12) that are applicable to the Adoption Assistance, Chafee Foster Care Independence Program , Foster Care Title IV-E , Social Services Block Grant , Temporary Assistance for Needy Families and Block Grants for Prevention and Treatment of Substance Abuse. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as findings 08-02, 08-03, 08-07, 08-10, and 08-16.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-03, 08-04, 08-05, 08-06, 08-08, 08-09, 08-11, 08-12, 08-13, 08-14 and 08-15 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 08-03, 08-04, 08-05, 08-06, 08-08, 08-11, 08-12, 08-13 and 08-15 to be material weaknesses.

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

This report is intended solely for the information and use of management, the audit committee, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
March 5, 2009

Section I - Summary of Auditor's Results

(a) *Financial Statements*

The type of auditor's report issued on the financial statements: **Unqualified Opinion**.

Internal control over financial reporting:

- Material weaknesses identified in internal control over financial reporting: **No**
- Significant deficiencies identified in internal control over financial reporting that are not considered to be material weaknesses: **Yes**

Noncompliance which is material to the financial statements: **No**

(b) *Federal Awards*

Internal control over major programs:

- Material weaknesses identified in internal control over major programs: **Yes**
- Significant deficiencies in internal control over major programs that are not considered to be material weaknesses: **Yes**

Type of auditor's report issued on compliance for major programs:

- Public Health Emergency Preparedness– Unqualified
- National Bioterrorism Hospital Preparedness Program – Unqualified
- HIV Emergency Relief Projects Grants - Unqualified
- Medicaid Cluster – Unqualified
- Block Grants for Prevention and Treatment of Substance Abuse - Qualified
- Foster Care Title IV-E – Qualified
- Block Grants for Community Mental Health Services- Unqualified
- Temporary Assistance for Needy Families (TANF) – Qualified
- Adoption Assistance– Qualified
- Social Services Block Grant- Qualified
- Chafee Foster Care Independence Program - Qualified
- Homeland Security Cluster – Unqualified

Any audit findings which are required to be reported in accordance with Section 510(a) of Circular A-133: **Yes**

(Continued)

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.069	Public Health Emergency Preparedness
93.889	National Bioterrorism Hospital Preparedness Program
93.914	HIV Emergency Relief Projects Grants
93.777, 93.778	Medicaid Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.658	Foster Care Title IV-E
93.958	Block Grants for Community Mental Health Services
93.558	Temporary Assistance for Needy Families (TANF)
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.674	Chafee Foster Care Independence Program
97.067	Homeland Security Cluster

Dollar threshold used to distinguish between Type A and Type B programs: **$10,375,070**

Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

Section II – Financial Statement Findings

Finding# 08-01 – Capital Assets

Condition

During the walkthrough of the Capital Assets account balance the following was noted:

a. One (1) capital asset transfer was not entered in the Capital Asset System (CAS). The transferring department completed the transfer forms and physically transferred the asset, but failed to provide the transfer forms to the Capital Asset Section therefore, the asset was not transferred in (CAS). The transferring department identified the error during the bi-annual physical inventory count. The receiving department never reported the error to the Auditor Controller's office. The net dollar impact of this transfer is zero.

b. One (1) Building & Improvement (B&I) project completed and placed in service during FY 2005/2006 was not capitalized until FY 2007/2008.

c. Revenue received for the sale of one (1) easement was recognized during FY 2006/2007; however, the title was not transferred until FY 2007/2008. Although the revenue was part of the monthly revenue report, Auditor Controller staff did not follow up to obtain supporting documentation for the revenue and therefore, did not realize that the revenue had not been earned.

d. One (1) transfer from Construction in Progress (CIP) B&I to completed projects was not approved in accordance to the Internal Control Plan established by the Auditor Controller's office. The Auditor Controller's Office applied two levels of approval, rather than only one. Auditor Controller stated the eCAPS security workflow was not changed for FX type documents. A change will be requested to ensure only one Auditor Controller approval is required.

(Continued)

Out of 47 transactions selected for the testing of the Additions to the Capital Assets account balance the following was noted:

a. Two (4%) Building & Improvement projects were not capitalized in the year they were placed in service. One (1) project was not listed on the CIP B&I worksheet that is maintained by Auditor Controller to keep track of open projects. One (1) project was listed on the CIP B&I worksheet, however, was not monitored for completion status:

   i. One (2%) project completed and placed in service during FY 2006/2007 is not yet capitalized. Since this project was not listed on the CIP B&I worksheet, it was never monitored for completion. Auditor Controller staff stated that this was a Waterworks project and until Auditor Controller began using CAS in FY 2006/2007, DPW maintained the CIP-B&I records for Waterworks. In the conversion from DPW records to CAS, this Waterworks project was overlooked for tracking and was not included in the worksheet.

   ii. One (2%) project completed and placed in service during FY 2007/2008 is not yet capitalized. Although this project was listed on the CIP B&I worksheet with an estimated completion date of May 2008, timely follow up with the department regarding the status of the project was not performed by Auditor Controller. At MGO's request, Auditor Controller staff performed follow up and noted that the project had been completed.

Criteria

a. Per the *County Fiscal Manual* dated June 2008, "Departments must notify the Auditor-Controller Capital Assets Unit by completing a CAS 09 – Internal Sales and Transfers form. They will complete a FD Disposition document (Event Type: FA09) and copy forward a FA Acquisition document (Event Type: FA27) to the new owner department for completion. The copy forward FA Acquisition document must be completed by the receiving department within 30 days of the transfer date" (pg. 140).

b. Per GASB 34 § 21-22 "Capital assets should be depreciated over their estimated useful lives unless they are either inexhaustible or are infrastructure assets reported using the modified approach in paragraphs 23 through 25. Inexhaustible capital assets such as land and land improvements should not be depreciated. Depreciation expense should be reported in the statement of activities as discussed in paragraphs 44 and 45. Depreciation expense should be measured by allocating the net cost of depreciable assets (historical cost less estimated salvage value) over their estimated useful lives in a systematic and rational manner. It may be calculated for (a) a class of assets, (b) a network of assets (c) a subsystem of a network or (d) individual assets. Composite methods may be used to calculate depreciation expense". Also, per Auditor Controller's internal control matrix, "Central Accounting maintains a spreadsheet of all CIP-B&I projects with budgeted amount and target completion date. Central Accounting monitors the Board minutes for Notice/Certificate of Completion and works with CEO analysts and departments to obtain copies of those documents. At year end, capital projects budget book and CEO's Space Assignment Notice listing are reviewed to ensure completeness of CIP conversion to B&I".

c. Per GASB 34 §101, "the statement of net assets and the statement of activities should be prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions should be recognized when the exchange takes place".

(Continued)

d. Per the Auditor Controller's Internal Control Policy "Capital asset documents will be entered into the Capital Asset System by the department and after departmental approvals have been applied, the Department of the Auditor-Controller will apply the final approval. Only one approval by the departments is required for the documents except for the Cancellation and the Disposition documents, which will require two departmental approvals".

Recommendation

Develop and enforce policies and procedures to ensure compliance with internal policies and generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action

The County will continue to evaluate the sufficiency of policies and procedures over capital asset transactions. We will also review the overall process of accounting, recording and reporting capital assets, and determine where improvements can be made.

Section III – Federal Award Findings and Questioned Costs

Finding# 08-02 - Reporting – Late Submission of Reports

Program Name:	**Adoptions – Administration & Assistance** **Health Care Program Children in Foster Care**
CFDA Titles and Numbers:	**Adoption Assistance CFDA# 93.659** **Foster Care Title IV-E CFDA# 93.658**
Federal Agency:	**U.S. Department of Health & Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 3008**
Name of Department:	**Department of Children and Family Services (DCFS)**

Condition

One of three (33%) selected monthly Expenditure Certification for the County Welfare Department Assistance Claim Expenditures form (CA 800A) was not submitted on a timely basis. The CA 800A Report for the month of December 2007 was due on January 20, 2008, but was submitted to CDSS on January 23, 2008 (i.e., three days late).

For details, please see the chart below:

Report Date:	Report Type:	Claims Due date	Claims Submission date
Dec-07	CA 800A	01/20/08	1/23/2008

Criteria

Any claims submitted to CDSS after 20 calendar days following the end of the claiming month will be deemed late. If the 20th calendar day falls on a weekend or holiday, the claims will be due the following business day per County Fiscal Letter No. 04-04_44.

Questioned Costs: N/A

Systemic or Isolated: Isolated

(Continued)

Effect

Failure to submit the CA 800A reports on a timely basis resulted in noncompliance with grant requirements listed in the County Fiscal Letter No. 04-05_44 by the State of California – Health and Human Services Agency, Department of Social Services.

Recommendation

We recommend that the County establish procedures to ensure the timely submission of all reports required by the California Department of Social Services.

Views of Responsible Officials and Planned Corrective Action

The Fiscal Operations Division (FOD) Claiming and Revenue Unit of the Accounting Services Section prepares the monthly Assistance Claim and is aware of the 20th due date. The late submission of the CA 800A Report to CDSS for the month of December 2007 was an isolated occurrence. Nonetheless, in order to ensure this does not occur in the future, the Interim Deputy Director of the Bureau of Finance and Administration will establish and issue written procedures for the FOD Accounting Services staff to follow.

Finding# 08-03 - Activities Allowable or Unallowable – Controls over Cash Disbursements

Program Name:	**Adoptions – Administration & Assistance**
CFDA Title and Number:	**Adoption Assistance CFDA# 93.659**
Federal Agency:	**U.S. Department of Health & Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Children and Family Services (DCFS)**

Condition

Once a child enters into the Adoption Assistance Program, form AAP2 is completed by the eligibility worker of the Revenue Enhancement Division to determine if the child is eligible for funds. After review and approval from the supervisor, the AAP2 form is sent to Fiscal Monitoring and Special Payments division. Data from the AAP2 is entered into an AAP stand alone system. The AAP stand alone system does interface with the APPS (Automated Provider Payment System) which is interfaced with the e-Countywide Accounting and Purchasing System (e-CAPS) for payment. After all the data is entered, a check is automatically generated every month. Currently, there is no process in place to review and approve data entered into the stand alone system.

Due to the weakness noted above, 1 out of 48 cases (2%) selected to review was incorrectly coded as a Federal case in the AAP stand alone system when it should have been coded as a State case.

Criteria

Per OMB Circular A-133§___.300(b)), the County should maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Costs: $15,168

Systemic or Isolated: Systemic

(Continued)

Effect

Failure to implement internal control procedures over the review of data inputted into the stand alone system may result in disbursement of unallowable costs.

Recommendation

MGO recommends the County implement and enforce policies and procedures over the review of data inputted to the stand alone system.

Views of Responsible Officials and Planned Corrective Action

The Department is in the process of replacing the standalone system with a Web-based system. The expected target date for implementation of the new system is March 2009. New policies and procedures over the review of data inputted to the web-based system will be developed once the system is operational.

Finding# 08-04 - Eligibility- Lack of Supporting Documents and Controls over the Eligibility

Program Name:	**Adoptions – Administration & Assistance**
CFDA Title and Number:	**Adoption Assistance CFDA# 93.659**
Federal Agency:	**U.S. Department of Health & Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Children and Family Services (DCFS)**

Condition

During our review of forty-nine Adoption Assistance Program cases the following control and compliance issues were noted:

Four (8%) cases did not contain an initial 4320 form that was properly signed by the adoptive parent(s) and the Agency's Representative; Therefore, MGO was unable to verify whether the 4320 form was signed and in effect before the final decree of adoption.

Criteria

Per Part IV of OMB Circular A-133 Compliance Supplement for the Adoption Assistance program, adoption assistance subsidy payments may be paid on behalf of a child only if all of the following requirements are met:

"The agreement for the subsidy was signed and was in effect before the final decree of adoption and contains information concerning the nature of services; the amount and duration of the subsidy; the child's eligibility for Title XX services and Title XIX Medicaid; and covers the child should he/she move out of State with the adoptive family (42 USC 675(3))"

Furthermore, per review of the 4320 form, the form must be signed by the adoptive parent(s) and the Agency's Representative in order for the form to be complete.

Questioned Costs: $61,164 (projected based on payments for 12 months for the cases above)

Systemic or Isolated: Systemic

(Continued)

Effect

Failure to maintain a signed 4320 form on file may result in noncompliance with Part IV of OMB Circular A-133 Compliance Supplement and may lead to inappropriate distribution of funds to ineligible participants.

Recommendation

MGO recommends that the County enforce policies and procedures to maintain signed 4320 forms on file.

Views of Responsible Officials and Planned Corrective Action

Adoption and Permanency Resources Management will reissue procedures to staff to ensure all documentation is kept in file to comply with policy.

Finding# 08-05 - Activities Allowed or Unallowed – Lack of Supporting Documentation for Disbursements

Program Name:	**Independent Living Skills-Children's Services**
CFDA Title and Number:	**Chafee Foster Care Independence Program CFDA# 93.674**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Children and Family Services (DCFS)**

Condition

Out of Forty cash disbursement transactions reviewed, the following was noted:

Five (13%) payments did not contain a receipt or a signed letter from the youth stating the needs for the funding; therefore, MGO was unable to determine if the funds were used for allowable costs.

Criteria

Per California Welfare and Institutions Code Section 10609.3 (e) (1) "The department, in consultation with the Independent Living Program Strategic Planning Committee, shall develop and implement a stipend to supplement and not supplant the Independent Living Program. To qualify for this stipend, a youth shall be otherwise eligible for the Independent Living Program, have been emancipated from foster care to live on his or her own and be approved by the county. The stipend may provide for, but not be limited to, assisting the youth with the following independent living needs":

a. Bus passes.

b. Housing rental deposits and fees.

c. Housing utility deposits and fees.

d. Work-related equipment and supplies.

e. Training-related equipment and supplies.

f. Education-related equipment and supplies.

(Continued)

Questioned Costs: $210

Systemic or Isolated: Systemic

Effect

Failure to maintain proper documentation over disbursements may result in disbursement for unallowable costs.

Recommendation

We recommend the County enforce its policies and procedures to keep proper documentation and to ensure disbursements are made for an allowable cost.

Views of Responsible Officials and Planned Corrective Action

In September 2008, the Youth Development Services (YDS) Management revised the Policy Guidelines for Distribution of YDS Benefits that addresses proper documentation (signed requests for services from youth and receipts) of disbursements of allowable costs, etc. On November 3, 2008, the revised policy was disseminated to YDS managers so they could discuss and distribute to staff.

Finding# 08-06 - Subrecipient Monitoring - During the Award Monitoring and Identification of Federal Award Information

Program Name:	**Independent Living Skills-Children's Services**
CFDA Title and Number:	**Chafee Foster Care Independence Program CFDA# 93.674**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Children and Family Services (DCFS)**

Condition

Out of 4 subrecipients selected:

a. Three (75%) contracts with the subrecipients did not contain the CFDA title, number, and award name.

b. Three (75%) subrecipients were not accompanied by a single audit report.

c. Three (75%) subrecipients had no evidence in records indicating the effects of subrecipient noncompliance.

d. Three (75%) subrecipients had no evidence of follow-up to ensure subrecipient corrected findings.

e. Two (50%) subrecipients were not accompanied by proper program monitoring review.

Criteria

Per OMB Circular A-133§___.400 (d), *Pass-through entity responsibilities.* A pass-through entity shall perform the following for the Federal awards it makes:

(1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this

(Continued)

information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

(2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

(4) Ensure that subrecipients expending $300,000 ($500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

Questioned Costs: $2,388,143 (Total contract amount for 3 subrecipients).

Systemic or Isolated: Systemic

Effect

Failure to properly monitor subrecipient activities and inform the subrecipients of required information may result in the County being unable to determine whether the subrecipients used the funds appropriately and are in compliance with the federal grant guidelines

Recommendation

Develop and implement procedures to ensure subrecipient monitoring processes are in accordance with OMB Circular A-133 requirements.

Views of Responsible Officials and Planned Corrective Action

Independent Living Program Management will assign staff to develop subrecipient monitoring procedures in accordance with applicable requirements.

Finding# 08-07 - Eligibility – Lack of Beneficiary Certification

Program Name:	**Independent Living Skills-Children's Services**
CFDA Title and Number:	**Chafee Foster Care Independence Program CFDA# 93.674**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Children and Family Services (DCFS)**

Condition

Our review of forty beneficiary files determined that one file (3%) did not contain a Transitional Independent Living Plan (TILP) form signed by the youth (i.e. beneficiary).

(Continued)

Criteria

Per the Manual of Policies and Procedures (MPP) Section 30-504 posted on the California Department of Social Services website, the following was noted:

"Independent Living Services shall be provided to all eligible youth, based on the needs, services, and goals identified in the most recently completed Transitional Independent living Plan (TILP)." Per review of the TILP it requires signature of the youth for completeness.

Questioned Costs: $210

Systemic or Isolated: Systemic

Effect

Failure to maintain a signed TILP on file resulted in noncompliance with the Manual of Policies and Procedures (MPP) Section 30-504 and may lead to inappropriate distribution of funds to ineligible youth.

Recommendation

We recommend that the County develop policies and procedures to maintain signed TILP forms on file.

Views of Responsible Officials and Planned Corrective Action

The Department of Children and Family Services revised the Youth Development Transitional Independent Living Planning Procedural Guide in August 2008. Youth Development Services Management disseminated the revised procedural guide and sent staff to attend Transitional Independent Living Plan (TILP) training at the UCLA Child Welfare Center Training Center.

Finding# 08-08 - Activities Allowed or Unallowed –Lack of Supporting Documents and Controls over Payroll Transactions

Program Name:	**Adoptions – Administration & Assistance** **Independent Living Skills – Children's Services** **Health Care Program Children in Foster Care** **Children Welfare Services Title XX**
CFDA Title and Number:	**Adoption Assistance CFDA# 93.659** **Chafee Foster Care Independence Program CFDA# 93.674** **Foster Care Title IV-E CFDA# 93.658** **Social Services Block Grant CFDA# 93.667**
Federal Agency:	**U.S. Department of Health & Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Children and Family Services (DCFS)**

Condition

The Department of Children and Family Services (DCFS) performs one time study per quarter for all federal award programs in the consolidated County Expense Claim (CEC). Out of one hundred fifty-six (156) time study transaction samples from the CEC report, the following control and compliance issues were noted:

a. Twenty (13%) employee time studies did not contain reasonable hours when compared to hours on the employee's timesheet (for example, an employee was sick or on vacation according the timecard but hours were allocated to a working Pin Code);

(Continued)

b. Sixteen (10%) employee timesheets did not match the hours paid per the CWTAPPS system;

c. Twenty (13%) employee timesheets were missing;

d. Three (2%) supervisors' signatures could not be verified. Therefore, it could not be determined whether the timecards were properly approved by authorized personnel;

e. One (1%) employee was missing the language proficiency certificate on file as evidence of a properly approved bi-lingual pay bonus;

f. One (1%) employee's salary exceeded the approved MOU range.

Criteria

Per County Payroll Policies and Procedures, timesheets are required to be signed and approved by the supervisor.

Also, employee work hours recorded on the County's time keeping system (i.e. CWTAPPS) should be substantiated by the actual hours recorded on the employee's timesheet.

In addition, employee work hours recorded on the time study should be reasonable when compared to the employee's timesheet.

Furthermore, employee's salaries/hourly rates should be supported by the approved pay rate range per the MOU based on the employee's item number and title.

Questioned Costs: $66,418

Systemic or Isolated: Systemic

Effect

Failure to properly document the employee's time and bonus entries on the County time keeping system and time studies, absence of supervisory review and absence of documentation supporting employee's salary above the approved MOU range, may result in the submission of unallowable costs and activities causing noncompliance with federal grant guidelines.

Recommendation

We recommend the following actions to be implemented:

a. Develop policies and procedures to ensure management reviews timecards and time studies concurrently for reasonableness.

b. Enforce control procedures to ensure that the hours on the employee's timesheet match the hours per CWTAPPS;

c. Enforce procedures for the record retention of timesheets, in order to ensure that copies are kept on file and management approval may be reviewed;

d. Enforce policies and procedures to ensure that copies of the Language Proficiency Certificate are kept on file to ensure that the bi-lingual bonus pay is properly supported;

e. Enforce policies and procedures to ensure that employee's salaries/hourly rates are supported by the approved MOU range.

(Continued)

Views of Responsible Officials and Planned Corrective Action

a. The Time Study Section staff will instruct departmental supervisors via the Time Study Instructions they disseminate quarterly to review both time cards and time study reports for appropriateness before they approve them.

b. The Payroll Section staff has developed an eCAPS Time Collection Payroll Critical Cycle Schedule. This schedule was developed to ensure hours on an employee's time sheet match the hours per CWTAPPS.

c. Human Resources staff is developing an eCAPS Time Collection Policy that will strengthen the requirements of retention and accurately approved time sheets. Every departmental employee is expected to sign the new policy once it is finalized by July 1, 2009.

d. Classification & Compensation Management will remind staff to keep copies of the Language Proficiency Certificates on file to comply with policy and procedures by March 31, 2009.

e. Personnel processing staff will ensure that an employee's salary is calculated and processed in accordance with all County policies and Memorandum of Understandings. A review and approval process was implemented August 1, 2008, whereby, all personnel transactions have an initiator, reviewer/approver and data entry person.

Finding# 08-09 - Subrecipient Monitoring – Lack of Policies and Procedures During the Award Monitoring

Program Name:	**Bioterrorism Hospital Preparedness Program**
CFDA Title and Number:	**National Bioterrorism Hospital Preparedness Program CFDA# 93.889**
Federal Agency:	**U.S Department of Health and Human Services (HHS)**
Pass- Through Agency:	**(Direct)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Health Services (DHS)**

Condition

Although we found no exceptions during our review of five (5) subrecipient files, we noted that there were no procedures in place to ensure that there is a review of single audit reports received from the subrecipients and that there is follow up on any audit findings in compliance with OMB Circular A-133 subrecipients monitoring requirements.

Criteria

Per OMB Circular A-133§____.300(b), the County should maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Costs: N/A

Systemic or Isolated: Systemic

Effect

Failure to develop procedures to ensure that single audit reports are reviewed and monitored may result in the County being in non-compliance with OMB A-133.

(Continued)

Recommendation

We recommend the County develop procedures to ensure that there is a review of single audit reports received from the subrecipients and that there is follow up on any audit findings in compliance with OMB Circular A-133 subrecipients monitoring requirements.

Views of Responsible Officials and Planned Corrective Action

Although there was no formal written procedure, appropriate steps were taken to ensure compliance that subrecipients were aware of the A-133 Audit requirements, which was supported by the auditor's finding of no exceptions of subrecipient files. The process of informing subrecipients of the A-133 audit requirement and requesting them to submit their information was implemented in November 2007. A formal procedure describing the process in place was developed in January 2009.

Finding# 08-10 - Eligibility –Compliance- Lack of supporting documents

Program Name:	**Medi-Cal Eligibility Determination**
CFDA Title and Number:	**Medicaid Cluster CFDA# 93.778/93.777**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Public Social Service (DPSS)**

Condition

During our review of 25 case files the following compliance issue was noted:

One case file (4%) was not accompanied by proper documentation supporting the participant's eligibility for long-term care (i.e. non-emergency medical services).

Criteria

Per OMB Circular A-133 Compliance Supplement, Part IV Medicaid Cluster eligibility requirements, "qualified aliens, as defined at 8 USC 1641, who entered the United States on or after August 22, 1996, are not eligible for Medicaid for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five-year bar under the terms of 8 USC 1613. States must provide Medicaid to certain qualified aliens in accordance with the terms of 8 USC 1612(b) (2), provided that they meet all other eligibility requirements. States may provide Medicaid to all other otherwise eligible qualified aliens who are not barred from coverage under 8 USC 1613 (the five-year bar). All aliens who otherwise meet the Medicaid eligibility requirements are eligible for treatment of an emergency medical condition under Medicaid, as defined in 8 USC 1611(b)(1)(A), regardless of immigration status or date of entry".

Questioned Costs: Unknown

Systemic or Isolated: Systemic

Effect

Failure to properly determine client eligibility in accordance with eligibility requirements may result in non compliance of federal grant guidelines.

(Continued)

Recommendation

We recommend the County enforce procedures to ensure eligibility determination is in accordance with eligibility requirements defined in the grant guidelines.

Views of Responsible Officials and Planned Corrective Action

The Department of Public Social Services continues to disagree with the noncompliance finding related to aiding a Legal Permanent Resident or legal alien on full scope Medi-Cal who has been in the country less than five years and is in a Long Term Care facility. DPSS disagrees with the finding since DPSS obtained the following statement from the State concurring with DPSS' application of policy to provide full scope Medi-Cal benefits for the case file cited in this finding for Long-Term Care.

> The State replied that "Under current Medi-Cal rules, a qualified alien who has been in the country for less than five years and is not exempt from the five-year bar is eligible for full scope Medi-Cal if they meet all eligibility requirements. The State has a process for ensuring that services for which federal financial participation is not available are paid for entirely with state funds for this population."

The County continues to enforce procedures to ensure eligibility determination is in accordance with eligibility requirements defined in the grant guidelines.

Finding# 08-11 - Subrecipient Monitoring – During the Award Monitoring and Identification of Federal Award Information

Program Name:	**Temporary Assistance for Needy Families**
CFDA Title and Number:	**Temporary Assistance for Needy Families CFDA# 93.558**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Public Social Services (DPSS)**

Condition

Out of 15 subrecipients selected the following control and compliance issues were noted:

Fifteen (100%) contracts with the subrecipients did not contain the CFDA title, number, award name and federal agency.

One (7%) subrecipient was not accompanied by a single audit report. As a result, MGO was unable to verify the single audit report was reviewed and a management decision was issued.

Criteria

Per OMB Circular A-133§___.400 (d), *Pass-through entity responsibilities.* A pass-through entity shall perform the following for the Federal awards it makes:

(1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

(2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.

(Continued)

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

(4) Ensure that subrecipients expending $300,000 ($500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

Questioned Costs: $39,694,594 (Based on FY 07/08 expenditure amount for 15 Subrecipients)

Systemic or Isolated: Systemic

Effect

Failure to properly monitor subrecipient activities and inform the subrecipients of required information may result in the County being unable to determine whether the subrecipients used the funds appropriately and are in compliance with the federal grant guidelines

Recommendation

Develop and implement procedures to ensure subrecipient monitoring processes are in accordance with OMB Circular A-133 requirements.

Views of Responsible Officials and Planned Corrective Action

a. The Department of Public Social Services agrees that fifteen contracts with the subrecipients did not contain the CFDA title, number, award name and federal agency. The Department will develop and implement procedures by April 30, 2009, to ensure that documentation is available to reflect that subrecipients are being provided with the CFDA title and number, award name and number, and name of federal agency on an annual basis.

b. The Department of Public Social Services agrees that one subrecipient was not accompanied by a single audit report. The Options Single Audit, dated December 17, 2007, was appropriately made available to the Department. It was not, however, submitted to MGO by their deadline and, therefore, not reviewed. The Department will reinforce existing procedures to ensure subrecipient processes are in accordance with OMB Circular A-133 requirements.

Finding# 08-12 - Subrecipient Monitoring - During the Award Monitoring

Program Name:	**Alcohol Block Grant**
CFDA Title and Number:	**Block Grants for Prevention and Treatment of Substance Abuse CFDA# 93.959**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Alcohol and Drugs (ADP)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Public Health**

Condition

During our review of twenty-eight (28) subrecipients, the following compliance issue was noted:

(Continued)

Six (21%) subrecipients were not accompanied by a Single Audit Report or evidence that the subrecipient is not subject to OMB A-133 single audit.

Criteria

Per OMB Circular A-133§___.400(d), *Pass-through entity responsibilities.* A pass-through entity shall perform the following for the Federal awards it makes:

(1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

(2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

(4) Ensure that subrecipients expending $300,000 ($500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

Questioned Costs: $2,612,001 (total contract amount for FY 07/08)

Systemic or Isolated: Systemic

Effect

Failure to properly monitor subrecipient activities may result in noncompliance with the federal grant guidelines. Also, the County is unable to determine whether the subrecipients have used the funds appropriately.

Recommendation

We recommend the County develop and enforce subrecipient monitoring procedures to ensure compliance with OMB A-133 Subrecipient Monitoring requirements.

Views of Responsible Officials and Planned Corrective Action

The Department of Public Health Alcohol and Drug Program Administration agrees with this recommendation, which was already implemented in FY 2007-08 and will be an annual process. Letters were sent out to contract service providers that received federal funds requesting their independent audit reports if they received at least $500,000 in federal funds. If they received less than $500,000, we requested that they send us a confirmation letter stating that they are not required to obtain an independent audit since they are not subject to OMB A-133.

(Continued)

Finding# 08-13 - Schedule of Expenditures of Federal Awards (SEFA) – Controls over SEFA Reporting

Program Name:	**Probation Title IV-E**
CFDA Title and Number:	**Foster Care Title IV-E CFDA# 93.658**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Probation Department**

Condition

Prior year's expenditures for the Probation Department were not reported by the County. See below for details:

Fiscal Year	Expenditure Amount
FY 1999/2000	$ 21,778,775
FY 2000/2001	22,191,428
FY2001/2002	26,275,338
FY2002/2003	34,321,728
FY2003/2004	36,706,050
FY2004/2005	40,867,073
FY2005/2006	48,793,531
FY2006/2007	50,201,051
Total	$ 281,134,974

Criteria

a. The determination of when an award is expended should be based on when the activity related to the award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with laws, regulations, and the provisions of contracts or grant agreements, such as: expenditure/expense transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations; the disbursement of funds passed through to subrecipients; (OMB Circular A-133§___.205(a))

b. Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. (OMB Circular A-133§___.300(b))

Questioned Costs: N/A

Systemic or Isolated: Systemic

Effect

Lack of appropriate policies and procedures over capturing and reporting federal expenditures by the County led to inaccurate reporting of Federal program expenditures.

Recommendation

Develop and enforce procedures to ensure federal expenditures are properly recorded and reported.

(Continued)

Views of Responsible Officials and Planned Corrective Action

The Probation Department agrees with this recommendation and will develop procedures to ensure that federal grant expenditures are appropriately recorded and reported.

Finding# 08-14 - Activities Allowed or Unallowed – Time Study Allocation Calculation Error

Program Name:	**Probation Title IV-E**
CFDA Title and Number:	**Foster Care Title IV-E CFDA# 93.658**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Probation Department**

Condition

The allocation of 4th quarter time study hours was performed incorrectly on the claim. 667 time study hours were charged to category D-Training when it should have been charged to category E-Court Related Activities.

Criteria

Per the Chief Probation Officer of California (CPOC) Policy Statement dated December, 2007:

a. Time studies are used to determine the percentage of total time worked in each category;

b. Total cost pool is multiplied by the percentage of time for each category to determine the cost per category.

Questioned Costs: N/A

Systemic or Isolated: Isolated

Effect

Failure to properly transfer time study hours from system reports to the claim may result in an incorrect claim with the Federal and State causing noncompliance with federal grant guidelines.

Recommendation

We recommend that the County develop procedures to ensure that the claim submitted is accurate.

Views of Responsible Officials and Planned Corrective Action

Effective immediately, we have established policies in an effort to reduce errors on our quarterly Title IV-E claim by having an additional person double check that the time study hours match the program code.

Finding# 08-15 - Activities Allowed or Unallowed – Lack of Supporting documents

Program Name:	**Probation Title IV-E**
CFDA Title and Number:	**Foster Care Title IV-E CFDA# 93.658**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Social Services (CDSS)**
Award Year:	**June 30, 2008**
Name of Department:	**Probation Department**

(Continued)

Condition

The Probation department performs one time study per quarter for all Title VI-E employees. Out of forty (40) time study transaction samples, three (8%) employees' time studies were missing.

Criteria

Per the Chief Probation Officer of California (CPOC) Policy Statement dated December, 2007 the following was noted:

CDSS regulations require staff to "complete the time study on a continuous basis throughout the day." In practice this means that staff must make notes, mental or otherwise, of the nature of their activities and at the end of the day, they are to "allocate" their hours into the various claiming categories on the time study form. The time study form must be completed on a daily basis.

Questioned Costs: $105,036 (The three employees' salaries and indirect costs)

Systemic or Isolated: Systemic

Effect

Failure to properly document the time studies may result in submission of unallowable costs and activities causing noncompliance with federal grant guidelines.

Recommendation

We recommend that the County develop and enforce procedures to ensure time studies are performed and retained for all Title VI-E employees.

Views of Responsible Officials and Planned Corrective Action

Every effort is being taken to ensure that all time studies are in our possession before a Title IV-E claim is submitted. If we have not received a time study by its due date, the information will be submitted when the claim is amended.

Finding# 08-16 - Activities Allowed or Unallowed-Lack of Supporting Documents

Program Name:	**Mental Health Services: Block Grant**
CFDA Title and Number:	**Block Grants for Community Mental Health Services CFDA# 93.958**
Federal Agency:	**U.S. Department of Health and Human Services (HHS)**
Pass- Through Agency:	**California Department of Mental Health (DMH)**
Award Year:	**June 30, 2008**
Name of Department:	**Department of Mental Health (DMH)**

Condition

Out of 43 samples selected, one (2%) employee's hours on the timesheet did not match the hours paid per the CWTAPPS system.

Criteria

Employee work hours recorded on the County's time keeping system (i.e., CWTAPPS) should be substantiated by the actual hours recorded on the employee's timesheet.

Questioned Costs: $224 (total payroll transactions amount based on the findings above)

(Continued)

Systemic or Isolated: Isolated

Effect

Failure to properly document the employee's time may result in the submission of unallowable costs and activities causing noncompliance with federal grant guidelines.

Recommendation

We recommend that the County enforce procedures to ensure that the hours on the timesheet match the hours per CWTAPPS.

Views of Responsible Officials and Planned Corrective Action

The Payroll Clerks will work with only one time card at a time. When the time card is processed, it will be placed in a bin marked "completed." The Payroll Clerk will retrieve the next time card from the bin marked "not processed." This will avoid the error of an employee's hours on the timesheet not matching the hours paid per the CWTAPPS system.

Finding# 07-01 – Capital Assets

Condition

For the fiscal year 2006/2007, the County implemented a new information system to account for the County's capital assets – Capital Asset System (CAS). During our review of capital assets, we noted that County managers had to perform significant reviews of information and prepare material adjustments to ensure that the information processed, maintained and reported for capital assets was materially accurate. Specifically, we noted the following:

a. A report generated by CAS included instances where capital asset additions and improvements amounts did not agree with amounts recorded in CAS.

b. Certain additions and deletions of infrastructure assets were technically not additions and deletions, but rather improvements to existing infrastructure assets and changes in estimated useful lives. County managers stated that due to CAS limitations, manual adjustments are prepared to account for these transactions.

c. Capital asset additions recorded in CAS were not always evidenced by management approval within the system. County management indicated that this was likely a system security and approval "set-up" issue during the initial implementation of CAS.

d. CAS system detail reports did not agree to system summary reports. County managers stated that this occurred during the conversion to CAS for the period under audit and may also be an ongoing system issue.

Recommendation

We recommend County management evaluate the sufficiency of internal controls, the effects of the conversion to CAS, and the overall process of accounting, recording and reporting capital assets, and determine where improvements can be made to ensure the accuracy of the County's capital assets information.

Current Year Management Response

The County completed an internal control assessment of capital assets based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework. The County has determined that there are no material weaknesses in internal controls in the reporting areas of capital assets, depreciation and amortization. The County has implemented the recommendation, except for resolving the cause of the fourth Finding "Condition," as noted below.

a. The specific CAS reports with incorrect cost data have been corrected.

b. The methodology for entering improvements to infrastructure assets has been changed for FY 2007- 2008. The type of material manual adjustments that were required during the FY 2006-2007 financial statement process will no longer be needed.

c. The system security and approval workflow problems have been diagnosed and resolved.

d. The incorrectly converted Activity Codes, which caused CAS detail reports and summary reports to disagree, cannot be easily changed in CAS. This problem is expected to be resolved by June 30, 2009. We are in the process of reviewing and testing an automated solution to correct the Activity Codes in the Responsibility Centers.

(Continued)

Current Status as of June 30, 2008

Partially Implemented (see current year finding #08-01)

Expected Implementation Date

June 30, 2008 – Items a. through c.
June 30, 2009 – Item d.

Finding# 07-02 – Information Technology Environment – Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework

Condition

During our audit of the County's basic financial statements, MGO reviewed the County's information Technology (IT) environment and system controls against the framework established by the Committee of Sponsoring Organization of the Treadway Commission (COSO). The COSO framework provides the basis for an effective system of internal control over financial reporting. Overall, decentralization within the County's IT environment has led to inconsistencies in the IT controls currently in place within various County departments. These inconsistencies are systemic and generally relate to controls over passwords, user access rights, and controls over super-users access. We also noted multiple methodologies over change management within the IT environment and differing IT organizational structures. We note that County management is currently determining the current IT controls being utilized at each department.

Recommendation

We recommend County management develop a communication protocol for how departmental IT policies and procedures are developed, and ensure that these policies are either in compliance with the County's overall IT policies or document the reason for establishing alternative controls. This communication protocol should be well documented so that it complies with the COSO framework, which encourages documentation to support the decision making process.

Current Year Management Response

The County began the process of reviewing the recommended action and evaluating its controls to determine if the County complies with COSO requirements. County representatives of the Internal Services Department, Chief Information Office and Auditor-Controller met on June 24, 2008 to begin evaluating and assessing the IT risks and control activities. This IT group expects to complete a COSO compliant assessment by October 31, 2008.

Current Status as of June 30, 2008

Partially Implemented

Expected Implementation Date

October 31, 2008

Finding# 07-03 – Schedule of Expenditures of Federal Awards (SEFA) Reporting – Missing Pass-through Agency Identification Number

Condition

The Schedule of Expenditures of Federal Awards (SEFA) does not list the identifying number assigned by the pass-through entities.

(Continued)

Recommendation

We recommend the County list the identifying number from the pass-through entity for each federal program presented on the fiscal year 2007/2008 SEFA.

Current Year Management Response

In April 2008, the Auditor-Controller (A-C) forwarded a memo to all County Departmental Fiscal Officers, Administrative Deputies and Grant Coordinators, entitled "2007-2008 Single Audit Requirements." This memo explained the need for all sub-recipients to list the identifying number from the pass-through entity for each federal program from which they receive grant funding. Additionally, on May 7, 2008, A-C staff, along with staff from the County's outside auditors, met with Departmental Grant and Audit Coordinators to discuss the above requirements. Lastly, in June 2008, the A-C forwarded a request for modifications of the Grant System to include the identifying numbers and reflect them in the appropriate SEFA reports. The Grant System modifications are expected to be completed by August 15, 2008.

Current Status as of June 30, 2008

Partially Implemented

Expected Implementation Date

August 15, 2008

Finding# 07-04 – Schedule of Expenditure of Federal Awards (SEFA) – Controls over SEFA Reporting

Condition

Prior year expenditures were not reported on the SEFA. See below for details:

Fiscal Year	CFDA 93.778	CFDA 39.011	CFDA 90.401	Total
FY 2002/2003	$ 2,587,755	$ -	$ -	$ 2,587,755
FY 2003/2004	$ 2,536,339	$ -	$ -	$ 2,536,339
FY 2004/2005	$ 7,657,570	$ 2,003,543	$ -	$ 9,661,113
FY 2005/2006	$ 9,962,009	$ 4,519,424	$ 2,951,927	$ 17,433,360

CFDA #	Name of County Program
93.778	Medi-Cal Administrative Activities (MAA) and Targeted Case Management (TCM)
39.011	Punch Card Buyout (HAVA) 102
90.401	Voting Systems Program (HAVA) 301

Recommendation

We recommend the County perform the following:

a. Develop procedures to ensure that federal expenditures are reported in the appropriate fiscal year. Furthermore, perform analytical procedures annually to mitigate the risk of not reporting material programs.

b. Coordinate with departments via communications, training, and guidance the importance of reporting federal expenditures timely. Furthermore, train departments on certain characteristics

(Continued)

of federal awards (e.g., language on OMB A-133 compliance requirements in contract agreement) and how to account for them in order to ensure all expenditures are reported timely and properly.

c. Evaluate the prior year expenditures to determine whether additional reporting requirements are necessary.

Current Year Management Response

a. The Auditor-Controller's (A-C) procedures have been modified to include forwarding a memo to all County Departmental Fiscal Officers, Administrative Deputies and Grant Coordinators requesting that they review all grant agreements to determine if a Single Audit is required. The importance of reporting federal expenditures in the proper period is also stressed in the memos.

   Further, in June 2008, the A-C prepared a schedule and began performing an analytical review, comparing prior year expenditures and current year estimates, to mitigate the risk of not reporting material programs.

   Additionally, upon further review, we noted that the MAA program agreement does call for an OMB Circular A-133 audit.

b. In April 2008, the A-C prepared and forwarded memos discussing the importance of reporting federal expenditures timely and accurately and the necessity for including complete and appropriate language in contracts with sub-recipients. Additionally, A-C staff, along with staff from the County's outside auditors, met with Departmental Grant and Audit Coordinators to discuss the above requirements. A-C staff have also met with individual Departmental personnel for training and guidance on specific issues.

c. As we perform our analytical review, noted above, we evaluate the prior year's expenditures to determine whether additional reporting requirements are necessary.

Current Status as of June 30, 2008

Implemented

Implementation Date

June 30, 2008

CFDA #39.011 - Help America Vote Act (HAVA) 102 Punch Card Buyout

Finding# 07-05 - Cash Management – Interest Earned Not Remitted to Federal Agency

Condition

The Registrar-Recorder's Office received $15.8 million in advanced funds from the California Secretary of State in May 2004 to purchase voting systems. Due to a delay in the certification process of the voting systems, the County did not completely spend these advanced funds until fiscal year 2007. During that period, the advanced funds were maintained in a trust fund and the related interest earnings were retained by the County general fund. The grant agreement with the State was silent as to interest earnings on the $15.8 million in advanced funds. Per County policy, supporting documentation or information is required to justify the payment of interest earnings for each trust fund established. If grant agreements do not specifically require interest earnings to be accounted for as "program income" or returned to the grantor, the County general fund retains any interest earnings. It is noted that County management did confer with County Counsel as to the treatment of interest earnings from this advance.

(Continued)

Recommendation

We recommend the County remit the interest earned to the funding agency and review its policy on cash management to ensure that interest earned on advanced federal funds is remitted back to the funding agency in accordance with federal guidelines.

Current Year Management Response

Per a letter, dated August 27, 2008, from Chris Reynolds, Deputy Secretary of State, HAVA Activities, consistent with their review HAVA Section 102 and other Federal guidelines, the County may retain the interest earned. The County's stated use of those funds must be, and was, for HAVA-related Section102 purposes.

We have reviewed our policy on cash management. While we have made no changes, we will be more proactive in working with departments to determine if any of their Federal grants consist of advanced funding, which would, in most cases, require an interest-bearing fund to track the interest earned on the advance.

Current Status as of June 30, 2008

Not Implemented

Expected Implementation Date

August 27, 2008

CFDA #93.674 - Independent Living Skills – Children's Services Program

Finding# 07-06 – Eligibility – Lack of Beneficiary Certification

Condition

Our review of forty beneficiary files determined that four files (10%) did not contain a Transitional Independent Living Plan (TILP) form signed by the youth (i.e., beneficiary).

Recommendation

We recommended that the County develop policies and procedures to maintain signed TILP forms on file.

Current Year Management Response

Youth Development Services Division staff will revise the *Policy Guidelines for Distribution of YDS Benefits* and direct staff to maintain signed TILP forms on file.

Current Status as of June 30, 2008

Not Implemented (see current year finding #08-07)

Expected Implementation Date

July 1, 2008

(Continued)

CFDA #93.674 - Independent Living Skills – Children's Services Program

Finding# 07-07 – Activities Allowed or Unallowed – Controls Over Documentation for Supporting the Use of Funds

Condition

Out of forty cash disbursement transactions selected, the following internal control weaknesses with respect to additional County procedures were noted:

a. Fifteen (38%) transactions did not contain evidence of letter sent to youth with the specific language instructing them to return receipts for the funding requested;

b. Nineteen (48%) transactions did not contain receipts; therefore, the County was unable to determine whether the unused funds were returned to the program;

c. Two (5%) gift certificate transactions did not contain a Request for Funds form prepared by the accountant;

d. Thirteen (33%) transactions did not contain a signed letter from the youth stating the need for the funding.

Recommendation

We recommend that the County enforce the internal control procedures developed in the Internal Controls Policy and Procedure Manual and the Policy Guidelines for Distribution of ESD Benefit Manual by:

a. Sending a copy of the letter to the youth instructing them to submit receipts and return all unused funds and keeping a copy of this letter on file as evidence;

b. Modifying procedures to include time period for which the youth must turn in receipts after advancement;

c. Ensuring that all disbursements are accompanied by a Request for Funds form, regardless of whether funds are disbursed via a warrant or a gift certificate;

d. Ensuring that all request for funds are accompanied by a signed letter from the youth stating the needs for the funding.

Current Year Management Response

Youth Development Services Division staff revised the *Policy Guidelines for Distribution of YDS Benefits* and incorporated all finding recommendations.

Current Status as of June 30, 2008

Partially Implemented (see current year finding #08-05)

Expected Implementation Date

March 31, 2008

(Continued)

CFDA #93.674 - Independent Living Skills – Children's Services Program

Finding# 07-08 – Reporting - Late Submission of Report

Condition

The Annual Statistical Report (SOC 405A) was filed with the State of California, Health and Human Services Agency one day late.

Recommendation

We recommend that the County establish procedures to ensure that the Annual Statistical Report (SOC 405A) is filed in a timely manner.

Current Year Management Response

Youth Development Services Division staff will develop a protocol that outlines procedures to ensure the final annual statistical report is filed timely.

Current Status as of June 30, 2008

Not Implemented

Expected Implementation Date

November 3, 2008

CFDA #93.674 - Independent Living Skills – Children's Services Program

Finding# 07-09– Subrecipient Monitoring – During the Award Monitoring and Identification of Federal Award Information

Condition

Out of two samples selected, the following compliance issues were noted:

a. Two (100%) contracts with the subrecipients did not contain the CFDA title, number, and award name.

b. Two (100%) subrecipients were not accompanied by proper program monitoring review and no single audit report was requested from these subrecipients.

Recommendation

We recommend that the County develop and implement procedures to ensure the following:

a. There is a review of single audit reports received from the subrecipients and follow up on audit findings (if any) in compliance with OMB Circular A-133 subrecipients monitoring requirements.

b. Ensure that either the contract or an accompanying letter to the contract contains the CFDA title, number and award name at the time of the award.

c. Programmatic monitoring is performed for all subrecipients.

(Continued)

Current Year Management Response

Youth Development Services administration will assign staff to develop procedures to ensure all single audit subrecipient monitoring reports are reviewed, time tables are established for follow-up, and award letters contain the appropriate documentation.

Current Status as of June 30, 2008

Not Implemented (see current year finding #08-06)

Expected Implementation Date

April 30, 2009

CFDA #93.674 - Independent Living Skills – Children's Services, #93.658 - Health Care Program Children in Foster Care, #93.659 - Adoptions - Administration and Assistance, #93.777/93.778 - Medicaid Cluster (Children's Welfare Services)

Finding# 07-10 – Activities Allowed or Unallowed - Lack of Supporting Documents and Controls over Payroll Transactions

Condition

Department of Children and Family Services (DCFS) performs one timestudy per quarter for all federal award programs in the consolidated County Expense Claim (CEC) report. Out of one hundred (100) time study transaction samples from the CEC report, the following control and compliance issues were noted:

a. Nine (9%) timecards were "blank" (i.e., no actual work hours were filled out by employees). The County's payroll department recorded default 40 work hours into the Countywide Time Keeping and Payroll Personnel System (CWTAPPS) when the "blank" timesheets were received;

b. Twenty four (24%) employee timesheets were missing;

c. One (1%) employee was missing the language proficiency certificate on file as evidence of a properly approved bi-lingual pay bonus;

d. Three (3%) supervisors' signature identification could not be verified. Therefore, it could not be determined whether the timecard was properly approved by authorized personnel;

e. Twenty two (22%) employee hours on the timesheets did not match the hours paid per the CWTAPPS system.

Recommendation

We recommend the following actions to be implemented:

a. Enforce the County payroll policies and procedures by communicating to employees and supervisors via training/memo to complete the default and variance hours on the timesheets;

b. Establish control procedures to ensure that the hours on the timesheets match the hours per CWTAPPS;

c. Establish policies and procedures for the record retention of timesheets, in order to ensure that copies are kept on file;

(Continued)

d. Develop policies and procedures to ensure that copies of the Language Proficiency Certificate are kept on file to ensure that the bi-lingual bonus pay is properly supported;

e. Establish procedures to ensure records of the employee's supervisors are kept on file in order to determine whether the timesheet is properly approved by authorized personnel.

Current Year Management Response

a. DCFS has paper timesheet instructions on the Human Resources intranet website. In addition, Human Resource Management issued a memo to the Executive Team, Division Chiefs, and Regional Administrators reminding them about County payroll policies and procedures in November 2007.

b. DCFS Management assigned a staff person from the Finance and Administration Deputy Director's team to perform payroll quality assurance.

c. Human Resource Management issued a memorandum reminding DCFS staff about the County's five year retention policy. As of October 2007, DCFS staff distributes flyers regarding the five year retention of records at their monthly eCAPS Liaison Trainings.

d. The Classification and Compensation Staff has policies and procedures in place to ensure proper documentation is on file for all bonus requests. Because files are only held for five years, the files for about 800 employees currently receiving the bonus are no longer available. Therefore, Classification and Compensation staff has initiated the procedure of retaining all active bonus files until they have been inactive for five years. Effective May 1, 2008, staff initiated an Annual Review of all bonuses. The Annual Review will ensure that files are not destroyed after five years, and copies of the Language Proficiency Certificate and supporting documentation are on file.

e. The Payroll Section staff expects the eCAPS Time Collection System to resolve the issue of maintaining employee supervisor records on file.

Current Status as of June 30, 2008

Partially Implemented (see current year finding #08-08)

Expected Implementation Dates

January 2008 – Item a.
May 2008 – Item b.
October 2007 – Item c.
May 2008 – Item d.
January 2009 – Item e.

CFDA #93.914 - HIV Emergency Relief Project Grants

Finding# 07-11 – Subrecipient Monitoring – Lack of Controls over Fiscal Monitoring Process

Condition

Out of forty samples selected the following compliance issues were noted:

a. Fiscal audits of three (8%) subrecipients have not been conducted in the past three years;

b. Fiscal audits of eleven (28%) subrecipients have been conducted but the final reports of these audits had not been issued at the time of our review. Four (10%) of these reports have been pending for more than one year after the subrecipients' fiscal year-end;

(Continued)

c. Fiscal audit final reports (i.e., Financial Evaluation Reports) of six (15%) subrecipients were issued more than one year after the fiscal year-end of the subrecipients;

d. Fiscal audit findings discovered on four (10%) of the subrecipients were not followed-up in a timely basis (within six months of the issuance of the report).

Recommendation

We recommend that the County formalize written procedures to ensure both fiscal audits and desk reviews on subrecipients are conducted and completed and findings (if any) are followed up in a timely manner.

Current Year Management Response

The Contract Monitoring Division (CMD) has filled 6 of the 8 vacant items; and during FY 07-08, received approval for an additional supervisory item which has been filled. CMD is actively recruiting for the other two vacancies. In addition, CMD will be requesting two additional items in next year's budget. Once CMD fills these vacancies and trains the new staff, CMD will be able to conduct fiscal reviews on a triennial basis.

CMD has significantly reduced the backlog of fiscal audits and has issued the final reports. It is estimated that CMD will complete the backlog, along with completing the current fiscal audits, by the end of FY 08-09.

CMD has obtained and reviewed the outstanding contractors' Corrective Action Plans (CAP). The contractors have six months to address the findings noted in the reports and are then reassessed by staff.

Current Status as of June 30, 2008

Implemented

Implementation Date

June 30, 2009

CFDA #93.283 - Public Health Bioterrorism Preparedness Program

Finding# 07-12 – Subrecipient Monitoring - During the Award Monitoring and Identification of Federal Award Information

Condition

Out of three samples selected, the following compliance issues were noted:

a. Three (100%) contracts with the subrecipients did not contain the CFDA title, number, and award name.

b. Three (100%) subrecipients were not asked to submit single audit reports.

Recommendation

We recommend that the County develop and implement procedures to ensure that there is a review of single audit reports received from the subrecipients and follow up on audit findings (if any) in compliance with OMB Circular A-133 subrecipients monitoring requirements. Also, procedures should be developed to ensure that either the contract or an accompanying letter to the contract contains the CFDA title, number and award name at the time of the award.

(Continued)

Current Year Management Response

All Bioterrorism contracts now contain the CFDA title, number and award name. For the other Public Health programs, the Department has drafted an accompanying letter to subrecipients that contains the CFDA title, number and award name.

The Department has drafted a letter to subrecipients which requests a copy of their single audit report if their total aggregate of Federal funds is more than $500,000. The Department is in the process of determining who will send the letter and monitor subrecipients' findings.

Current Status as of June 30, 2008

Implemented

Implementation Date

December 31, 2008

CFDA #93.959 - Alcohol Block Grant

Finding# 07-13 – Subrecipient Monitoring - During the Award Monitoring and Identification of Federal Award Information

Condition

Under current procedures, the Department of Public Health (DPH) conducts contract monitoring on all subrecipients. However, the Department notifies only those subrecipients that have received more than $500,000 in Alcohol and Drug Program (ADP) funds of the required federal award information. The Department then requests single audit reports from those notified.

Per review of forty samples in our testwork, we noted the following compliance issues:

a. Twenty-two (55%) subrecipients that received less than $500,000 in federal awards from ADP did not receive contracts or appending letters notifying them with all required federal award information. Below you will find the details:

    i. Thirteen (33%)– missing CFDA number, award amount and name of federal agency; and

    ii. Nine (23%) – missing all information plus award name.

b. One (3%) subrecipient's Contract Monitoring Report was not filed timely.

Recommendation

We recommend the County perform the following:

a. Modify current monitoring procedures to ensure that all subrecipients, including those receiving less than $500,000 in federal funding from the ADP

    i. receive an appending letter containing all federal award information (i.e., CFDA number, amount of award, name of federal agency and award name) in a timely manner regardless if the agency requests it or not;

    ii. submit a copy of single audit report (if applicable) for review;

(Continued)

b. Enforce monitoring procedures to ensure that all subrecipient monitoring reports are completed timely.

Current Year Management Response

Alcohol and Drug Program Administration (ADPA) has drafted a letter to subrecipients which requests a copy of their single audit report if their total aggregate of Federal funds total more than $500,000; and, in addition, contains all Federal award information.

ADPA has created procedures to ensure that contract monitoring is completed in a timely manner. All monitoring must be completed no later than the end of the fiscal year, June 30th, and that monitoring reports are turned in to the Senior Contract Program Auditor within ADPA by July 31st.

Current Status as of June 30, 2008

Partially Implemented (see current year finding #08-12)

Expected Implementation Date

February 2009

CFDA #93.889 - Bioterrorism Hospital Preparedness Program

Finding# 07-14 – Subrecipient Monitoring – During the Award Monitoring and Identification of Federal Award Information

Condition

Out of fifteen samples selected, we noted the following compliance issues:

a. The County Department of Health Services did not present funding source information in the original contracts with the subrecipients. The department subsequently sent out an accompanying letter dated April 16, 2007 notifying its subrecipients of the name of the award as well as the OMB Circular A-133 requirements. This letter was not sent out in a timely manner and some of the required information was missing. The missing information includes CFDA number, amount of award, and name of federal agency;

b. Fifteen (100%) subrecipients were not accompanied by proper review and follow up on findings identified in the single audit reports.

Recommendation

We recommend that the County develop and implement procedures to ensure that there is a review of single audit reports received from the subrecipients and follow up on any audit findings in compliance with OMB Circular A-133 subrecipients monitoring requirements. Also, procedures should be developed to ensure that either the contract or an accompanying letter to the contract contains the CFDA title, number and award name at the time of the award.

Current Year Management Response

The EMS Agency Assistant Director sent letters to all participating hospitals who received Federal funding through the Hospital Preparedness Program (HPP) requesting submission of A-133 audit information on November 14, 2007 for the FY 05-06 reports. A second letter requesting FY 06-07 reports was sent on June 4, 2008. In July 2008, EMS Agency developed and enforced procedures to incorporate this information into the cover letters that are mailed out with the subrecipient's check.

(Continued)

The EMS Agency has incorporated funding source information into their contracts and correspondence related to the HPP. In addition, this funding source information will be incorporated into future agreements effective January 1, 2009. This funding source information is not in current agreements which had been approved by the Board of Supervisors prior to the date of this finding.

Current Status as of June 30, 2008

Partially Implemented (see current year finding #08-09)

Expected Implementation Dates

November 14, 2007 – Letters sent to hospitals requesting FY 05-06 reports
June 4, 2008 – Letters sent to hospitals requesting FY 06-07 reports
July 2008 – Letters sent to hospitals incorporating the CFDA title, number and award name
January 1, 2009 – Funding source information will be incorporated

CFDA #93.889 - Bioterrorism Hospital Preparedness Program

Finding# 07-15 – Reporting – Late Submission of Report

Condition

The 2nd quarter Financial Status Quarterly Report (FSQR) was not submitted to the U.S. Department of Health and Human Services in a timely basis. The report was due on March 30, 2007 and was submitted on April 12, 2007.

Recommendation

We recommend that the County establish procedures to ensure the timely submission of all reports required by the U.S. Department of Health and Human Services.

Current Year Management Response

The Federal Department of Health and Human Services no longer requires quarterly Financial Status Reports (FSR); they are only required annually. The report is due to management two (2) weeks before the due date. The FSR for Federal Fiscal Year 2005 was submitted on November 15, 2007.

Current Status as of June 30, 2008

Implemented

Implementation Date

April 12, 2007

CFDA #93.777/93.778- Medicaid Cluster Program

Finding# 07-16 – Subrecipient Monitoring - During the Award Monitoring and Identification of Federal Award Information

Condition

Out of the thirty-five samples selected, the following compliance issues were noted:

a. Thirty-five (100%) contracts did not contain the required federal grant information (i.e., CFDA title, number, and award name);

(Continued)

b. Twenty-seven (77%) single audit reports were not collected;

c. Six (17%) single audit reports were collected. However, there was no proper review and follow up on the single audit report findings.

Recommendation

We recommend that the County develop and implement procedures to ensure that there is a review of single audit reports received from the subrecipients and follow up on any audit findings in compliance with OMB Circular A-133 subrecipients monitoring requirements. Also, procedures should be developed to ensure that either the contract or an accompanying letter to the contract contains the CFDA title, number and award name at the time of the award.

Current Year Management Response

N/A – The State indicated that the Medicaid payments to a subrecipient for providing patient care services to Medicaid eligible individuals are not considered federal awards under Circular A-133, and do not require single audit reports. The Department will only report the administrative expenditures that cover 10% of the grant amount.

Current Status as of June 30, 2008

N/A

CFDA #93.558 - Temporary Assistance for Needy Families

Finding# 07-17 – Subrecipient Monitoring - During the Award Monitoring and Lack of Program Monitoring Over Subrecipients.

Condition

Out of the fifteen samples selected, we noted that the Department of Public Social Service (DPSS) did not issue a copy of program monitoring report for six (40%) subrecipients we reviewed. As such, we are not able to determine whether all monitoring procedures on these subrecipients have been completed and if there are any outstanding issues or findings that need to be followed-up.

Recommendation

We recommend that the County enforce procedures to complete monitoring reviews by issuing a monitoring report on all subrecipients in accordance with OMB Circular A-133. The monitoring reports should be completed on a timely basis and kept on file.

Current Year Management Response

For the second half of FY 2007-08, the new monitoring schedule resulted in the completion of program monitoring reports for 10 of the 23 subrecipients. For the same period, the monitoring reports for the remaining 13 subrecipients were completed July 15, 2008.

Current Status as of June 30, 2008

Implemented

Expected Implementation Date

July 15, 2008

(Continued)

CFDA #93.558 - Temporary Assistance for Needy Families

Finding# 07-18 – Income Eligibility and Verification System (IEVS) – Controls over Special Tests and Provisions

Condition

Out of forty samples selected, the following internal control weaknesses were noted:

a. Nine (23%) case files were missing a copy of the Applicant IEVS abstract in the case folder, and no comments were made by the Eligibility Worker to indicate if the Applicant IEVS match follow-up had been performed and any discrepancy had been documented in the LEADER system, (the Automatic Data Processing system used by the County to determine the Temporary Assistance for Needy Families (TANF) eligibility).

b. Eight (20%) Applicant IEVS abstract forms in the case files were not signed and dated. In addition, no comments were made by the Eligibility Worker to indicate whether these cases had been reviewed or any discrepancy noted in the LEADER system.

Recommendation

We recommend that the County establish procedures to:

a. Ensure case files contain Applicant IEVS forms. Review and compare the information obtained from Applicant IEVS against information contained in the case record to determine whether it affects the individual's eligibility, level of assistance or benefits, and services under the TANF program in a timely basis; and

b. Ensure Eligibility Worker signs and dates the Applicant IEVS abstract and review the Applicant IEVS records for any discrepancy.

Current Year Management Response

DPSS Operations Handbook Manual Letter Number 315 was released on August 7, 2008 reiterating procedures for processing Applicant IEVS abstracts, including an emphasis on reviewing and applying appropriate signatures and dates, as required. In addition, a memo is being sent to all Bureau of Workforce Services Division Chiefs asking that they reinforce the need for their staff to review and become very familiar with all instructions contained in this Manual Letter.

Current Status as of June 30, 2008

Not Implemented

Expected Implementation Date

August 7, 2008

CFDA #93.563 - Child Support Enforcement

Finding# 07-19 – Reporting – Late Submission of Reports

Condition

During our review of the reports submitted to the California Department of Child Support Services, we noted the following:

(Continued)

a. The Monthly Report of Collections & Distributions (CS34) for the month ended October 2006 was electronically submitted on November 16, 2006 (i.e., one day late).

b. The Local Child Support Agency Administrative Expense Claim Schedule & Certification (CS 356) for the quarter ended March 2007 was electronically submitted on April 17, 2007 (i.e., two days late).

c. The Monthly State Performance Report (CS 1257) for the months of September 2006, October 2006 and May 2007 were electronically submitted on October 25, 2006 (i.e., nine days late), October 16, 2006 (i.e., one day late) and June 22, 2007 (i.e., seven days late), respectively.

Recommendation

We recommend that the County establish procedures to ensure that reports are prepared, reviewed, approved and submitted by the due dates to the California Department of Child Support Services.

Current Year Management Response

The department has issued procedures to ensure that reports are submitted to the State by the due dates. On July 18, 2008, the department also added a 3rd approver in the Executive office as back-up personnel to ensure that approvals are performed with no lapses or delays in the process.

Current Status as of June 30, 2008

Not Implemented

Expected Implementation Date

July 18, 2008

CFDA #17.258/17.259/17.260 - Workforce Investment Act Cluster

Finding# 07-20 – Reporting – Late Submission of Reports

Condition

The following compliance issues were noted:

a. The Financial Status Quarterly Report (1st Quarter) was not submitted to the California Employment Development Department (EDD) on a timely basis. The report was submitted on October 23, 2007, one business day passed the October 20, 2007 due date.

b. Program Reports (LAO XWID Extract) for 11 out of the 12 months were not submitted to the California EDD on a timely basis.

Recommendation

We recommend that the County establish procedures to ensure the quarterly reports and program reports are submitted to the Employment Development Department (EDD) on a timely basis.

Current Year Management Response

This finding has been implemented

(Continued)

Current Status as of June 30, 2008

Implemented

Implementation Date

January 2008

CFDA #97.004/97.067 - Homeland Security Cluster

Finding# 07-21 – Activities Allowed or Unallowed – Lack of Support on Cash Disbursement Transactions

Condition

Out of forty-one samples selected, one (2%) was not accompanied by proper supporting documentation.

Recommendation

We recommend the County develop policies and procedures to collect and maintain proper supporting documentation for all expenditures.

Current Year Management Response

Shared Services Division now collects and maintains all proper supporting documentation for SHSGP 06 and 07 expenditure activities on behalf of OEM. This process ensures that the Corrective Action Plan is fully implemented.

Current Status as of June 30, 2008

Implemented

Implementation Date

July 1, 2006

CFDA #97.004/97.067 - Homeland Security Cluster

Finding# 07-22 – Subrecipient Monitoring- During the Award Monitoring and Identification of Federal Award Information

Condition

Out of forty samples selected, the following compliance issues were noted:

a. Forty (100%) contracts with the subrecipients did not contain required Federal award information (e.g. CFDA title, number, and award name).

b. Four (10%) subrecipients were not monitored programmatically. No program audits have been conducted through site visits, limited scope audits or other means.

c. Nine (23%) subrecipient's single audit reports were not collected.

d. Thirty-one (78%) subrecipient's single audit reports collected were not accompanied by proper review and follow up on single audit findings.

(Continued)

Recommendation

We recommend that the County develop and implement procedures to ensure that there is a review of single audit reports received from the subrecipients and follow up on audit findings (if any) in compliance with OMB Circular A-133 subrecipients monitoring requirements. OEM should also ensure that the subrecipient is monitored via site visits. Also, procedures should be developed to ensure that either the contract or an accompanying letter to the contract contains the CFDA title, number and award name at the time of the award.

Current Year Management Response

During the application process OEM informs the subrecipients of the CFDA title, grant number, grant name and award amount. In addition, OEM has developed subrecipient contracts which include the CFDA title, grant name and award amount. These contracts are now required to be signed by each subrecipient before any grant funds are disbursed.

OEM has a Service Level Agreement with the Auditor-Controller's Contract Monitoring Division to hire a contractor to monitor each subrecipient's compliance with grant requirements. The contractor hired was Qui Accountancy and Qui will perform the following tasks:

- Review each subrecipient's most current Single Audit Report
- Conduct on-site visit of each subrecipient and conduct inventory review of grant funded equipment
- Review sample grant expenditure transactions related to training, planning, exercises and equipment
- Provide a detailed report of the monitoring review for each subrecipient

OEM has established a grant's compliance unit that does the following:

- Ensure all subrecipient contracts are approved/signed/filed
- Ensure all subrecipient Single Audit Reports are collected and reviewed
    - Corrective Action Plans are implemented when findings are identified
- Review all subrecipient monitoring reports prepared by QIU ACCOUNTANCY
    - Corrective Action Plans are developed and implemented on all findings

The process described above ensures that the Corrective Action Plan is fully implemented.

Current Status as of June 30, 2008

Implemented

Implementation Date

August 20, 2007

CFDA #97.004/97.067 - Homeland Security Cluster

Finding# 07-23 – Controls over Reporting, Cash Management, Earmarking and Activities Allowed or Unallowed

Condition

During fiscal year 2006/2007, the Office Emergency Management (OEM) contracted with an outside consultant to compile, prepare and approve the Budget Status Information Report (BSIR) Semi-Annual Reports, cash reimbursement claims, and invoices submitted by the departments and subrecipients for

(Continued)

the Homeland Security Cluster program. While the OEM over-relied on the work performed by the outside consultant, we noted the following issues during our audit:

BSIR Reporting

a. OEM cannot provide supporting documentation for three out three (100%) BSIR reports selected. Also, there is no evidence that OEM management reviewed and approved the BSIR reports prior to submittal.

Cash Reimbursements and Earmarking

b. OEM could not provide reimbursement claims and any documentation on thirteen out of fifteen (87%) cash management samples selected. In addition, OEM provided a copy of the reimbursement claim on two remaining samples we requested, however, supporting documents provided to substantiate the reimbursement amount reported were not sufficient.

c. Due to the missing reimbursement claims and supporting documentation for the selected transactions, MGO is unable to determine that the administration expenditures reported were in compliance with the 3% earmarking requirements for Management & Administration (M&A).

Activities Allowed or Unallowed

d. Out of a sample of forty transactions tested, we noted that OEM provided thirty-one (77%) supporting documents. None showed evidence of approval from OEM personnel. The remaining nine (23%) were maintained by the originating departments and not OEM.

Recommendation

We recommend that the County establish procedures on records maintenance and internal controls over processes on BSIR reporting, cash management and cash disbursements to County departments and subrecipients.

Current Year Management Response

Shared Services Division now collects and maintains all proper supporting documentation for all SHSGP 2006 and 2007 grant expenditure activities. This includes BSIR, cash management and earmarking of funds, and claims reimbursements on behalf of OEM.

OEM developed policies and procedures to ensure that all the information is properly filed and maintained.

This process ensures that the Corrective Action Plan is fully implemented.

Current Status as of June 30, 2008

Implemented

Implementation Date

July 1, 2006

(Continued)

CFDA# 93.914 - HIV Emergency Relief Grant

Finding# 06-05 - Subrecipient Monitoring, During the Award Monitoring

Condition

a. Fiscal reviews for 7 of the 25 subrecipients selected have not been done for the past three years. Desk reviews have been alternatively done by the Contract Monitoring Division (CMD).

b. For 18 of the 25 subrecipients selected, fiscal reviews have been done recently but have not yet been finalized.

Recommendation

Limitations on existing resources may make it difficult, if not impossible, to conduct fiscal site reviews of subrecipients within the three-year period required by County policies. However, failure to conduct reviews for several consecutive periods increases the risk of significant deficiencies in the subrecipients' financial control processes and disallowed costs not being detected in a timely manner. Desk reviews can provide valuable information as far as the financial viability of the subrecipient is concerned. However, such may prove to be inadequate for monitoring purposes in the long run. CMD, in coordination with the Department of Public Health, should ensure that fiscal audits of subrecipients are done periodically.

Current Year Management Response

The Contract Monitoring Division (CMD) has filled 6 of the 8 vacant items; and during FY 07-08, received approval for an additional supervisory item which has been filled. CMD is actively recruiting for the other two vacancies. In addition, CMD will be requesting two additional items in next year's budget. Once CMD fills these vacancies and trains the new staff, CMD will be able to conduct fiscal reviews on a triennial basis.

CMD has significantly reduced the backlog of fiscal audits and has issued the final reports. It is estimated that CMD will complete the backlog, along with completing the current fiscal audits, by the end of FY 08-09.

CMD has obtained and reviewed the outstanding contractors' Corrective Action Plans (CAP). The contractors have six months to address the findings noted in the reports and are then reassessed by staff.

Current Status as of June 30, 2008

Implemented

Implementation Date

June 30, 2009

CFDA# 93.940 - HIV Prevention Project

Finding# 06-06 - Subrecipient Monitoring, During the Award Monitoring

Condition

a. Fiscal reviews for 6 of the 25 subrecipients selected have not been done for the past three years. Desk reviews have been alternatively done by the CMD.

(Continued)

b. For 16 of the 25 subrecipients selected, fiscal reviews have been done recently but have not yet been finalized.

Recommendation

Limitations on existing resources may make it difficult, if not impossible, to conduct fiscal site reviews of subrecipients within the three-year period required by County policies. However, failure to conduct reviews for several consecutive periods increases the risk of significant deficiencies in the subrecipients' financial control processes and disallowed costs not being detected in a timely manner. Desk reviews can provide valuable information as far as the financial viability of the subrecipient is concerned. However, such may prove to be inadequate for monitoring purposes in the long run. CMD, in coordination with the Department of Public Health, should ensure that fiscal audits of subrecipients are done periodically.

Current Year Management Response

The Contract Monitoring Division (CMD) has filled 6 of the 8 vacant items; and during FY 07-08, received approval for an additional supervisory item which has been filled. CMD is actively recruiting for the other two vacancies. In addition, CMD will be requesting two additional items in next year's budget. Once CMD fills these vacancies and trains the new staff, CMD will be able to conduct fiscal reviews on a triennial basis.

CMD has significantly reduced the backlog of fiscal audits and has issued the final reports. It is estimated that CMD will complete the backlog, along with completing the current fiscal audits, by the end of FY 08-09.

CMD has obtained and reviewed the outstanding contractors' Corrective Action Plans (CAP). The contractors have six months to address the findings noted in the reports and are then reassessed by staff.

Current Status as of June 30, 2008

Partially implemented

Expected Implementation Date

June 30, 2009

CFDA# 93.959 - Block Grants for Prevention and Treatment of Substance Abuse

Finding# 06-07 - Subrecipient Monitoring, During the Award Monitoring

Condition

a. Fiscal reviews for 13 of the 25 subrecipients selected have not been done for the past three years. Desk reviews have been alternatively done by the Contract Monitoring Division (CMD).

b. For 12 of the 25 subrecipients selected, fiscal reviews have been done recently but have not yet been finalized.

Recommendation

Limitations on existing resources may make it difficult, if not impossible, to conduct fiscal site reviews of subrecipients within the three-year period required by County policies. However, failure to conduct reviews for several consecutive periods increases the risk of significant deficiencies in the subrecipients' financial control processes and disallowed costs not being detected in a timely manner. Desk reviews can provide valuable information as far as the financial viability of the subrecipient is concerned.

(Continued)

However, such may prove to be inadequate for monitoring purposes in the long run. CCMD, in coordination with the Department of Alcohol and Drug Prevention, should ensure that fiscal audits of subrecipients are done periodically.

Current Year Management Response

The Contract Monitoring Division (CMD) has filled 6 of the 8 vacant items; and during FY 07-08, received approval for an additional supervisory item which has been filled. CMD is actively recruiting for the other two vacancies. In addition, CMD will be requesting two additional items in next year's budget. Once CMD fills these vacancies and trains the new staff, CMD will be able to conduct fiscal reviews on a triennial basis.
CMD has significantly reduced the backlog of fiscal audits and has issued the final reports. It is estimated that CMD will complete the backlog, along with completing the current fiscal audits, by the end of FY 08-09.

CMD has obtained and reviewed the outstanding contractors' Corrective Action Plans (CAP). The contractors have six months to address the findings noted in the reports and are then reassessed by staff.

Current Status as of June 30, 2008

Partially Implemented

Expected Implementation Date

June 30, 2009

CFDA#s 93.575, 93.596 - Child Day Care Program Cluster

Finding# 06-08 - Special Tests and Provisions

Condition

Based on the testwork performed, we noted the following:

a. 1 of 25 provider files does not have the current Childcare Provider Agreement and Provider Fees Policy Statement on file.

b. 9 out of 25 childcare provider folders reviewed did not have duly completed and reviewed provider file checklist.

Recommendation

To ensure that required documents, particularly those relating to provider licenses and safety certifications, are obtained and kept on file prior to execution of childcare provider services agreement, DCFS should ensure that required checklists are completed and reviewed by authorized officers.

Failure to keep current provider agreements and fees policy statements on file exposes DCFS to the risk of not being able to legally enforce the contract requirements. DCFS should therefore ensure that properly executed provider agreements and policy statements are kept current and on file.

Current Year Management Response

The DCFS Child Care Program has initiated self-audits that occur twice monthly. Supervisors from a different office review all provider files for the samples chosen as well as the family files to ensure quality control. If any variances are found, they are noted on the audit summary sheet and returned to the worker for correction.

(Continued)

In addition, the program manager sent out a memorandum to all Child Care staff informing them of the Quality Control for Child Care Providers Folders Policy.

Current Status as of June 30, 2008

Implemented

Implementation Date

December 11, 2007

CFDA# 93.563 - Child Support Enforcement Title IV-D

Finding# 06-09 – Reporting

Condition

19 of the 41 reports examined (CS34, CS35, CS157, CS356 and CS1257) were submitted beyond the due date set by the State. Reports that were submitted late were delinquent between 1 to 12 days.

Recommendation

We recommend that CSSD comply with the reporting requirements set forth in its contract with the State. We also recommend that CSSD consider renegotiating more reasonable report due dates with the State.

Current Year Management Response

The department requests extensions from the State ahead of time as necessary. The department also added the 3rd approver in the Executive office as back-up personnel to ensure there are no lapses or delays in the process.

Current Status as of June 30, 2008

Not implemented

Expected Implementation Date

July 18, 2008

CFDA# 93.556 - Promoting Safe and Stable Families (PSSF)

Finding# 06-10 - Subrecipient Monitoring, Subrecipient Audits

Condition

We noted that 2 out of the 25 subrecipients tested did not have current Single Audit reports on file.

Recommendation

We recommend that DCFS ensure that up-to-date Single Audit reports are obtained from subrecipients, as applicable, and that subrecipients take timely and appropriate corrective action on all audit findings, if any.

(Continued)

Current Year Management Response

DCFS Contracts staff is responsible for receiving and maintaining Single Audits from subrecipients. The Department's Family Preservation Program managers will be able to assume responsibility for the review and follow up of Financial Statements and Single Audits after a period of [fiscal/finance] training. Additionally, Family Preservation Program staff will develop monitoring standards, protocols, and forms to identify weaknesses and needed corrective actions. Training is expected to be completed by the end of February 2009.

Current Status as of June 30, 2008

Partially implemented

Expected Implementation Date

March 2009

CFDA# 93.556 - Promoting Safe and Stable Families (PSSF)

Finding# 06-11 - Subrecipient Monitoring, During the Award Monitoring

Condition

3 out of 11 Family Preservation (FP) subrecipients selected for testing did not have their technical reviews for fiscal year ended June 30, 2006. Technical reviews cover verification of effective implementation of the FP programs, including policy, budget, referrals, network collaboration and compliance with the service and fiscal dates, and identification of issues.

Recommendation

Technical reviews for all subrecipients should be done annually, in accordance with DCFS' existing policies.

Current Year Management Response

Community Based Support Division staff have been unable to conduct the technical reviews on an annual basis due to a continued staff shortage. Staff expect to complete all technical audits for FY 07-08 services by the end of October 2008.

Current Status as of June 30, 2008

Partially implemented

Expected Implementation Date

October 31, 2008

CFDA# 93.556 - Promoting Safe and Stable Families (PSSF)

Finding# 06-12 - Subrecipient Monitoring, During the Award Monitoring

Condition

During our review of subrecipient monitoring activities, we noted that several attendance sheets were missing for the Family Preservation monthly roundtable meetings and Family Support quarterly meetings.

(Continued)

Recommendation

DCFS should ensure that attendance sheets for the required monthly and quarterly meetings are kept on file.

Current Year Management Response

Community Based Support Division staff conduct Family Preservation Program and Family Support Section meetings and utilize sign-in sheets to track attendance. Staff maintains all sign-in sheets in their administrative files.

Current Status as of June 30, 2008

Partially implemented

Expected Implementation Date

December 5, 2008

CFDA# 93.556 - Promoting Safe and Stable Families (PSSF)

Finding# 06-13 - Matching, Level of Effort, Earmarking

Condition

As of June 30, 2006, expenses adjusted as of the 3rd quarter for Family Preservation, Family Support, Adoption Promotion and Time Limited Family Reunification represent 25%, 48%, 14% and 13%, respectively of total program expenses for the Promoting Safe and Stable Families (PSSF) program.

Based on our inquiries, it also appears that there is no monitoring system in place to ensure compliance with the minimum earmarking requirements for the PSSF program.

Recommendation

We recommend that DCFS establish a system that will monitor compliance with the earmarking requirements applicable to the program.

Current Year Management Response

The DCFS Fiscal Operations Division (FOD) Accounting Services Section continues to provide quarterly reports of Expenditures Claimed to the PSSF program managers.

For Fiscal Year 2007/2008, DCFS is in full compliance with the 20% minimum requirements with all the PSSF programs. Please see detailed documentation below for the actual expenditures.

PSSF Programs	Claim Amount	%
Family Preservation	$ 1,773,696	20%
Family Support	2,572,589	29%
Adoption Promotion & Support Services	2,833,607	31%
Time Limited Family Reunification	1,844,248	20%
Total Amount	**$ 9,024,140**	**100%**

(Continued)

In addition, in January 3, 2008, the FOD Claiming and Revenue manager issued a procedural memo to Accounting Services staff to ensure ongoing monitoring and adherence to the 20% minimum requirement. Furthermore, the Accounting staff continues to meet with the PSSF program managers and/or their designees to discuss any issues or concerns regarding their program expenditure reports.

Current Status as of June 30, 2008

Implemented

Implementation Date

January 3, 2008

CFDA# 93.658 - Foster Care – Title IV-E

Finding# 06-17 - Subrecipient Monitoring, Subrecipient Audits

Condition

5 out of the 25 foster care providers selected for review did not have updated Single Audit reports on file as of June 30, 2006.

Recommendation

We recommend that DCFS ensure that up-to-date Single Audit reports are obtained from subrecipients, as applicable and that subrecipients take timely and appropriate corrective action on all audit findings, if any.

Current Year Management Response

DCFS has procedures in place to request and monitor receipt of single audit reports from subrecipients as applicable.

Current Status as of June 30, 2008

N/A - Per State of California Department of Social Services guidance, the State is responsible for monitoring subrecipients in accordance with OMB A-133.

CFDA#s 97.004, 97.067 - Homeland Security Grant Cluster

Finding# 06-21 - Subrecipient Monitoring

Condition

Other than equipment review, none of the 25 subrecipients selected for testing had been audited to test compliance with the provisions of the grant as well as controls in place to ensure compliance.

We also noted that Office of Emergency Management (OEM) has started obtaining copies of Single Audit reports from its subrecipients. However, review of said reports and monitoring of corrective action on audit findings has yet to be performed.

Recommendation

Failure to conduct subrecipient monitoring activities increases the risk of significant deficiencies in the subrecipients' financial control processes and disallowed costs not being detected in a timely manner. We recommend that the Auditor-Controller's Office, in coordination with OEM, expand the scope of its

(Continued)

existing review process beyond equipment review and include compliance with the significant provisions of the grant agreement as well as related controls over said compliance requirements.

OEM should also ensure that a formal review and monitoring process of Single Audit reports submitted by its subrecipients and corrective plans of action for reported deficiencies, if any, are put into place.

Current Year Management Response

During the application process OEM informs the subrecipients of the CFDA title, grant number, grant name and award amount. In addition, OEM has developed subrecipient contracts which include the CFDA title, grant name and award amount. These contracts are now required to be signed by each subrecipient before any grant funds are disbursed.

OEM has contracted with QIU Accounting to monitor each subrecipient's compliance with grant requirements by performing the following tasks:

- Review each subrecipient's most current Single Audit Report
- Conduct on-site visit of each subrecipient and conduct inventory review of grant funded equipment
- Review sample grant expenditure transactions related to training, planning, exercises and equipment
- Provide a detailed report of the monitoring review for each subrecipient

OEM has established a grant's compliance unit that does the following:

- Ensure all subrecipient contracts are approved/signed/filed
- Ensure all subrecipient Single Audit Reports are collected and reviewed
    - Corrective Action Plans are implemented when findings are identified
- Review all subrecipient monitoring reports prepared by QIU ACCOUNTING
    - Corrective Action Plans are developed and implemented on all findings

The process described above ensures that the Corrective Action Plan is fully implemented.

Current Status as of June 30, 2008

Implemented

Implementation Date

August 20, 2007

CFDA# 84.027 – Special Education Cluster

<u>Finding# 05-02 - Subrecipient Monitoring</u>

Condition

Federal award information (e.g., CFDA title and number, amount of award, award name, name of federal agency) and applicable compliance requirements at the time of the award were not included in contract agreements with the subrecipients. DMH Contract Development and Administration Division made no written communication with subrecipients to make them aware of the federal award information. In addition, in the financial summary attached to the contract agreements, the federal award amount under Special Education Grant (IDEA) is combined with the State Grant and is described as SB90JIDEA AB3632.

(Continued)

Recommendation

Management should include in subrecipient contracts the required federal award information (e.g., CFDA title and number, award name, name of federal agency and amount of federal funds) and applicable compliance requirements at the time of the award.

Current Year Management Response

This recommendation is fully implemented.

Current Status as of June 30, 2008

Implemented

Implementation Date

June 30, 2008

CFDA #93.563 - Child Support Enforcement Title IV-D

Finding# 05-06 - Cash Management

Condition

The total ARS and Court Trustee Balance Reconciliations contained two unreconciled items. The first item pertains to a reconciling difference from February 17, 1995 to November 30, 1998 of $1,095,782, and the second item pertains to a reconciling difference from December 1, 1998 to December 31, 2004 of $671,921.

Recommendation

Child Support Services Department (CSSD) should implement policies and procedures to ensure that reconciling items are researched and resolved on a timely basis.

Current Year Management Response

The department (CSSD) has fully implemented policies and procedures to ensure that reconciling items are researched and resolved on a timely basis. In October 2007, the department had escheated all accumulated undistributed collections, followed the instruction on the Child Support Services (CSS) Letter 04-022 and abated in CSSD 2nd quarter Administrative Expense claim (AEC). The department continues to escheat and abate undistributed collections that reach the 3-year waiting period monthly.

Current Status as of June 30, 2008

Implemented

Implementation Date

January 2008

(Continued)

CFDA #93.914 - HIV Emergency Relief Project

Finding# 05-14 - Subrecipient Monitoring

Condition

The Fiscal Monitoring Instrument (FMI) is the guide utilized to provide evidence of the procedures performed to support the issuance of the Financial Evaluation Report. Based on the testwork performed, the following findings were noted:

a. 6 out of 50 items selected did not have Fiscal Monitoring Instruments (FMIs) and Financial Evaluation Reports;

b. 2 out of 50 items selected did not have FMIs, although the related Financial Evaluation Reports were issued;

c. 21 out of 50 items selected have no final Financial Evaluation Reports, only draft copies are available for 19 out of 50 items selected, fiscal reviews were not performed within the 3-year period County policy, but desk reviews were performed for the current year;

d. 4 out of 50 items selected did not have the Plan of Corrective Action on findings noted on the fiscal reviews;

e. 5 out of 50 items selected did not have Quality Management reviews.

Recommendation

The Centralized Contract Monitoring Division (CCMD) should ensure compliance with the performance of the fiscal reviews for programs at least once in three years, verifying that the subrecipients are in compliance with the requirements applicable to the federal program, including the audit requirements of OMB Circular A-133. Moreover, CCMD should keep complete documentation, including Financial Reviews and FMIs, to support the review performed. The Office of Aids Program and Policy (OAPP) also perform Quality Management Reviews for all programs at least once a year.

Current Year Management Response

The Contract Monitoring Division (CMD) has filled 6 of the 8 vacant items; and during FY 07-08, received approval for an additional supervisory item which has been filled. CMD is actively recruiting for the other two vacancies. In addition, CMD will be requesting two additional items in next year's budget. Once CMD fills these vacancies and trains the new staff, CMD will be able to conduct fiscal reviews on a triennial basis.

CMD has significantly reduced the backlog of fiscal audits and has issued the final reports. It is estimated that CMD will complete the backlog, along with completing the current fiscal audits, by the end of FY 08-09.

CMD has obtained and reviewed the outstanding contractors' Corrective Action Plans (CAP). The contractors have six months to address the findings noted in the reports and are then reassessed by staff. OAPP has implemented an annual agency-wide Quality Management (QM) review for all programs. Quality Management staff is coordinating their QM reviews with the annual Facilities and Operations reviews scheduled for each agency.

Current Status as of June 30, 2008

Implemented

(Continued)

Implementation Date

January 17, 2006 - CMD
June 30, 2009 - OAPP

CFDA #93.940 - HIV Prevention Project

Finding# 05-15 - Subrecipient Monitoring

Condition

The Fiscal Monitoring Instrument (FMI) is the guide utilized to provide evidence of the procedures performed to support the issuance of the Financial Evaluation Report. Based on the testwork performed, the following findings were noted:

a. 5 out of 50 items selected did not have Financial Monitoring Instruments (FMIs) and Financial Evaluation Reports;

b. 1 out of 50 items selected did not have FMIs, although the related Financial Evaluation Reports were issued;

c. 15 out of 50 items selected have no final Financial Evaluation Reports, only draft copies were available for 19 out of 50 items selected, fiscal reviews were not performed within the 3-year period County policy, but desk reviews were performed for the current year;

d. 4 out of 50 items selected did not have the Plan of Corrective Action on findings noted on the fiscal reviews.

Recommendation

Centralized Contract Monitoring Division (CCMD) should ensure compliance with the performance of the fiscal reviews for programs at least once in three years to verify that the subrecipients are in compliance with the requirements applicable to the federal program, including the audit requirements of OMB Circular A-133. Moreover, CCMD should keep complete documentation, including Financial Reviews and FMIs, to support the review performed.

Current Year Management Response

The Contract Monitoring Division (CMD) has filled 6 of the 8 vacant items; and during FY 07-08, received approval for an additional supervisory item which has been filled. CMD is actively recruiting for the other two vacancies. In addition, CMD will be requesting two additional items in next year's budget. Once CMD fills these vacancies and trains the new staff, CMD will be able to conduct fiscal reviews on a triennial basis.

CMD has significantly reduced the backlog of fiscal audits and has issued the final reports. It is estimated that CMD will complete the backlog, along with completing the current fiscal audits, by the end of FY 08-09.

CMD has obtained and reviewed the outstanding contractors' Corrective Action Plans (CAP). The contractors have six months to address the findings noted in the reports and are then reassessed by staff.

Current Status as of June 30, 2008

Partially Implemented

(Continued)

Expected Implementation Date

June 30, 2009

CFDA #93.959 - Substance Abuse Prevention and Treatment

Finding# 05-16 - Subrecipient Monitoring

Condition

The Fiscal Monitoring Instrument (FMI) is the guide utilized to provide evidence of the procedures performed to support the issuance of the Financial Evaluation Report. Based on the testwork performed, the following findings were noted:

a. 3 out of 50 items selected did not have FMI and Financial Evaluation Reports;

b. 1 out of 50 items selected had the FMI but not the Financial Evaluation Report;

c. 18 out of 50 items have no final Financial Evaluation Reports, only draft copies were available;

d. 34 out of 50 items selected did not have fiscal reviews performed within the 3-year period County policy, but had desk reviews performed in the current year.

Recommendation

Centralized Contract Monitoring Division (CCMD) should perform fiscal reviews for programs at least once in three years to ensure that the subrecipients are in compliance with the requirements applicable to the federal program, including the audit requirements of OMB Circular A-133. Moreover, CCMD should keep complete documentation, i.e., Financial Reviews and FMIs, to support the review performed.

Current Year Management Response

The Contract Monitoring Division (CMD) has filled 6 of the 8 vacant items; and during FY 07-08, received approval for an additional supervisory item which has been filled. CMD is actively recruiting for the other two vacancies. In addition, CMD will be requesting two additional items in next year's budget. Once CMD fills these vacancies and trains the new staff, CMD will be able to conduct fiscal reviews on a triennial basis.

CMD has significantly reduced the backlog of fiscal audits and has issued the final reports. It is estimated that CMD will complete the backlog, along with completing the current fiscal audits, by the end of FY 08-09.

CMD has obtained and reviewed the outstanding contractors' Corrective Action Plans (CAP). The contractors have six months to address the findings noted in the reports and are then reassessed by staff.

Current Status as of June 30, 2008

Partially Implemented

Expected Implementation Date

June 30, 2009

(Continued)

CFDA #97.004 - Preparedness Equipment Support Cluster

Finding# 05-17 - Subrecipient Monitoring

Condition

There are no subrecipient monitoring activities performed for 50 of the 50 subrecipients reviewed.

Recommendation

The Office of Emergency Management (OEM) should develop and perform subrecipient monitoring procedures to ensure that federal awards are used for authorized purposes. This will ensure that subrecipients know and comply with the terms and conditions of the grant.

Current Year Management Response

During the application process OEM informs the subrecipients of the CFDA title, grant number, grant name and award amount. In addition, OEM has developed subrecipient contracts which include the CFDA title, grant name and award amount. These contracts are now required to be signed by each subrecipient before any grant funds are disbursed.
OEM has contracted with QIU Accounting to monitor each subrecipient's compliance with grant requirements by performing the following tasks:

- Review each subrecipient's most current Single Audit Report
- Conduct on-site visit of each subrecipient and conduct inventory review of grant funded equipment
- Review sample grant expenditure transactions related to training, planning, exercises and equipment
- Provide a detailed report of the monitoring review for each subrecipient

OEM has established a grant's compliance unit that does the following:

- Ensure all subrecipient contracts are approved/signed/filed
- Ensure all subrecipient Single Audit Reports are collected and reviewed
    - Corrective Action Plans are implemented when findings are identified
- Review all subrecipient monitoring reports prepared by QIU ACCOUNTING
    - Corrective Action Plans are developed and implemented on all findings

The process described above ensures that the Corrective Action Plan is fully implemented.

Current Status as of June 30, 2008

Implemented

Implementation Date

August 20, 2007

CFDA #93.596 - Child Day Care Program

Finding# 05-32 - Allowable Costs and Activities

Condition

Based on the procedures performed, 2 of the 30 timesheets requested cannot be found.

(Continued)

Recommendation

Management should implement controls and retain documentation to support all hours worked for the program.

Current Year Management Response

Originally planned to be in full production by January 2009, difficulties operating the system, department-wide, have delayed the roll-out. Approximately half of the department is using e-Time Collection Timesheets. The roll out plan for the rest of the department has been extended until 2010.

Current Status as of June 30, 2008

Partially Implemented

Expected Implementation Date

January 2010

County of Los Angeles
CHIEF EXECUTIVE OFFICE
Risk Management Branch
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(213) 351-5346 • Fax (213) 252-0405
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 11, 2009

First 5 L.A.
750 North Alameda Street, Suite 300
Los Angeles, CA 90012

To Whom It May Concern:

EVIDENCE OF FUNDING OF INDEMNITY OBLIGATION:
ORAL HEALTH AND NUTRITION GRANT – ~~7/1/09-6/30/10~~ 12/1/09-5/31/11
L.A. COUNTY CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION

This Evidence of Funding of Indemnity Obligation (Evidence) is the County of Los Angeles' authorized statement that it has elected to self-fund its financial obligations pursuant to the above Agreement. This self-funding of liability is limited to and determined solely by the terms of the Agreement, and applies only to the extent permitted by State Law.

This Evidence is provided for informational purposes only, and does not affect or expand any of the County's obligations pursuant to the Agreement. By accepting this Evidence, the recipient acknowledges and agrees that the County is not an insurance company, and that no insurance obligation or relationship exists or will be established in any manner whatsoever between the County and the above identified organization.

Questions concerning this Evidence should be directed to the Chief Executive Office, Risk Management Branch, Risk Management Operations Section at (213) 738-2159. Claims for damages concerning the Agreement must be filed in writing with the Executive Office of the Board of Supervisors, Kenneth Hahn Hall of Administration, Room 383, 500 West Temple Street, Los Angeles, CA 90012.

Sincerely,

WILLIAM T FUJIOKA
Chief Executive Officer

Helena Saiton - For Delta Uyenoyama

DELTA UYENOYAMA, Manager
Risk Management Operations

Attachment: Workers Compensation Certificate of Consent to Self-insure
DHS First 5 Evidence of Funding 11may09

"To Enrich Lives Through Effective And Caring Service"

Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
OFFICE OF THE DIRECTOR

NUMBER 7002

CERTIFICATE OF CONSENT TO SELF-INSURE

THIS IS TO CERTIFY, That

COUNTY OF LOS ANGELES

has complied with the requirements of the Director of Industrial Relations under the provisions of Sections 3700 to 3705, inclusive, of the Labor Code of the State of California and is hereby granted this Certificate of Consent to Self-Insure.

This certificate may be revoked at any time for good cause pursuant to Labor Code Section 3702.

EFFECTIVE March 1, 1993

DEPARTMENT OF INDUSTRIAL RELATIONS
OF THE STATE OF CALIFORNIA

DIRECTOR

MANAGER, SELF-INSURANCE PLANS

SUPERCEDES CERTIFICATE NO. P- 0112

FORM A-4-10A (REV. 1/93)

Exhibit G

First 5 LA
Oral Health and Nutrition Expansion and Enhancement (OHN) Project
Data Report Form Instructions

I. REPORTING DATES

Year 1 Reporting: Please submit the *Data Report Form* with your Year 1, Quarter 2 and Year 1, Quarter 4 Progress Reports. Complete the tables that are applicable to your project.

> *Data Report Form- YR1 Q1*: For contractors with clinic baseline numbers available: Report unduplicated numbers of children 0-5 served for the year prior to project start date. For those clinics who have not received patients prior to this project: Report unduplicated number of participants served during Quarter 1 and Quarter 2.
> *Data Report Form- YR1 Q4*: Report unduplicated number of participants served through the entire contract year, from Quarter 1 to Quarter 4.

Reporting after Year 1: Please submit the *Data Report Form* for each project year following Year 1 with Quarter 4 Progress Report; report unduplicated number of participants served through the entire contract year, from Quarter 1 to Quarter 4.

Reporting at end of project: Please submit the *Data Report Form* with your end of project Progress Report, and report unduplicated number of participants served through the entire contract.

II. DATA REPORT FORM INSTRUCTIONS

Appendix A: Please note all indicators referred to in this *Data Report Form* (untreated decay, treated decay, white lesions, early childhood caries and treatment urgency) are defined in the *Association of State and Territorial Directors (ASTDD) Basic Screening Surveys: An Approach to Monitoring Community Oral Health, Preschool and School Children, 1999 (Revised September 2003 and December 2008)*. The manual can be found at www.astdd.org and is also attached to this document.

Note: All cells shaded in red include formulas and are locked. Please do not attempt to delete or change formulas in red cells.

Section 1- Direct Services for Children Ages 0-5: Complete the tables regarding children ages 0-5 that received preventive and therapeutic

services. Preventive and therapeutic services include procedures provided, by CDT-4 code, both on-site and off-site (outside the dental clinic). All children who receive preventive services are assumed to have also received education as part of their visit. For the SOW Target information, fill in target number listed in your SOW.

For CDT-4 codes, please refer to the California Medi-Cal Dental Program Provider Handbook, also referred to as the Denti-Cal Handbook. Because the Handbook is updated quarterly, please refer to the most updated version, which can be found on-line at www.denti-cal.ca.gov/WSI/Publications.jsp?fname=ProvManual.

Section 2- Direct Services for Parents/Primary Caregivers: Complete the table regarding all parents/primary caregivers who participate in an educational session. Please include educational sessions provided both on-site and off-site (outside the dental clinic). Demographic information should be collected at minimum for all parents/primary caregivers who complete a pre-test and post-test. For the SOW Target information, fill in target number listed in your SOW.

Section 3- Outreach and Referrals (Indirect Services): Please log only the participants at outreach events and only if this is applicable to your project. For referrals, include the number of participants who receive referrals and appointment information for both inbound (referrals made to own clinic) and outbound (referrals made to another clinic) referrals.

Section 4- Dental Insurance Status and Revenue: Complete the table regarding unduplicated children ages 0-5 that received preventive and therapeutic services provided through this project. The data collected will only be used to determine rates of use for various dental insurance types and to measure the potential change in the percentage of revenue received from various insurance programs as a result of the project.

Agency Name:
Report Year and Quarter:
Report Period:

1. DIRECT SERVICES for Children Ages 0-5

1.1 Preventive Services & Education (provided both on and off-site)[1]

	Oral Health Status						
	Caries Experience[2]				Treatment Urgency[3]		
Age at Last Visit	Untreated Decay	ECC	White Lesions	Treated Decay (i.e., visible fillings, crowns, etc.)	Code 1	Code 2	Code 3
Before 1st Birthday							
1st Birthday to < 3 y.o.							
3rd Birthday to < 6 y.o.							
TOTALS	0	0	0	0	0	0	0

1. It is assumed that all children receiving preventive services also receive an educational session as part of their visit.
2. Of the unduplicated number of children ages 0-5 screened, please indicate caries experience by category for description of categories, please refer to Appendix A
3. Of the children ages 0-5 screened please indicate number of unduplicated children by treatment urgency for description of codes, please see Appendix A

	By Age	Primary Language Spoken at Home							Race/Ethnicity							
Age at Last Visit	Total Number of **Unduplicated** Children Receiving Preventive Svcs.	English	Spanish	Cantonese	Mandarin	Vietnamese	Korean	Other (specify in 1.1a)	Alaska Native/ American Indian	Asian	Black/ African-American (not including Hispanic/ Latino)	Hispanic/ Latino	Pacific Islander	White (not including Hispanic/ Latino)	Multiracial	Other (specify in 1.1b)
Before 1st Birthday																
1st Birthday to < 3 y.o.																
3rd Birthday to < 6 y.o.																
TOTALS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1.1a Other

Other Primary Language Spoken at Home- Specify	**Unduplicated** # of Children Serviced 0-5

1.1b Other

Other Race/Ethnicity- Specify	**Unduplicated** # of Children Serviced 0-5

SOW Target		
Total Target # of Children Receving Preventive & Education Svcs. from SOW	Total Actual # of Children Receiving Preventive & Education Svcs. to Date	% of Target to Date

Agency Name:
Report Year and Quarter:
Report Period:

	0	#DIV/0!

Agency Name:
Report Year and Quarter:
Report Period:

1.2 Preventive Services by CDT-4 Code: Please fill out on corresponding sheet

1.3 Therapeutic Services

	By Age
Age at Last Visit	Total Number of **Unduplicated** Children
Before 1st Birthday	
1st Birthday to < 3 y.o.	
3rd Birthday to < 6 y.o.	
TOTALS	0

SOW Target		
Total Target # of Children Receiving Therapeutic Svcs. from SOW	Total Actual # of Children to Date Receiving Therapeutic Svcs.	% of Target to Date
	0	**#DIV/0!**

COMMENTS: (Please provide any additional comments about therapeutic services administered:

1.4 Therapeutic Services by CDT-4 Code: Please fill out on corresponding sheet

2. DIRECT SERVICES for Parents/ Primary Caregivers (provided both on-site/off-site)

2.1 Parents/ Primary Caregivers Educational Sessions by Race/Ethnicity- Include Educational Sessions provided both on-site and off-site.
Report demographics for at minimum participants that have completed both a pre-test and a post-test.

	Race/Ethnicity									
	Alaska Native/ American Indian	Asian	Black/ African-American (not Hispanic)	Hispanic/ Latino	Pacific Islander	White (not Hispanic)	Multiracial	Other (specify in 2.1a)	Unknown	**TOTAL**
Total Number of **Unduplicated** Parents/ Primary Caregivers										0
Unduplicated Number of Parents/Guardians/Primary Caregivers (where demographic data was NOT collected)										
GRAND TOTAL										0

2.1a Other

Other- Specify	**Unduplicated** # of Parents/ Primary Caregivers

Agency Name:
Report Year and Quarter:
Report Period:

2.2 Parents/ Primary Caregivers Educational Sessions by Primary Language- Include Educational Sessions provided both on-site and off-site.
Report demographics for at minimum participants that have completed both a pre-test and a post-test.

	Primary Language Spoken at Home								
	English	Spanish	Cantonese	Mandarin	Vietnamese	Korean	Other	Other (specify in 2.2a)	**TOTAL**
Unduplicated Number of Parents/ Guardians/ Primary Caregivers (where demographic data was collected)									0
Unduplicated Number of Parents/Guardians/Primary Caregivers (where demographic data was NOT collected)									
GRAND TOTAL									**0**

2.2a Other

Other- Specify	**Unduplicated** # of Parents/ Guardians/ Caregivers

COMMENTS: (Please provide any additional comments about educational sessions conducted:

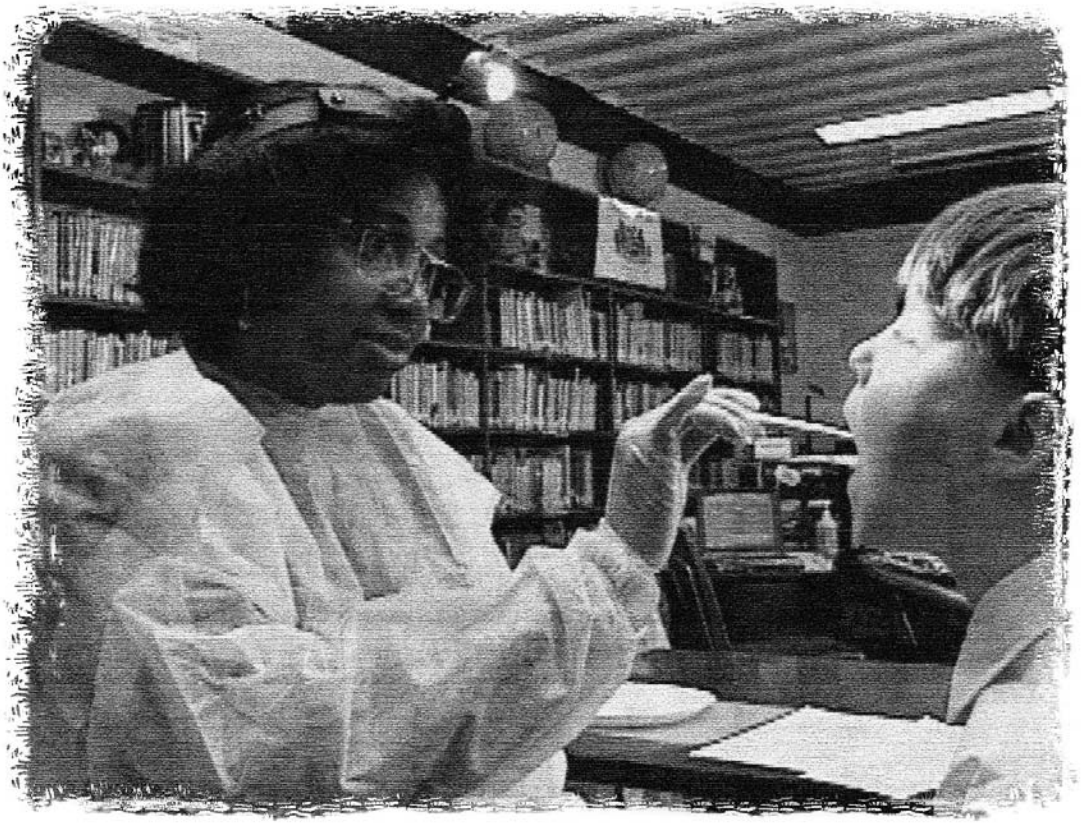
SOW Target		
Total Target # of Parents/Caregivers Receving Education Svcs. from SOW	Total Actual # of Parents/Caregivers Receiving Education Svcs. to Date	% of Target to Date
	0	#DIV/0!

APPENDIX A

Association of State and Territorial Dental Directors (ASTDD)
Basic Screening Surveys: An Approach to Monitoring Community Oral Health, Preschool and School Children, 1999
(Revised September 2003 and December 2008).

BASIC SCREENING SURVEYS:
AN APPROACH TO MONITORING COMMUNITY ORAL HEALTH

PRESCHOOL & SCHOOL CHILDREN



Association of State and Territorial Dental Directors
1999, Revised September 2003 and December 2008

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ACKNOWLEDGEMENTS

The development of the initial Basic Screening Survey (BSS) model in 1999 was led by the Association of State and Territorial Dental Directors in collaboration with the Ohio Department of Health. Technical assistance was provided by the Division of Oral Health, National Center for Chronic Disease Prevention and Health Promotion, Centers for Disease Control and Prevention.

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Kathy Phipps, DrPH
ASTDD Data Coordinator
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Two advisory committees, whose members are listed in the Appendix, made essential contributions to the project. The members of the Policy/Content Advisory Committee determined what items were included in both the direct observation and the questionnaire components. Drs. Deborah Winn and Clemencia Vargas played a major part in developing the questionnaire. The Technical/Criteria Advisory Committee determined the screening criteria for the direct observation portion. In several instances, committee members drafted sections of the manual and of the video script. Their comments on multiple drafts shaped both documents.

The 2008 revisions to this publication and any accompanying materials were supported by Cooperative Agreement U58/CCU7236 from the Division of Oral Health, Centers for Disease Control and Prevention (CDC) and Cooperative Agreement U44MC00177from the Maternal and Child Health Bureau, Health Resources and Services Administration, Department of Health and Human Services. The contents are solely the responsibility of the authors and do not necessarily represent the official views of CDC or HRSA.

SUMMARY OF REVISIONS

As states and local health jurisdictions used the Basic Screening Survey, their experiences provided insight into ways in which the BSS could be improved. The 2003 version of *Basic Screening Surveys: An Approach to Monitoring Community Oral Health* included several minor and one major revision. The major revision was an update on the method for collecting information regarding race and ethnicity. The 1999 version had one data element for race and another for ethnicity. Field-testing found two problems with the 1999 method – missing data and the inability to code multi-racial children. The 2003 version combined race and ethnicity into one question (to reduce the amount of missing data) and included a code for multi-racial children.

The 1999 version of *Basic Screening Surveys: An Approach to Monitoring Community Oral Health* included "untreated decay" and "caries experience" as two of the screening indicators. Using these two indicators, however, did not allow states to determine which children had actually received previous treatment for caries. In 2007 the ASTDD Executive Committee approved changing the indicator "caries experience" to "treated decay". It is recommended that caries experience, which is still an indicator for the National Oral Health Surveillance System (NOHSS), be calculated from untreated decay and treated decay.

As states have developed their oral health surveillance infrastructure, some have voiced an interest in collecting information on disease severity in addition to prevalence data. The 2008 version of *Basic Screening Surveys* includes a set of options for each indicator ranging from a simple no/yes to the more complex. Regardless of which option you select, your data will allow you to calculate the NOHSS indicators.

HOW TO USE THIS MANUAL

This manual provides general information on how to conduct a Basic Screening Survey in preschool and school age children. It includes the clinical indicators that should, at a minimum, be collected and the diagnostic criteria that all jurisdictions should use when collecting oral health data. In addition to this manual, ASTDD has developed a set of supplemental materials that you should review as you plan your oral health survey. While this set of materials provides you with basic information, we encourage you to obtain technical assistance from your agency's epidemiologist or statistician to assure that you use sound survey techniques. If you, or your agency, have further questions please contact ASTDD (www.astdd.org).

Supplemental Materials Available from ASTDD:

1. Examiner training video for dental professionals
2. Examiner training video for nurses
3. Sample PowerPoint for examiner training
4. Laminated cards showing diagnostic criteria
5. Epi Info data entry and analysis program (includes instructions)
6. ASTDD monograph: *IRB, HIPAA and BSS*
7. Access to care questions translated into multiple languages

INTRODUCTION

Recognizing the need for community level oral health status and dental care access data, the Association of State and Territorial Dental Directors (ASTDD) developed the *Basic Screening Survey* (BSS). The primary purpose of the BSS is to provide a framework for obtaining oral health data that is inexpensive and easy to implement; yet always consistent. By collecting data in a consistent manner, communities and states have, for the first time, the ability to compare their data with data collected by other organizations or agencies.

Developing training materials for the BSS involved a number of experts in oral health and individuals with experience in health policy. The training materials were designed so that they could be used by screeners with or without dental backgrounds. This approach was taken because non-dental health professionals, such as school nurses, sometimes have direct access to some population groups and because some states and communities have few public health dental professionals to assist in screening surveys.

Before embarking on a screening survey, it is important to understand its limitations. A dental screening is not a thorough clinical examination and does not involve making a clinical diagnosis resulting in a treatment plan. A screening is intended to identify gross dental or oral lesions, and is conducted by dentists, dental hygienists, or other appropriate health care workers, in accordance with applicable state law. The information gathered through a screening survey is at a level consistent with monitoring the national health objectives found in the United States Public Health Service's *Healthy People* document. Surveys are cross sectional (looking at a population at a point in time), and descriptive (intended for determining estimates of oral health status for a defined population).

The BSS model has two basic components:

1. *direct observation* of a person's mouth, and
2. *questions* asked of, or about, the individual being screened.

The direct observation portion of the model is required while the questionnaire portion is optional.

BSS PLANNING GUIDE

A successful Basic Screening Survey requires planning and forethought. Following is a step-by-step guide for planning a BSS; from the preliminary planning to the post-survey phase. You will find more detailed information in the following sections of this manual.

Preliminary Planning Phase (9-12 months before survey)

1. Develop a survey plan by answering the following questions:
   - What do I want to find out, and for what purpose? Are you interested in just clinical parameters or do you want questionnaire information? Once the data is collected, what will you use it for – program evaluation, advocacy, etc?
   - What age groups and/or grades do I want to include in the survey? For example, do you want information on preschool children, kindergarten, and/or 3rd grade children? NOTE: The National Oral Health Surveillance System encourages states to obtain information on at least 3rd grade children.
   - What level of estimate do I want to obtain? For example, do you want information for the state as a whole, for regions within the state, or county level information? NOTE: The smaller the level of interest, the more expensive the survey becomes.
   - What level of funding is available for this project? Can I obtain funding from other sources such as the state dental association or the state's delta dental provider?
   - Do I want to include a questionnaire with the screening and if yes, what information do I want to obtain?
   - **TIP:** Consider a survey advisory committee that includes representatives from key stakeholder organizations such as the health department, department of education, dental and dental hygiene associations, dental school, potential funding organizations, and the school nurses association. If you have a statewide oral health coalition, this group could act as the advisory committee.

2. Determine if IRB approval is necessary
   - Many states will require that the survey plan be submitted to the appropriate IRB. In most cases, however, the project may obtain a waiver because the survey is considered surveillance rather than research.
   - Determine the appropriate consent process (passive vs. positive).
   - Some school districts have internal research review committees that must also review and approve a survey of this type. Obtain a list of districts with internal review boards from your state's department of education.
   - **TIP:** Submit the survey plan to the IRB at least 6-months before starting the project.

3. Contact your agency's HIPAA coordinator and determine if this survey is impacted by HIPAA

4. If you are planning on screening children in a school setting, contact your state's department of education. For a school survey to be successful, it is very important to have the full support of the department of education.
   - Discuss the appropriate consent process (passive vs. positive) with the department. Some school districts will require positive consent, while others may allow passive consent.
   - Determine whom letters regarding survey participation should be sent to – school principals or the district superintendent? Should a copy of the letter be sent to the school nurse?

- Obtain an approval letter from the department of education or have a department representative co-sign the letter to schools
- **TIP:** In some cases it helps to contact the school nurse's association and the nurses at the selected schools for their support. Often, a principal will not want to participate but the nurse will convince them to take part.
- **TIP:** Have the department designate a specific contact person for this survey who can assist you during the planning and implementation process.

Implementation Phase (3-9 months before survey)

5. Develop survey data collection forms and data entry programs
   - Determine information to be collected (clinical data, questionnaire data, etc.)
   - Determine demographic information to be collected (age, race, gender, free/reduced lunch, etc.)
   - Determine if you will use paper forms, scanable forms, or direct data entry
   - Based on information to be collected – develop forms and/or data entry programs
   - **TIP:** Standard data entry forms using Epi Info may be downloaded from the ASTDD website (www.astdd.org). Paper copies of the data entry forms are included in the BSS manual (www.astdd.org).

6. Determine your sampling strategy
   - Meet with your state epidemiologist or MCH epidemiologist to discuss the sampling scheme. Contact ASTDD for technical assistance. NOTE: For oral health status information to be included in the National Oral Health Surveillance System it must be from a probability sample representative of the state.
   - Obtain an electronic list of schools with target grades from the department of education. Ideally, the list should include the following:
     - District ID number, school ID number, district name, school name, county
     - School contact information: address, phone number, principal's name
     - Number of children in target grade(s)
     - Percent eligible for free/reduced lunch program – at the school rather than the district level
     - Nice to have but not mandatory: Minority enrollment at the school or grade level if available, or other data related to subpopulations that you are particularly interested in
   - Draw the sample
   - **TIP:** Contacting ASTDD before or during your initial sampling scheme discussions will make the sampling process much easier.

7. Develop survey letters
   - Letter to schools – cosigned by department of education
   - Informational letter and consent form for parents
   - Survey result letter to parents

8. Translate letters if necessary
   - When you contact the schools, ask them if they need parent materials in languages other than English.

9. Contact schools
   - As soon as the sample is selected, send letters to schools (determine if letters should be sent to principals, superintendents, school nurses).
   - Follow-up by calling schools. You may want to talk to both the principal and the school nurse.
   - Identify potential screening dates
   - Schedule dates – make sure that the screening date does not conflict with field trips or special school events
   - If a school refuses, randomly select a replacement school within the same strata or sampling interval (consult with your epidemiologist or ASTDD on appropriate replacement methods).
   - Ask the school to provide 1-2 older students or parent volunteers as assistants. The assistants can help "move" the students from classroom to the screening site and may be able to assist with data entry.
   - **TIP:** Be flexible. You may need to alter your schedule in order to accommodate the school's schedule.

10. Identify and train the dental screeners
   - Determine who will screen the children. Most states use dental hygienists. At least two states have used volunteer dentists. While volunteer screeners are cost-effective, paid screeners tend to be more reliable and better in terms of maintaining standardization of data collection.
   - An ideal training session consists of 2-3 hours of didactic training plus 2-3 hour of clinical training
   - Select about 20 children from the same grade levels to be surveyed to help with training. It is best to prescreen children and have children with a variety of conditions to be assessed in the survey.
   - **TIP:** Make sure to provide ample training on how to complete the screening form or enter the data (if direct data entry is used), especially if using numerous volunteers.

11. Order supplies and equipment
   - Toothbrushes
   - Screening supplies – disposable mirrors or tongue blades, gloves, gauze, hand wash, toothpicks or disposable explorers to check for the presence of sealants, etc.
   - Dental equipment if necessary (chairs, lights, etc)
   - NOTE: If you plan to ship supplies to schools, make sure to include a shipping line item in your budget.

Screening Phase

12. Distribute consent forms to schools
   - Photocopy consent forms and letters to parents
   - Send letters and consent forms to schools for distribution. Make sure to include translated materials for schools with non-English speaking parents.
   - **TIP:** Talk to each school about the best method for distribution. If you plan early enough, you may be able to have the consent form included in the enrollment packet sent to each parent.

13. Reconfirm screening date
   - One week before screening, call schools to remind them to send consent forms home with children.

- Reconfirm screening date and time with the school and the screener

14. Obtain enrollment information
    - In order to determine sampling weights and response rates, you must obtain the following two pieces of information from each school: number of children enrolled in each of the target grades and the number of children invited to participate in each of the target grades

15. Collect screening data. The following are screening day protocols that one state used with their screeners. This is an example that you may use if you wish.
    - Arrive at the screening site at least 30 minutes before the first scheduled screening.
    - Check-in at the school's office then set up your supplies for the screening. Ask the office for a list of the appropriate classrooms and when each class has recess and lunch. Obtain a class roster for each classroom that will be screened.
    - Each school has been asked to provide one or two assistants (parent volunteers or older students). Ask the office who will be available to assist you. Introduce yourself to the assistant(s) and briefly tell them what you want them to do. In general, the assistants will be your "runners" bringing students to the screening site (about 10 at a time works well). The assistants may also be able to help you with data entry – but make sure they understand the concept of confidentiality.
    - Have the children bring their consent form with them to the screening (each child should have their own consent form). Review the demographic data on the consent form and complete missing items if possible (birth date, race, etc). If you are required to use positive consent, make sure that the parent has provided positive consent before screening the child.
    - Complete the direct observation portion of the survey. Enter the results on the screening form. Fill in each bubble completely and only use block style letters and numbers. DO NOT LEAVE ANY FIELD BLANK.
    - If a child needs dental treatment, complete the appropriate referral letter for the parent. Give the child the referral letter and a toothbrush (or other items as appropriate). Send the child back to their classroom.
    - When finished for the day, stop by the office and thank the staff for helping with the survey. Ask staff where you can throw away your garbage (staff may ask you to take it with you). Depending on your state's HIPAA requirements, you might want to consider developing a protocol for consulting with the school nurses regarding children with urgent needs.

16. Send data to survey coordinator

Post-Survey Phase

17. Data entry, cleaning and analysis
    - If you did not use direct data entry, enter the survey data. Ideally, double entry should be used to check for entry errors and ensure accurate data entry.
    - Review the entered data for logic and out-of-bound errors. Clean the data as needed.
    - Analyze the data making sure to adjust for the sampling scheme (cluster sampling effects and varying probability of selection) and non-response

18. Report preparation
    - Identify your target audience and develop a report appropriate for the audience. You do not want an overly scientific report if your target audience is legislators.
    - Develop a one-page, graphically appealing, executive summary

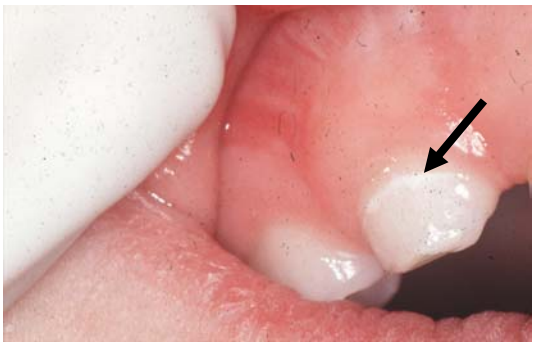
19. Disseminate the report
    - Disseminate the report or executive summary to all key stakeholders
    - Consider a press conference and a series of oral health related “spots” for TV, radio and print

DENTAL CARIES OVERVIEW

Dental caries is a widespread disease caused by acids produced by bacteria in the mouth. The acids lead to loss of calcium and phosphate compounds (demineralization), the building blocks of teeth. Counteracting the effect of demineralization of tooth surfaces are several protective factors in saliva and the oral environment that contribute to the uptake of calcium and phosphate compounds (remineralization).

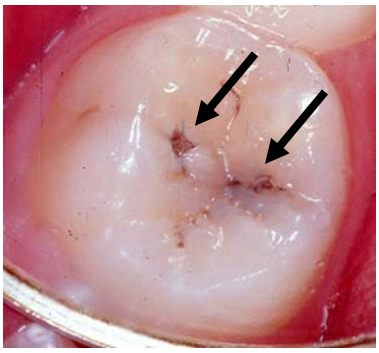
Dental caries occurs when the balance between the detrimental process of demineralization and the protective process of remineralization shifts towards demineralization. Early signs of dental caries appear when the process of demineralization progresses to the degree that the color and translucency of the tooth surface are altered. At this early stage, the enamel surface is still intact and the lesions are referred to as "precavitated". For the purpose of the BSS, ***precavitated lesions are not coded as untreated decay***.

Precavitated
Pit & Fissure Caries

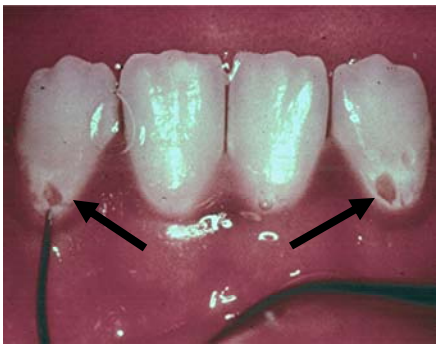


Precavitated
Smooth Surface Caries

If demineralization continues, the outer tooth structure collapses leading to the formation of a cavitated carious lesion; commonly referred to as a cavity. For the purposes of the BSS model, ***teeth are only considered decayed at the point in the caries process when enough enamel has been lost from the surface to create a definitive break in the enamel*** or, more simply stated, a hole.



Cavitated
Pit & Fissure Caries



Cavitated
Smooth Surface Caries

OVERVIEW OF SCREENING INDICATORS

For children and adolescents there are five oral health status indicators included in the direct observation portion of the BSS. Some are only applicable to specific age groups and others apply to all age groups. Your screening survey should include, at minimum, the following indicators according to the age groups shown:

Preschool Children

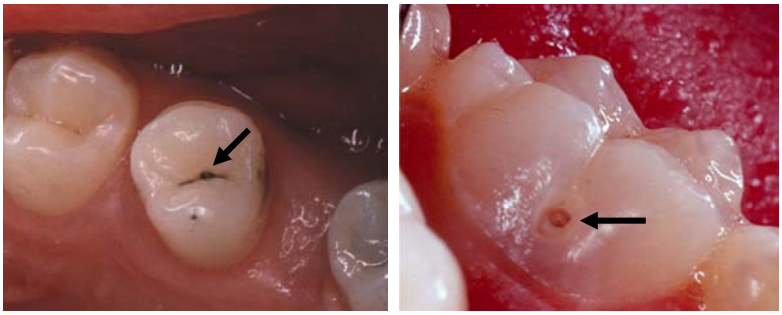
- Untreated decay
- Treated decay
- One or more upper front teeth with treated and/or untreated decay (Early Childhood Caries)
- Urgency of need for dental care

School Children (Kindergarten to 12th grade)

- Untreated decay
- Treated decay
- Dental sealants on permanent molars
- Urgency of need for dental care

INDICATOR #1: UNTREATED DECAY

The first screening indicator is the presence of untreated decay. Untreated decay is generally detected by visual inspection only – explorers are usually not used. A tooth is considered to have untreated decay when the screener can readily observe ***breakdown of the enamel surface***. In other words, only cavitated lesions are considered to be untreated decay. This applies to pits and fissures as well as smooth tooth surfaces.



Cavitated Pit & Fissure Caries

Cavitated Smooth Surface Caries

Following are two guidelines that you should remember when classifying untreated decay for a basic screening survey:

1. If a pit or fissure is stained and there is no apparent breakdown of the enamel structure, this is <u>not</u> untreated decay.

2. White spot lesions are <u>not</u> considered to be untreated decay.

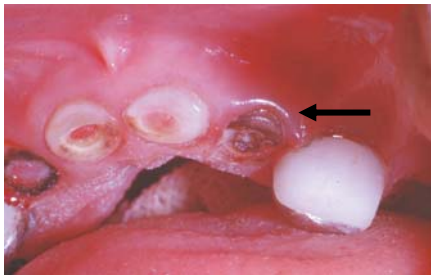
Not Untreated Decay
Stained fissures but no enamel break

Not Untreated Decay
White spot lesions but no enamel break

A good rule of thumb in a screening survey is — *when in doubt, be conservative*. That means that if you are not sure that a condition is present, assume it is not.

Broken or chipped teeth are considered sound unless a cavity is found. Similarly, a tooth with a broken filling without recurrent decay is considered to have treated decay rather than untreated decay.

If the screener notices a retained root, assume that the whole tooth was destroyed by caries and code the individual as having untreated decay.



Retained Roots

Options for Coding Untreated Decay: For untreated decay, states may opt to collect just prevalence data (no/yes) or they may collect a measure of severity. The following table lists a "menu" of untreated decay measures that can easily be obtained using the BSS format. Each of the severity measures may be collapsed to determine the percent of children with untreated decay – the National Oral Health Surveillance System indicator variable for untreated decay.

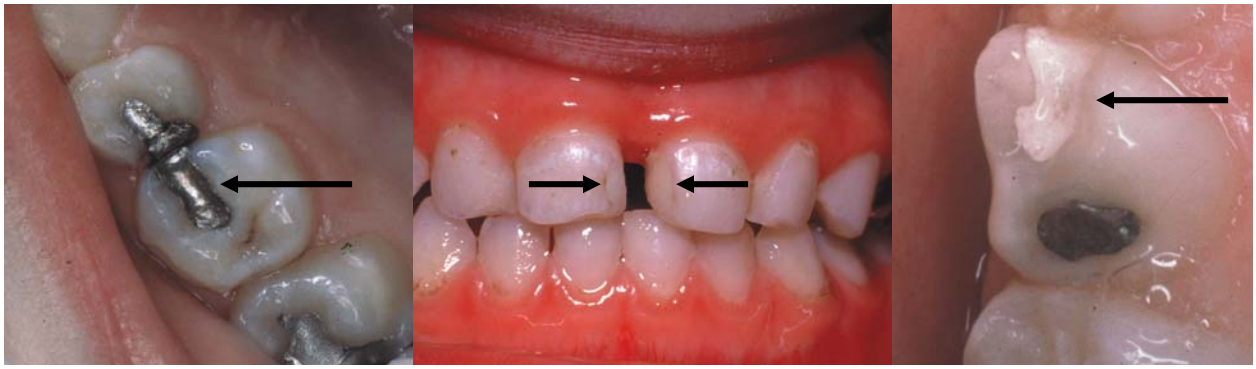
Menu of Measures for Untreated Decay

Most Basic	Less Basic	More Complex	Most Complex
No/Yes	None Primary only Primary & Permanent Permanent only	# decayed teeth	# decayed primary teeth # decayed permanent teeth *Other Options:* # decayed permanent molars #decayed permanent 1st molars #decayed permanent 2nd molars

INDICATOR #2: TREATED DECAY

The second screening indicator, treated decay, is determined by the presence of any type of filling, including a temporary filling or a tooth that is missing because it was extracted as the result of tooth decay. The BSS records this measure for children only, because few individuals reach adulthood without having experienced dental caries.

There are three basic types of fillings that may be seen during a screening: amalgam (silver), composite (tooth-colored) and temporary.



Amalgam Fillings | Composite Fillings | Temporary Filling

For the purpose of the screening, crowns, which cover the whole tooth or most of the tooth, are akin to fillings. The presence of at least one will categorize the child as having treated decay. The most common type of crown seen in children is a stainless steel crown, usually found on the back primary teeth. Tooth colored crowns, however, may be seen on the front teeth of young children with ECC. The other two types of crowns, gold and tooth-colored, may be seen in adolescents, but only rarely. Tooth-colored crowns often have metal on the back of the tooth.

A crowned front tooth in an adolescent may be the result of injury rather than caries. Therefore, you should question the adolescent about their recollection of injury and code the child accordingly. If a tooth is crowned for trauma rather than decay, then the tooth is considered to be sound.

The same scenario is true for teeth that are missing because of orthodontics; they are not considered treated decay.

Options for Coding Treated Decay: For treated decay, states may opt to collect just prevalence data (no/yes) or they may collect a measure of severity. The following table lists a "menu" of treated decay measures that can easily be obtained using the BSS format. Each of the severity measures may be combined with the untreated decay measures to obtain the percent of children with caries experience – one of the National Oral Health Surveillance System indicator variables.

Menu of Measures for Treated Decay

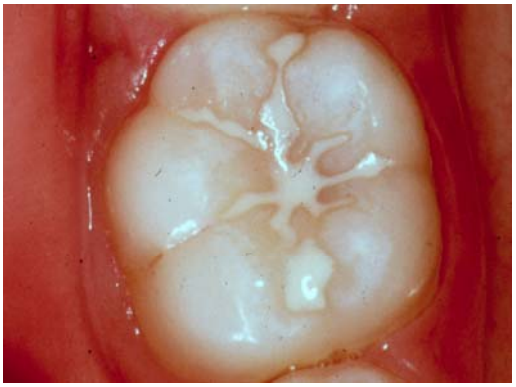
Most Basic	Less Basic	More Complex	Most Complex
No/Yes	None Primary only Primary & Permanent Permanent only	# treated teeth	# treated primary teeth # treated permanent teeth *Other Options:* # treated permanent molars # treated permanent 1st molars # treated permanent 2nd molars

INDICATOR #3: DENTAL SEALANTS (SCHOOLCHILDREN)

The third screening indicator, sealants on permanent molars, is collected only for elementary, middle and high school children. Children will be coded as having sealants if they have at least one sealant on a ***permanent molar tooth***, whether or not the sealant covers all or part of the pits or fissures or is partially lost. Do not record sealants on primary teeth.

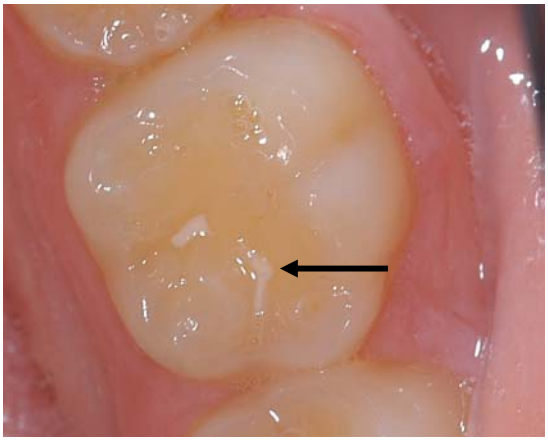
Dental sealants are either transparent or opaque. While opaque white sealants are rather easy to identify visually, other shades, including transparent sealants, may be very difficult to identify. To help you identify the presence of a dental sealant, you can use an adjunct such as a toothpick or a long-handled cotton tipped applicator to gently feel the surface. When feeling for sealants, a distinction is made between a smooth area and an area made rougher by the pits and fissures. The BSS model does not recommend that adjuncts be used by non-dental screeners.

Transparent Sealant

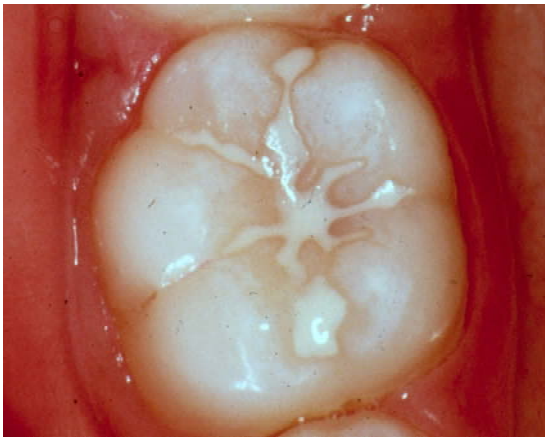


Opaque Sealant

Even a partially retained sealant will cause an individual to be categorized as having sealants.



Partially Retained Sealant



Fully Retained Sealant

Options for Coding Sealants: For sealants, states may opt to collect just prevalence data (no/yes) or they may collect the number of permanent molars with sealants.

Menu of Measures for Dental Sealants

Most Basic	Less Basic	More Complex	Most Complex
No/Yes	NA	NA	# perm molars with sealants

INDICATOR #4: EARLY CHILDHOOD CARIES (PRESCHOOL)

The fourth screening indicator, early childhood caries, is only used for preschool children; this indicator is not used for children in kindergarten or higher grades. For this indicator, you will most likely be screening children in a setting such as an Early Start or Head Start classroom. In order to see the upper front teeth, someone will have to "lift the lip." With cooperative children, you can ask them to push up their lip with their finger or to "smile big" to show you their teeth. Otherwise, you will have to either retract the lip with a mirror or tongue blade or use your finger, necessitating regloving and hand cleaning between children.

Early Childhood Caries

Any preschool child with ***one or more*** of their six maxillary anterior teeth decayed, filled, or missing because of decay is considered to have early childhood caries. Missing front teeth in this age group are most likely due to caries or to traumatic injuries. Therefore, the cause of missing front teeth must be identified by questioning the parent or guardian, if present, or including a question on the consent form.

If you are screening one or two year olds you may need assistance and a knee-to-knee approach with the child reclining in the parent's lap with the child's head in your lap. You will have to retract the lip with your gloved fingers in this instance.

Knee-to-Knee Position

Options for Coding Early Childhood Caries: For ECC, states may opt to collect just prevalence data (no/yes) or they may collect the number of maxillary anterior teeth with treated and/or untreated decay.

Menu of Measures for Dental Sealants

Most Basic	Less Basic	More Complex	Most Complex
No/Yes	NA	NA	# maxillary anterior teeth with treated and/or untreated decay

Indicator #5: Urgency of Need for Dental Care

The final screening indicator is urgency of need for dental care. After categorizing a child according to his or her caries status, assign one of three treatment urgency codes to estimate how soon he or she should visit the dentist for clinical diagnosis and any necessary treatment.

Urgent need for dental care is used for those who need dental care within 24 to 48 hours because of signs or symptoms that include pain, infection, or swelling. In children, the most common reason for being classified as needing urgent care is an abscess.

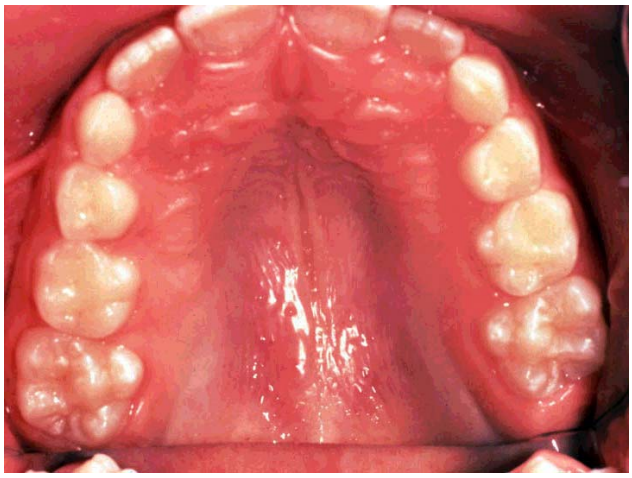
If someone needs to see a dentist because of untreated decay but they do not have pain or an infection they are classified as needing early dental care. For our purposes, early treatment means that they should see a dentist within the next several weeks or before their next regularly scheduled dental appointment. An individual with a broken or missing filling, but no other untreated decay, would be classified as needing early dental care.

Children with no untreated decay or other dental problems requiring early attention are considered to have no obvious problem, which means that they should receive routine dental checkups.

Category	Recommendation for next dental visit	Criteria
Urgent need for dental care	As soon as possible	Signs or symptoms that include pain, infection, or swelling
Early dental care needed	Within several weeks	Caries without accompanying signs or symptoms or individuals with other oral health problems requiring care before their next routine dental visit
No obvious problems	Next regular checkup	Any patient without above problems

Urgent Care Needed

Early Care Needed



No Obvious Problem

If a child has untreated decay on a primary tooth that is about to exfoliate, they would be classified as having untreated decay but no obvious problem.

No Obvious Problem
Primary tooth with untreated decay
about to exfoliate

Optional Indicators: Measures of Disease Severity

Some health jurisdictions have collected information for indicators relating to disease severity. These indicators are not included in the National Oral Health Surveillance System and have not been standardized. We have included these as "optional" indicators that you might find useful.

Rampant Decay: Individual has 7 or more teeth with untreated and/or treated decay (no or yes)

Number of Quadrants with Untreated Decay: Record the number of quadrants with untreated decay (0, 1, 2, 3, or 4)

LOGISTICAL QUESTIONS

As you plan the direct observation portion of your screening survey, there are a number of questions you will have to answer. This section provides additional information to help you make the necessary decisions.

Lighting

What type of lighting do I need?

Although screening for very obvious cavities and fillings can be done with good available light, screening for sealants and smaller cavities can not. The BSS assumes that natural and/or overhead lighting will be available but requires an additional light source that can be focused on the teeth. Lighting options include:

- Flashlight/Penlight
- Portable dental light
- Non-dental exam light
- Head lamp

If your choice is to use portable dental lights, non-dental exam lights or head lamps, you can contact local dental suppliers, portable equipment manufacturers, or camping/outdoor equipment suppliers.

Retraction/Visualization

How can I get a "good look" in the mouth?

The choices you make about how to help screeners visualize the mouths that they are screening will depend largely on what resources are available to you and, to some extent, on personal preference. All of the alternatives that follow are acceptable, but some clearly allow superior visualization. Local clinics, health departments or private dental offices may be willing to loan or donate some of the items.

- ***Tongue blades*** are a relatively inexpensive and common choice for retracting lips and cheeks to gain visual access to the teeth. The cost per tongue blade is approximately $0.01-$0.02.
- ***Dental mirrors*** provide much better visibility than tongue blades, particularly for the backmost upper teeth and for detecting sealants. Dental mirrors are sold as either disposable or reusable (sterilizable) items. Screeners may opt to have a limited number of mirrors available for use in situations where visualization is otherwise inadequate.
  - Disposable mirrors simplify infection control procedures but add cost, approximately $0.30-$0.40 each.
  - It may be possible to borrow reusable mirrors from local clinics, state health departments or local dental offices. The cost of reusable mirrors will depend on the material they are constructed from and can range from $1.50-$17.00 each. Fiberglass is less expensive than stainless, but may not last as long.

Removing Food Debris from Teeth

How do I find cavities or sealants when teeth are covered by food?

If tooth surfaces cannot be visualized because debris obscures the view, a toothbrush is most effective for cleaning away the food. Alternatively, a toothpick or the wooden end of a cotton-tipped applicator may be used to dislodge debris. Contact of gloves with mucosa or saliva requires hand cleaning and regloving.

For teeth that are too wet to see the tooth surfaces, screeners can use a long handled cotton-tipped applicator, cotton roll or gauze square to soak up saliva.

Instrumentation

Do I need to use a dental explorer for the screening?

No, dental explorers are not standard equipment for this screening model and their use for determining the presence of caries, especially in newly erupted teeth with pits and fissures, is discouraged.

If your examiners are dentists or hygienists, however, it may be useful to provide a way that they can ***gently*** feel fissured surfaces to determine the presence of dental sealants. For this purpose, you can use a long-handled toothpick, periodontal probe or dental explorer.

If you use explorers, they should NEVER be used to determine a "stick" or "tugback" in a suspected carious lesion.

Infection Control

Do I need to wear and change gloves?

The guidelines for infection control in dental health care settings published by CDC should be your minimum standard during any screening survey.[1] In general, the basic screening survey procedures assume that you will not touch the child directly with your hands during the screening. Based on this assumption, the CDC infection control guidelines do not require use of examination gloves; however we do recommend that all screeners wear gloves in the event you inadvertently come in contact with saliva or oral soft tissues.

According to CDC guidelines, if there is no physical contact, it is not necessary to change gloves between children. If, however, a gloved hand touches mucus membranes, lips, or saliva, the glove must be removed and hands washed or rubbed with an alcohol-based hand rinse before putting on new gloves. ***ASTDD recommends that you always wear gloves and always change gloves for each child.*** This recommendation is made because school staff and parents are not familiar with infection control guidelines and may perceive the screening to be unprofessional if gloves are not changed.

Since a screening survey does not produce aerosols, wearing eyewear, a mask, and a gown are optional.

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[1] Kohn WG, Collins AS, Cleveland JL, et al. Guidelines for infection control in dental health-care settings-2003. MMWR Recomm Rep 2003; 52:1-61. Available at: http://www.cdc.gov/mmwr/preview/mmwrhtml/rr5217a1.htm

The following table summarizes the levels of infection control recommended when there is ***no anticipated examiner contact*** with mucous membranes, blood and/or saliva contaminated with blood.

Principles Of Infection Control When There Is No Anticipated Examiner Contact With Oral Tissue Or Blood	
I. Take action to stay healthy	
A. Immunizations	
1. HBV immunization	As required by state law or regulation
2. Other immunizations	As necessary
B. Hand washing	Strongly suggested after each patient when hands are in close proximity to the mouth
II. Avoid contact with blood	
A. Protective coverings	
1. Gloves	Optional
2. Facial protection	Optional
3. Protective clothing	Optional
B. Avoid injuries	
1. Handling sharps	Not anticipated
2. Written policy	Available on site
III. Limit the spread of blood	
A. Control of contamination	Contamination with blood not anticipated
B. Waste handling	Follow state and local regulations
IV. Make instruments and equipment safe for use	
A. Instruments	Single-use tongue blade or dental mirror, disposed of promptly
B. Covered surfaces	Change coverings as necessary
C. Uncovered surfaces	Clean as necessary

Consent

Do I need parental permission to screen children?

Unless your state requires dental screenings for school admission, parents must provide consent for a screening survey. There are 2 basic types of consent – passive and positive. With passive consent, all children are screened unless a parent specifically says no. If positive consent is used, only those children who returned a consent form with parent agreement may be screened.

The standards and traditions of the schools with which you are working will determine which approach you will use. Please note that your approach to parental consent will influence participation rates – positive consent will diminish participation. Sample cover letters and consent forms are located in the Appendix.

Screener Training

Before the actual screening, prospective screeners should come together for a training and practice session. The purpose of the training is to assure consistency between screeners. Screeners may watch the BSS video, individually, before the session or they can view it as a group and do their best to answer each others' questions. Following the group review of the video, prospective screeners will use their new skills and discuss potential differences in interpretation of screening criteria under field conditions. This will provide practical experience using the BSS model and increase everyone's level of confidence that the screening results are reliable.

In the practice session, each screener will have a recorder and a visibly numbered station, such as a small table or a school desk, to hold her/his screening supplies. The recorder either may be another trainee who will later alternate positions with the screener, or someone who has not been trained to screen. A sample format for recording screening codes for multiple screening trainees is found in the Appendix. These can be printed as cards or on paper. We recommend that each screener see enough participants to be comfortable with the consistency of their interpretation of the screening criteria compared with the other screeners in their group. When screeners reach the point where their calls on the vast majority of participants are in agreement with each other, they have practiced enough. At a minimum, screeners should look at 10-20 participants in the age range that they will be screening. Ideally, participants would have been prescreened by a dentist or dental hygienist who understands the BSS model to assure a good variety of clinical situations. If prescreening is not possible, a larger number of participants should be screened for practice in order to assure a reasonable representation of those to be screened in the survey. This could require as many as 50 practice screenings, depending on levels of agreement as the training progresses.

The screening stations may be arranged in a circle or semi-circle, far enough apart so that the screeners cannot hear the calls of the adjacent screeners. Each subject being screened in the practice session carries her/his score sheet to each station, consecutively, so that all screeners see each subject. The screener "calls" her/his screening code decisions for the subject and the recorder writes them in the appropriate spaces on the score sheet. Care is needed to assure that the screener is not able to see the scores of the other screeners before making her/his decision. After the person being screened goes to the last station, someone is charged with identifying the participants for whom screeners were not unanimous on all scores. These participants are retained for discussion after all the screenings have been completed. At that time, the group of trainees gets together to discuss and resolve their disagreements by mutually deciding the "best call" for each situation, using the screening criteria.

Questions about conducting training can be directed to ASTDD or the Division of Oral Health, Centers for Disease Control and Prevention.

Human Subjects Clearance

Survey planners must determine if the survey protocol requires human subjects review by an Institutional Review Board (IRB) within their agency. Agencies will vary in their decision of whether a review is needed. In some agencies, an oral screening survey is perceived as public health practice rather than research and not subject to review. In other instances, the survey is considered research and a review will be required.

If required, approval of the survey protocol should be obtained before making initial contact with school officials. While uncommon, some school officials may question whether a review of the protocol was conducted, and it is to the survey planner's advantage to be able to report that the protocol was approved. The review process within an agency can take months to complete, so planners should begin the process well in advance of the anticipated start of the survey.

In addition to your agency's IRB, some school districts and communities have internal or independent review boards. Surveyors should find out in advance if there are such district and/or community IRBs in the areas they plan to survey and what their expectations are with respect to reviewing this type of survey.

Additional information on human subjects clearance is available in the ASTDD publication *IRB, HIPAA and BSS*. Following is the guidance recommended by ASTDD.

Guidance: Oral health programs planning an oral health survey should always review the agency's policies regarding IRB review. Prior to implementation of an oral health survey, dental programs should consider obtaining one of the following:

1. A waiver from the agency director.
2. A waiver from the IRB. Submit a letter to the agency's IRB outlining the survey as public health practice; reiterate the fact that public health practice is outside the scope of the IRB, and ask the IRB to consider waiving the survey.
3. Approval from the IRB.

HIPAA

The Administrative Simplification standards adopted by the Department of Health and Human Services (HHS) under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) apply to any entity that is:

- a health care provider that conducts certain transactions in electronic form
- a health care clearinghouse
- a health plan

Before beginning the process of planning your survey, you should contact your agency's HIPAA coordinator to determine if your agency is a covered entity. More information on HIPAA can be found at the HHS, Office for Civil Rights website (www.hhs.gov/ocr/hipaa).

Access to Care Questionnaire (Optional)

The following questions may be included on a consent form (refer to the Appendix). Coupled with the oral health status information obtained through the direct observation portion of the screening survey, the questions about access provide more data for use in needs assessment.

The questionnaire is the best place for collecting demographic information about the people you screen. Such information is useful in stratifying your findings for reporting. Typical items collected are; 1) age, 2) gender, and 3) eligibility for the free and/or reduced price meal program (schoolchildren).

In addition, race and ethnicity can either be asked on the questionnaire or observed and recorded at the time the individual presents for the screening. The categories for race and ethnicity are: white, black/African American, Hispanic/Latino, Asian, American Indian/Alaska Native, and Native Hawaiian/ Pacific Islander. Detailed definitions of each race category are located in the Appendix. For simplicity, the data entry form and software provided with this manual includes one field for race/ethnicity that includes a separate code for multi-racial children. If you want to collect more detailed information on race and/or ethnicity, contact CDC or ASTDD for technical assistance.

Recommended Questions

1. During the past 6 months, did your child have a toothache more than once, when biting or chewing? [Source: National Health Interview Survey (NHIS), 1989]
   1. No
   2. Yes
   3. Don't know/don't remember

2. About how long has it been since your child last visited a dentist? Include all types of dentists, such as, orthodontists, oral surgeons, and all other dental specialists, as well as dental hygienists. [Source: NHIS, 1997]
   1. 6 months or less
   2. More than 6 months, but not more than 1 year ago
   3. More than 1 year ago, but not more than 3 years ago
   4. More than 3 years ago
   5. Never have been
   6. Don't know/don't remember

3. What was the main reason that your child last visited a dentist? (Please check one) [Source: NHIS, 1986]
   1. Went in on own for check-up, examination or cleaning.
   2. Was called in by the dentist for check-up, examination or cleaning.
   3. Something was wrong, bothering or hurting.
   4. Went for treatment of a condition that dentist discovered at earlier check-up or examination.
   5. Other
   6. Don't know/don't remember

4. During the past 12 months, was there a time when your child needed dental care but could not get it at that time? [Source: NHIS, 1994]
   1. No
   2. Yes
   3. Don't know/don't remember

5. The last time your child could not get the dental care he/she needed, what was the main reason he/she couldn't get care? (Please check one) [Source: NHIS, 1994]
   1. Could not afford it
   2. No insurance
   3. Dentist did not accept Medicaid/insurance
   4. Not serious enough
   5. Wait too long in clinic/office
   6. Difficulty in getting appointment
   7. Don't like/trust/believe in dentists
   8. No dentist available
   9. Didn't know where to go
   10. No way to get there
   11. Hours not convenient
   12. Speak a different language
   13. Health of another family member
   14. Other reason
   15. Don't know/don't remember

6. Do you have any kind of insurance that pays for some or all of your child's MEDICAL OR SURGICAL CARE? Include health insurance obtained through employment or purchased directly as well as government programs like Medicaid.
   1. No
   2. Yes
   3. Don't know/don't remember

7. Do you have any kind of insurance that pays for some or all of your child's DENTAL CARE? Include health insurance obtained through employment or purchased directly as well as government programs like Medicaid.
   1. No
   2. Yes
   3. Don't know/don't remember

Additional questions for survey planners to consider:

8. During the past 12 months, was there a time when you felt that your child needed MEDICAL CARE OR SURGERY but could not get it at that time? [Source: Modified from NHIS, 1994]
   1. No
   2. Yes
   3. Don't know/don't remember

9. The last time your child could not get the MEDICAL CARE OR SURGERY he/she needed, what was the main reason he/she couldn't get care? [Source: NHIS, 1994]
   1. Could not afford it
   2. No insurance
   3. Doctor did not accept Medicaid/insurance
   4. Not serious enough
   5. Wait too long in clinic/office
   6. Difficulty in getting appointment
   7. Don't like/trust/believe in doctors
   8. No doctor available
   9. Didn't know where to go
   10. No way to get there
   11. Hours not convenient

12. Speak a different language
13. Health of another family member
14. Other reason
15. Don’t know/don’t remember

For all questions, refused/no response is a coding option but is not listed as a choice on the questionnaire. For one digit variables, 9 is coded, for two digit variables the refused/no response code is 99.

SAMPLING

When it comes to the question of sampling, there is a short answer and a long answer (which circles back to the short answer). The short answer is: "Get Help!"

To submit preschool or elementary school data to the National Oral Health Surveillance System, data must be from a ***statewide probability sample*** of either Head Start centers or public elementary schools. In addition, if a complex sampling scheme is used, submitted data must be appropriately weighted, and analysis should account for sampling design elements, i.e. stratification and clustering. For this reason, we are only providing information on probability sampling. If you want information on conducting an oral health survey using some form of non-probability or convenience sampling, one possible source to refer to is the publication, WHO Oral Health Surveys: Basic Methods, Fourth Edition. This publication provides a WHO recommended method of conducting surveys using convenience sampling methods with some protocol features designed to improve representation of a population in situations where resources and access to survey methodology expertise are limited.

How do I decide who to screen?

The first step in planning a screening survey for preschool or elementary school children is to determine the population to be assessed (target population). ASTDD recommends the following target populations:

- Preschool: Children enrolled in Head Start
- Elementary School: Third grade children in public elementary schools

Aspects of the target population will need to be considered in defining your survey population, i.e. the actual children to be sampled and screened. For example, in a survey of 3rd grade children, do you want your target population to be typical children from traditional public schools with a designated minimum size, or do you want your sample to include children from magnet schools or schools for "gifted" children, children in special education programs, or children from extremely small schools (e.g. schools with less than 10 3rd graders), etc?

Unless the size of the target population is very small, a sample of people representative of the target population will need to be selected for screening. Typically in surveys of Head Start and 3rd grade children, the sampling process involves selection of sites (e.g., schools or Head Start centers), and then selection of children at the sites. The goal of sampling is to select and screen a sufficient number of children at selected sites that are representative of the target population. From the data collected on the sample, estimates of oral health indicators are extrapolated to the target population you wish to describe.

This section should provide enough background information on sampling to give you an appreciation of the questions you should consider and, hopefully, the wisdom to consult someone knowledgeable about sampling to discuss your situation.

What are some approaches to probability sampling for school surveys?

In probability sampling, every member of the population has a known, or determinable, non-zero, chance of being selected into the sample, and there is some form of random selection in the sampling process. Using analysis weights derived from the chance of selection of sampled elements and designating certain aspects of the sample design, statistical estimates of population parameters (e.g. oral health indicators) and estimation of the precision of these population estimates are generated. Estimating precision of the population estimates gives us a statistical assessment of how

confident we are that the population estimate derived from the survey data is close to the true population parameter we are trying to estimate. Brief descriptions of some basic probability sampling approaches follow:

Simple Random Sampling: A simple random sample is one in which each member of the population has an equal and known probability of being selected. Each element is selected randomly from the population one at a time. Details on the simple random sampling process and random numbers table that may be used for sample selection are found in most standard statistics textbooks. Simple random sampling can also be conducted using available computer software packages.

Simple random sampling, however, is relatively inefficient and rarely used for larger surveys. In simple random sampling, some elements of sample design that improve sampling efficiency and enhance representativeness of the target population are not used. This method carries some risk of generating bad samples that are not representative of the target population and/or inadequately represent various population subgroups. It is also difficult to employ because a complete list of the target population (e.g., every school-aged child in the state) must be obtained in order to select the sample; this list may not be readily available and would likely be impractical to generate. Furthermore, and probably most importantly, to conduct a survey using this type of sample design does not use resources efficiently. For example, a simple random sampling of schoolchildren in a state might well require going to a different school for almost every child selected into the sample.

Stratified Random Sampling: Stratification is used to ensure that the sample represents the target population and subpopulations of interest as to population variables considered important, and to increase precision of population estimates. Selections are made from every stratum, ensuring that all strata in the target population are represented in the sample. For example, in an oral health survey of schoolchildren, school districts might first be stratified by geographic region, with selection of school districts and schools from each region, so that a good cross section of districts across all regions of the state is obtained in the sample. This strategy would improve population estimates at the state and regional levels.

Factors often considered when stratifying the target population include: age (or grade for school-based surveys); geographic location (e.g., state health regions or urban/rural/suburban community setting); socioeconomic status (as indicated, for example, by the percentage of children eligible for free and reduced cost meals at school); and ethnic origin and/or race.

Cluster Sampling: Sampling of naturally occurring clusters in a population is a method used to increase the efficiency of conducting a sample survey. For a given sample size, cluster sampling would actually almost always result in loss of precision of survey estimates. But this loss of precision is more than offset by the increase in efficiencies of conducting the survey, making a much larger sample size with a set amount of resources possible. The target population is divided into clusters of associated elements which can be surveyed more efficiently. Cluster sampling differs from stratified sampling where all strata are sampled in that not all population clusters are sampled. For example, a city may be divided into regions such as tracts or blocks; a random sample of blocks (clusters) is chosen and information is collected on elements within the selected clusters. Whereas stratification is used to enhance representativeness of a sample and to improve the precision of generated population estimates, cluster sampling is used for logistical efficiencies in sampling, with the hope that clusters are heterogenous within and homogenous between clusters and thus selected clusters will be representative of clusters not selected.

A common example of cluster sampling is seen in school-based oral health surveys. A sample of schoolchildren in a state might involve selection of school districts at the first stage, schools within districts at the second stage, classes within schools at the third stage, and – perhaps – students within classes. In this example, cluster selection is used to reduce time and effort required to select

and recruit children, and to travel to and between schools. Not all schools are sampled, so it is advantageous if children within selected schools vary and represent children from the schools that weren't selected into the sample. In most large surveys, both stratification and clustering are employed in the sample design, such as in:

Probability Proportional to Size Sampling: Probability Proportional to Size (PPS) sampling refers to the approach of selecting clusters in proportion to their size in the early stages of sampling, and ultimately selecting a set number of elements from each final sampled cluster in the last stage of sampling, so that each element in the population ends up with an equal probability of selection. Typically, it involves both stratification and clustering in a multi-stage design. This approach can best be explained through an example, again involving a survey of schoolchildren. With a PPS design, schools would be selected with probability proportional to enrollment size of the schools; larger schools would have a greater chance of being selected in the first stage of sampling. A set number of children (e.g., thirty) are then selected from within each selected school. In this stage children in a larger school would have a smaller chance of selection than children in a smaller school (e.g., 30/1000 vs. 30/150). The result is that the probabilities of selection even out. Larger schools have a higher probability of selection in the first stage of sampling, but this is offset by the smaller probability of selection of the individual children from within the larger schools at the subsequent stage of selection. With this design, all children in the target population end up with the same probability of selection. The sampling for this design involves the use of lists of clusters with their sizes, in which stratification can be incorporated easily. For example, lists of schools (with their enrollment sizes) can be sorted by region and by percent of children eligible for free/reduced lunch programs (as a proxy for socio-economic status) within regions. A systematic PPS selection of schools through this sorted list would ensure proportional representation by region and by free/reduced lunch eligibility in the survey sample. This is a very effective design to ensure that a representative sample of the target population is selected, while maintaining a stable number of selected elements at each survey site for survey logistical efficiency.

How large of a sample do we need?

Perhaps the most frequently asked question in survey research, sample size is a very important consideration for planners. Surveying more participants than needed will result in unnecessary expenditure of time and resources for little additional information. An insufficient sample size may yield survey findings that lack enough precision to be of value because the information is not collected on enough clusters or people to minimize the effect of variation within the population.

Unfortunately, there is not a simple answer to the question of adequate sample size. Several factors must be considered in determining the number of children to examine. First, the sample size will depend on the variability of the measure of interest in the target population. For example, if the percent of children with one or more dental sealants is thought to vary significantly among children and from school to school within a state, surveying a larger number of schools and schoolchildren helps to minimize the effect of this variation. The survey planner will then have increased confidence (i.e. improved precision of population estimates) that the findings among survey participants are reflective of the target population.

The required sample size largely depends on how precise the surveyor wishes the measures of interest to be (i.e., within what interval or bounds of error does the survey planner wish the true value of the measure to fall?). Generally, the larger the acceptable bounds of error around the population estimate, the smaller the sample can be. For example, if the surveyor wishes a survey estimate to be within 5% in either direction of the true population value, a smaller sample size will be required than if a more precise value is desired, e.g., within 2% of the true population value.

Statistical issues aside, most survey planners find the need to consider a number of practical issues when determining sample size. For example, available resources for conducting the survey will greatly influence the number of sites that can be visited and participants that can be screened. Questions to ask include, "How much time do I have for conducting the survey?" "How many screeners are available to work on the project?" "How much money do I have for travel, supplies, and other costs?" The answers to these and other pragmatic questions may have a greater impact on sample size determination than statistical issues. Usually, a balance will need to be struck between statistical rigor and fiscal/time constraints.

Sample size determination should be done with the assistance of a biostatistician or epidemiologist.

In school surveys, how do I decide which schools and classrooms to survey?

As mentioned previously, in a survey of schoolchildren, randomly selecting individual students across a large geographic region is usually not feasible or desirable. Rather, schools are usually selected, followed by a selection of children to be screened in the selected schools. State and local boards of education can usually provide directories or data files of school districts and schools in the geographic area(s) of interest. It may be possible to draw down the information from the agency's website. School health, immunization, and health education programs within state and local health agencies may also be sources of school listings.

Once schools are selected, a standardized process for selecting individual students must be employed. Entire classrooms within the desired grade level(s) may be randomly selected for inclusion, or students may be selected randomly from rosters organized by grade. To avoid introducing bias, classrooms and students selected should not be systematically different from remaining classrooms or students. For example, honors or accelerated learning classrooms should not be selected, nor should classrooms of students who are medically compromised or developmentally delayed, unless the surveyor is interested in knowing more about the oral health status of these children, as well. Information on such small subgroups of schoolchildren may be best obtained through a separate project/survey specific to the subgroup of interest.

Can we use the data in their raw form or does a statistician need to adjust them?

The scope, budget and objectives of your survey will help you decide whether or not to adjust your data, statistically. If you have the budget and value greater precision and confidence in your estimates, adjusted data are preferred. If you do not have the need or the resources for a biostatistician, yours will not be the first survey to report unadjusted results. You should, however, make this clear in the methods section of your survey report.

Proper analysis of data collected on a sample, which accounts for the sample design, will increase the validity of population estimates and standard errors. For example, sample data (e.g., percent of eight and 14 year olds with dental sealants) may be adjusted statistically using weights to provide a better estimate for the population. The standard error reflects the precision of a calculated population estimate. Generally, standard errors increase with increasing variance of sample data, and decrease with increasing sample size, but are also influenced by other factors in the sample design, e.g. stratification and cluster sampling, as mentioned in previous sections. The smaller the standard error, the greater the confidence that the estimate calculated from the sample is close to the actual findings had you surveyed the whole target population.

Where can I get sampling help?

Sampling help may be available from faculty at schools of public health or community health, community dentistry departments at colleges of dentistry, or biostatisticians/ epidemiologists in a

state health department. As with other aspects of the BSS model, ASTDD will provide states and communities either direct technical assistance or will coordinate referrals for assistance with sampling.

DATA MANAGEMENT

In general, data may be recorded in three ways: 1) on paper forms, 2) on scan forms or 3) electronically, using direct data entry software and a portable computer. Each system has its benefits and pitfalls, but the primary determinants of the data collection method used often are the availability of scan form software or a portable computer and the comfort of screeners in using electronic data entry. While using paper forms is often an "easier" method for screeners in the field, it is more time consuming for administrative staff that are usually responsible for subsequently entering the data into an electronic format for analysis.

Method	Pros	Cons
Paper Forms	• easy for exam staff • does not require computer in field • can be used if electricity is a problem	• requires collection of forms • no method to check for valid values at the time of data collection • time consuming data entry
Scan Forms	• easy for exam staff • does not require computer in field • can be used if electricity is a problem • quick data entry	• requires scan form software • no method to check for valid values at the time of data collection
Direct Data Entry	• limits data entry to allowable values • can automatically enter certain variables such as date of exam	• requires a computer • staff must be comfortable using a computer

Data collection using paper forms: Sample data collection forms are located in the Appendix. When collecting oral health information on paper, it is essential that all data boxes contain an appropriate entry. If you use paper forms, be sure to review forms at the end of each day for:

- correct screening date
- correct site code
- completeness (all boxes should contain an entry)

After data are recorded on paper, the forms should be sent to a designated data coordinator who will be responsible for data entry using appropriate computer software (such as the data entry system available from ASTDD).

Data collection using scan forms: If your agency or organization has scan form software this is a good option for data collection. Data are recorded on specially created paper forms and the forms are scanned (or faxed) for data entry. Data entry is relatively quick if the forms are completed properly. Scan forms generally use predefined "bubbles" for recording data, thereby reducing the number of data recording errors.

Data collection using portable computers and data entry software: If portable computers are available and your screeners are comfortable using them, the most efficient way to record oral health

information is to use direct data entry. The primary benefit of direct data entry is that it forces the recorder to enter appropriate data in every field. For example, if the allowable codes for untreated decay are 0 or 1, the data entry program does not allow the recorder to enter 2 by mistake.

ASTDD has developed data entry files for the BSS. This software can be used for direct data entry at the examination site or for data entry subsequent to recording on paper forms. While there are commercial database software packages that will do the job very nicely, the BSS has opted to use Epi Info, a free public access program developed by the Centers for Disease Control and Prevention (CDC) and the World Health Organization. The BSS data entry files, along with detailed instructions are located on the BSS CD available from ASTDD (www.astdd.org).

Epi Info, along with its manual, can be downloaded from the "Publications, Software, and other Products" area of the CDC website: (http://www.cdc.gov/epiinfo/). The advantages of Epi Info are that it is free, it is relatively easy to use and understand, and it allows for direct exportation of the data sets to other software programs such as SAS and SPSS.

DATA ANALYSIS

As with sampling, the short and long answer to the data analysis question is "Get Help!"

How you analyze your data is partially dependent on how you selected your sample and weather or not the data should be adjusted for the sampling scheme. If you have access to a statistician or epidemiologist, you should talk to them about the appropriate way to analyze your data. If you do not have resources for a statistician, however, yours will not be the first survey to report unadjusted results. You should, however, make this clear in the methods section of your survey report.

For those who do not have access to a statistician, ASTDD has developed data analysis files for the BSS using Epi Info (refer to the data management section of this manual).

NATIONAL ORAL HEALTH SURVEILLANCE SYSTEM

The National Oral Health Surveillance System (NOHSS) is a collaborative effort between CDC's Division of Oral Health and ASTDD. For clinical data (caries experience, untreated decay, and dental sealants) to be included in NOHSS it must meet the following criteria.

- The data must be from a ***statewide probability sample*** of public elementary schools. If a complex sampling scheme is used, the data must be weighted for the sampling scheme.
- The clinical examiners must be trained and standardized within one year of data collection. Examiners may be dentists, dental hygienists, or non-dental health professionals.
- The diagnostic criteria outlined in the Basic Screening Survey model must be used.
- At a minimum, third grade children should be screened. Grades K-2 may also be screened and will be included in the Surveillance System database.
- The data must be stratified by grade rather than age.
- Data will be submitted by school year – NOT calendar year.

While it is not mandatory that data be adjusted for non-response, states are encouraged to adjust for non-response whenever possible. Both unadjusted and adjusted data may be submitted. The web address for NOHSS is www.cdc.gov/nohss.

CONTACTS/TECHNICAL ASSISTANCE/OTHER RESOURCES

Association of State and Territorial Dental Directors, New Bern, NC
ASTDD will provide states and territories with technical assistance in the various aspects of using the BSS model including assistance with sampling and survey design. In addition, a detailed model for conducting needs assessments, *Assessing Oral Health Needs: ASTDD Seven-Step Model*, is available for downloading from the ASTDD website. Contact ASTDD at:

Phone: (252) 637-6333
Fax: (252) 637-3343
http://www.astdd.org

Division of Oral Health, Centers for Disease Control and Prevention, Atlanta, GA
The Division of Oral Health, National Center for Chronic Disease Prevention and Health Promotion, Centers for Disease Control and Prevention will provide states and communities with either direct technical assistance in various aspects of using the BSS model or will make referrals for assistance. If you need assistance in any aspect of data collection, contact the Division at:

Phone: (770) 488-6054
Fax: (770) 488-6080
http://www.cdc.gov/oralhealth

APPENDIX

Sample Oral Health Screening Form/Preschool Children

Screen Date: __ __ / __ __ / __ __ __ __	Site Code:	Screener's Initials:
ID Number:	Age:	
Gender: 1=Male 2=Female	Race/Ethnicity: 1=White 2=Black/African American 3=Hispanic/Latino 4=Asian 5=American Indian/Alaska Native 6=Native Hawaiian/Pacific Islander 7=Multi-racial 9=Unknown	
Untreated Decay: 0=No untreated cavities 1=Untreated cavities	Treated Decay: 0=No treated decay 1=Treated decay	
Early Childhood Caries: 0=No ECC 1=ECC	Treatment Urgency: 0=No obvious problem 1=Early dental care 2=Urgent care	
Comments:		

NOTE: If you are collecting information on date of birth, age and race using a questionnaire, you can delete those fields from this form.

Sample Oral Health Screening Form/School Children

Screen Date: __ __ / __ __ / __ __ __ __	School Code:	Screener's Initials:
ID Number:	Grade:	Age:
Gender: 1=Male 2=Female	Race/Ethnicity: 1=White 2=Black/African American 3=Hispanic/Latino 4=Asian 5=American Indian/Alaska Native 6=Native Hawaiian/Pacific Islander 7=Multi-racial 9=Unknown	
Untreated Cavities: 0=No untreated cavities 1=Untreated cavities	Treated Decay: 0=No treated decay 1=Treated decay	
Sealants on Permanent Molars: 0=No sealants 1=Sealants	Treatment Urgency: 0=No obvious problem 1=Early dental care 2=Urgent care	
Comments:		

NOTE: If you are collecting information on age and race using a questionnaire, you can delete those fields from this form.

Sample Letter to Principals – #1

Dear Principal;

During the 2007-2008 school year, the *Utopia* State Department of Health in cooperation with *the Office of State Superintendent of Public Instruction* is conducting a statewide assessment of the oral health of elementary school students. Your school has been selected to participate.

The findings of this assessment will be used to assure that our preventive oral health programs are effective. Children need good oral health in order to speak with confidence, express themselves openly and to be healthy and ready to learn.

Schools throughout the state have been randomly selected for participation in the assessment. All third grade children with a signed consent from a parent or caregiver, will be given the opportunity to have a free dental screening. The screening will take about one minute per child. No x-rays will be taken and no dental treatment will be provided. We understand that nominal class disruption is essential in the operation of your school. For this reason each school will only be asked to participate for one day. Each participating child will receive a toothbrush and a letter to the parent or caregiver noting the results of the screening. Your school will incur no cost for participating.

We would like to ask for your support and the support of your teachers to carry out this important assessment of our children's oral health needs. The state coordinator *is Jane Doe, RDH.* She will be contacting you to answer your questions and to receive your approval for conducting the assessment. Her telephone number is *(555) 555-5555* and her email is *jdoe@utopia.us.*

Thank you in advance for making this contribution to the health and well-being of our children in *Utopia.*

Sincerely,

Enclosure

CC: SUPERINTENDENT

Sample Letter to Principals – #2

Dear Principal;

During the 2007-2008 school year, the *Utopia* Health Division in cooperation with the *Utopia* Department of Education will be assessing the oral health of elementary school students throughout *Utopia*. The findings of this assessment will be used to evaluate the State's preventive oral health programs, determine the need for additional dental programs, and describe the oral health of *Utopia's* children.

Your school was randomly selected to participate in this assessment. If you choose to participate, we will provide a free dental screening to all third grade children who return a signed consent from a parent or guardian. The screening will take about one minute per child. No x-rays will be taken and no dental treatment will be provided. We understand that nominal classroom disruption is essential to the operation of your school. For this reason, we will limit the time we spend in your school to less than four hours. Each participating child will receive a free toothbrush along with a letter to the parent or guardian noting the results of the screening. Your school will incur no cost for participating.

We would like to ask for your support and the support of your teachers to carry out this important assessment of our children's oral health needs. The *Utopia* Health Division coordinator for this project is *Jane Doe*. She will be contacting you to answer your questions and to receive your approval for conducting the assessment. Her telephone number is *(503) 555-1515* and her email is *jdoe@email.gov*. The *Utopia* Department of Education contact for this project is *Susan Smith*. Her telephone number is *(666) 666-6666*.

As you know, poor oral health has been related to decreased school performance, poor social relationship, and less success later in life. For this reason, we thank you in advance for making this contribution to the health and well-being of *Utopia's* children.

Sincerely,

Utopia Health Division

Utopia Department of Education

Enclosure

Sample Fax Back Form

UTOPIA SMILE SURVEY 2008 FAX-BACK

Please return this fax to Jane Doe at (555) 555-5555.

____ Yes, I want the children in my school to receive this free dental screening.

Please list the name of the person who should be contacted for scheduling the dental screening day:

Name of School: _____

Name of Contact Person: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Thank-you for your willingness to participate in this important assessment.

Sample Positive Consent Cover Letter for Parents

Dear Parent:

Your child's school has been chosen to take part in the state health department's "Make Your Smile Count!" survey to learn about the health of children's teeth in your county and across the state. "Make Your Smile Count!" will help us plan future dental health programs. As you know, a healthy mouth is part of total health and wellness and makes a child more ready to learn.

With your consent, a dentist or dental hygienist will screen your child's teeth to check for tooth decay and other dental problems. Your child will receive a toothbrush and a letter to take home that tells you about the health of your child's teeth. This screening does not take the place of regular dental check-ups.

Please be assured that the dental screening will be carried out in a healthy manner. Dental gloves will be worn, and we will use a new, disposable, sterilized mirror and probe for each child, which will be thrown away after one use. The dentist or dental hygienist will follow all guidelines to prevent the spread of disease set by the Centers for Disease Control and Prevention (CDC) for this type of dental survey. Results of your child's screening will be added to those of other children, and your child will not be named in any "Make Your Smile Count!" report.

Please complete and sign the attached consent form. This will allow your child to be in "Make Your Smile Count!" Return the form to your child's teacher tomorrow.

Thank you for working with us to learn how to improve the dental health of the children of our state. If you have any questions about "Make Your Smile Count!," please contact Susan Smith at 333/555-5555 or via e-mail at ssmith@doh.mystate.us.

Sincerely,

Enc.

Sample Passive Consent Cover Letter for Parents

Dear Parent/Guardian:

Your child's school has been chosen to take part in the state health department's *Smile Survey*. The purpose of the *Smile Survey* is to gather information on the dental health needs of children throughout {state}. This will allow us to create a plan to improve dental care for all of {state}'s children.

If you choose to let your child participate, a dentist or dental hygienist will perform a one-minute "smile check" using only a mouth mirror. Dental gloves will be worn, and we will use a new, disposable, sterilized mirror for each child. Results of your child's assessment will be kept confidential, and your child will not be named in any *Smile Survey* report.

As a token of appreciation, your child will receive a toothbrush. We will also send home a letter to let you know if we find any dental problems. This screening, however, does not take the place of regular dental check-ups by your family dentist. Even if you have a family dentist, we encourage you to participate in the *Smile Survey*. By surveying all children in selected schools, we will have a better understanding of the dental health needs of children throughout {state}.

If you do not wish for your child to have this quick "smile check", please check the NO box below and return the form to your child's teacher tomorrow. If you want your child to have a "smile check" you do not need to return this form.

As you know, a healthy mouth is part of total health and wellness and makes a child more ready to learn. By letting your child take part in this dental screening, you will help contribute new information that may benefit all of {state}'s children. If you have any questions about the *Smile Survey*, please contact Susan Smith at (333) 555-5555 x1234 or by email at ssmith@state.doh.gov.

Sincerely,

Smile Survey

If you do not want your child to have a dental screening, please check the NO box, sign, and return to your child's teacher tomorrow.

Child's Name: _____

Child's Teacher: _____

_____ NO, I do not want my child to receive a dental screening

_____ _____

Parent/Guardian Signature Date

Sample Consent Form & Parent Questionnaire

Please complete this form and return it to your child's teacher tomorrow. Thank you.

Child's Name: _____ Child's Age: _____

____ **Yes, I give permission** for my child to have his/her teeth checked.

____ **No, I do not give permission** for my child to have his/her teeth checked.

_____ _____

Signature of Parent or Guardian: Date:

Please answer the next questions to help us learn more about access to dental care. Your answers will remain private and will not be shared. If you do not want to answer the questions, you may still give permission for your child to have his or her teeth checked.

1. During the past 6 months, did your child have a toothache more than once, when biting or chewing?
   ☐ No ☐ Yes ☐ Don't know/don't remember

2. About how long has it been since your child last visited a dentist? Include all types of dentists, such as orthodontists, oral surgeons, and all other dental specialists, as well as dental hygienists. (Check one)
   ☐ 6 months or less
   ☐ More than 6 months, but not more than 1 year ago
   ☐ More than 1 year ago, but not more than 3 years ago
   ☐ More than 3 years ago
   ☐ Never has been to the dentist
   ☐ Don't know/don't remember

3. What was the main reason that your child last visited a dentist? (Check one)
   ☐ Went in on own for check-up, examination or cleaning.
   ☐ Was called in by the dentist for check-up, examination or cleaning.
   ☐ Something was wrong, bothering or hurting.
   ☐ Went for treatment of a condition that dentist discovered at earlier check-up or examination.
   ☐ Other
   ☐ Don't know/don't remember

4. During the past 12 months, was there a time when your child needed dental care but could not get it?
   ☐ No (Go to Question 6) ☐ Yes (Go to Question 5) ☐ Don't know/don't remember (Go to Question 6)

5. The last time your child could not get the dental care he/she needed, what was the ***main reason*** he/she couldn't get care? (Check one)
   ☐ Could not afford it
   ☐ No insurance
   ☐ Dentist did not take Medicaid/insurance
   ☐ Speak a different language
   ☐ Wait is too long in clinic/office
   ☐ Health of another family member
   ☐ Difficulty in getting appointment
   ☐ No way to get there
   ☐ Didn't know where to go
   ☐ No dentist available
   ☐ Not a serious enough problem
   ☐ Dentist hours are not convenient
   ☐ Don't like/trust/believe in dentists
   ☐ Other reason
   ☐ Don't know/don't remember

6. Do you have any kind of insurance that pays for some or all of your child's MEDICAL OR SURGICAL CARE? Include health insurance obtained through employment or purchased directly, as well as government programs like Medicaid.
   ☐ No ☐ Yes ☐ Don't know

7. Do you have any kind of insurance that pays for some or all of your child's DENTAL CARE? Include health insurance obtained through employment or purchased directly, as well as government programs like Medicaid.
   ☐ No ☐ Yes ☐ Don't know

8. Which of the following best describes your child? (Check all that apply)
   ☐ White ☐ Black/African American ☐ Hispanic/Latino
   ☐ Asian ☐ American Indian/Alaska Native ☐ Native Hawaiian/Pacific Islander

9. Is your child eligible for the free or reduced price lunch program? ☐ No ☐ Yes ***(School children only)***

THANK YOU FOR PARTICIPATING IN "*MAKE YOUR SMILE COUNT!*"

Sample Screening Results Letter for Parents

UTOPIA DEPARTMENT OF HEALTH

Child's Name: _____

Dear Parent or Guardian,

As part of the *Make Your Smile Count* Survey, your child received a dental screening at school. No x-rays were taken and the screening does not replace an in-office dental examination by your family dentist. The results of the screening indicate that:

_____ Your child has no obvious dental problems but should continue to have routine examinations by your family dentist.

_____ Your child has some teeth which should be evaluated by your family dentist. Your dentist will determine whether treatment is needed.

_____ Your child has some teeth which appear to need immediate care. Contact your family dentist as soon as possible for a complete evaluation.

If you do not have a family dentist and you need help in obtaining dental care, you may contact (name of referral source for area).

Sample Recording Form for Examiner Calibration

Child's Name: _____

Screener	Untreated	Treated	ECC (preschool)	Sealants (school age)	Urgency

Untreated & Treated
0=No
1=Yes

Early Childhood Caries
0=No
1=Yes, caries history on 1+ maxillary anterior teeth

Dental Sealants
0=No
1=Yes

Treatment Urgency
0=No obvious problem
1=Early dental care
2=Urgent dental care

RACE CATEGORIES AND DEFINITIONS

ASTDD recommends using the race/ethnicity definitions developed by the Office of Management and Budget (OMB) and published in the Federal Register on October 30, 1997. More detailed information can be found at the following website: http://www.whitehouse.gov/omb/fedreg/1997standards.html.

American Indian or Alaska Native. A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.

Asian. A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

Black or African American. A person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" can be used in addition to "Black or African American."

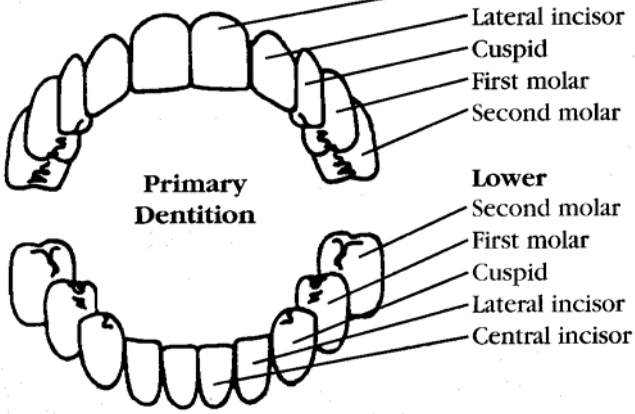
Hispanic or Latino. A person of Cuban, Mexican, Puerto Rican, Cuban, South or Central American, or other Spanish culture or origin, regardless of race. The term, "Spanish origin," can be used in addition to "Hispanic or Latino."

Native Hawaiian or Other Pacific Islander. A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

White. A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

ERUPTION PATTERNS

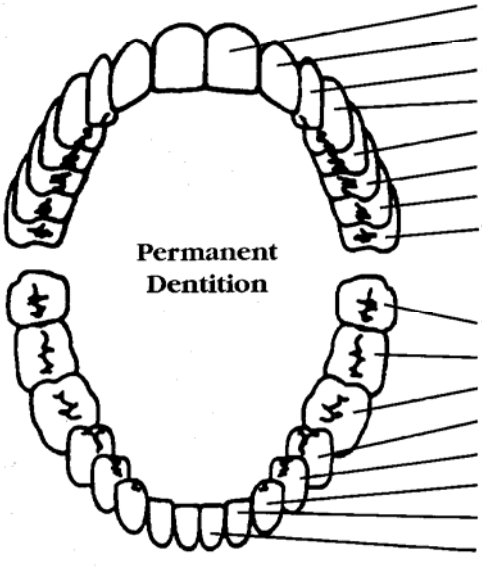
If school nurses or other non-dental professionals are being trained as screeners, you may need to review tooth types and eruption patterns. The following graphic displays the eruption patterns of the primary and permanent teeth.



Primary Dentition

Upper	Eruption	Shedding
Central incisor	7 1/2 mo.	7 1/2 yr.
Lateral incisor	9 mo.	8 yr.
Cuspid	18 mo.	11 1/2 yr.
First molar	14 mo.	10 1/2 yr.
Second molar	24 mo.	10 1/2 yr.

Lower	Eruption	Shedding
Second molar	20 mo.	11 yr.
First molar	12 mo.	10 yr.
Cuspid	16 mo.	9 1/2 yr.
Lateral incisor	7 mo.	7 yr.
Central incisor	6 mo.	6 yr.



Permanent Dentition

Upper	Eruption
Central incisor	7-8 yr.
Lateral incisor	8-9 yr.
Cuspid	11-12 yr.
First bicuspid	10-11 yr.
Second bicuspid	10-12 yr.
First molar	6-7 yr.
Second molar	12-13 yr.
Third molar	17-21 yr.

Lower	Eruption
Third molar	17-21 yr.
Second molar	11-13 yr.
First molar	6-7 yr.
Second bicuspid	11-12 yr.
First bicuspid	10-12 yr.
Cuspid	9-10 yr.
Lateral incisor	7-8 yr.
Central incisor	6-7 yr.

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LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
HIGH DESERT HEALTH SYSTEM: ORAL HEALTH PROGRAM
EVALUATION PLAN*

*Final Evaluation Plan pending revisions with First 5 LA
Revision Date: 10/15/09

Exhibit H

FIRST 5 OBJECTIVE	EVALUATION METHODS	INDICATORS	KEY ACTION STEPS	RESPONSIBILITY	START-FINISH
1. Increase from baseline the percent of children 0 through 5 years of age who have referral to and establishment of dental home. Dental home defined as: ▪Develop individualized plans for treatment of identified dental disease, preventive care, and ongoing dental care and follow up. ▪Schedule a minimum of two visits per year for children with routine dental needs.	1.1. Administer baseline* patient survey in the **HDHS Medical Hub Clinic** three months prior to dental clinic opening**.** Survey question**:** Do you (the child) currently have access to regular dental care? *At this time there is no way to establish baseline. We have to assume the baseline is 0. We have looked for SPA 1 dental statistics and can only find the percentage of children who have dental insurance and do not have dental insurance (reported in the 2007 LA County Health Survey). We looked in CHIS for oral health care statistics, SPA 1, ages 0-6 to find out when they last accessed dental services but the data could not be compiled.	Establish baseline from survey to determine oral health needs for foster care population, ages 0 – 5. Six months after the clinic opening, the percent of children 0 through 5 years of age with access to oral health resources will increase by 25%	1.1a. Develop the patient survey. 1.1.b. Translate the survey into Spanish. 1.1.c Develop common data collection tools with first 5 LA and other OHN contractors. 1.1.d Review the survey with First 5 LA and incorporate input. 1.1.e. Program survey form in scanable format. 1.1.f. Administer baseline parent/guardian survey in the HDHS Medical Hub Clinic three months prior to dental clinic opening and quarterly for the first year after dental clinic opening. 1.1.g Tabulate survey results to establish baseline.	Dental Project Coordinator HDHS staff - TBD Dental Project Coordinator Assistant Administrator/Dental Project Coordinator HDHS IS staff Dental Project Coordinator Dental Project Coordinator	12/01/09 – 12/31/09 12/15/09 – 12/31/09 12/01/09 – 12/31/09 02/01/10 – 02/28/10 02/01/10 / 02/28/10 02/01/10 – 02/28/10 and quarterly from 06/01/10 – 05/31/11 03/01/10 – 03/31/10

FIRST 5 OBJECTIVE	EVALUATION METHODS	INDICATORS	KEY ACTION STEPS	RESPONSIBILITY	START-FINISH
	1.2. Administer an intake survey to the parents/guardians of all **HDHS Children's Dental clinic users** (age 0 -5). The survey will include the following question: Did the opening of the HDHS Dental Clinic provide increase access to dental care for your child?	At least 60% of the individuals completing the survey will indicate that the opening of the HDHS Children's Dental Clinic has improved access to dental care.	1.2.a. Develop the patient intake survey. 1.2.b. Translate the survey into Spanish. 1.2.c. Program survey form in scanable format. 1.2.d. Administer the intake survey to all new dental clinic users for the first year of operation. 1.2.e. Tabulate survey results quarterly to establish a baseline and provide ongoing monitoring.	Dental Project Coordinator HDHS staff - TBD HDHS IS staff Dental Project Coordinator Dental Contractor Dental Project Coordinator	12/01/09 – 12/15/09 12/01/09 – 12/15/09 12/01/09 – 12/15/09 06/01/10 – 05/31/11 Quarterly survey report (due quarterly by the 20th business day after the close of each quarter)
	1.3 Administer a patient satisfaction survey to the parents/guardians of all HDHS Children's Dental Clinic users. (age 0-5). The survey will include the following question: Has the opening of the HDHS Children's Dental	At least 60% of the individuals completing the survey will indicate that the opening of the HDHS Children's dental Clinic has improved access to dental care.	1.3.a. Develop a patient satisfaction survey 1.3.b. Review the survey with First 5 LA and incorporate input. 1.3.c. Administer first	Dental Project Coordinator HDHS Assistant Administrator Dental Project Coordinator HDHS Assistant Administrator Dental Project Coordinator	02/01/10 – 02/15/10 03/01/11 – 03/31/11 08/01/10 – 09/30/10

FIRST 5 OBJECTIVE	EVALUATION METHODS	INDICATORS	KEY ACTION STEPS	RESPONSIBILITY	START-FINISH
	Clinic improved access to dental care for your child?		biannual patient satisfaction survey and tabulate results. 1.3.d. Administer second biannual patient satisfaction survey	Dental Contractor Dental Contractor	 03/11/11 – 04/30/11
	1.4 Perform quarterly chart review on a sample of dental clinic charts to measure compliance of identified measurable indicators.	Development of individualized plans for treatment of identified dental disease, preventive care. Scheduling of return visits for routine dental care.	1.4.a. Develop chart review tool. 1.4b. Review chart review tool with First 5 LA and finalize chart review tool 1.4c. Complete chart reviews within 30 days of the end of each quarter.	Dental Project Coordinator Dental Contractor	12/1/09 – 1/15/10 1/15/10 – 2/15/10 Complete Quarterly chart reviews from 06/01/10 – 06/30/11 (chart reviews to be completed within 30 days of the end of each quarter.)
2. By 04/30/11, the HDHS Children's Dental Clinic will provide 2,900 dental visits to 1,350 children ages 0-5 to increase from baseline the percent of children 0 through 5 years of age who received preventive dental	2.1. Develop workload reports to monitor progress in meeting workload objectives. Workload reports will identify the volume of specific preventive services provided, including prophylaxis, fluoride varnishes, and sealants, as	The HDHS Children's Dental Clinic will provide 2,900 visits in the first year of operation.	2.1.a Develop format for monthly and year-to-date workload reports to track clinic visits by visit type, patient age, services provided, etc. 2.1.b. Review workload report format with First 5 LA and incorporate input.	HDHS Project Coordinator HDHS Project Coordinator	04/01/10 – 04/30/10 05/30/10

FIRST 5 OBJECTIVE	EVALUATION METHODS	INDICATORS	KEY ACTION STEPS	RESPONSIBILITY	START-FINISH
services (including dental examination, prophylaxis, fluoride varnishes, and sealants, as appropriate).	appropriate. At this time there is no way to establish baseline for this objective. Therefore, the baseline is assumed to be 0.		2.1.c. Complete monthly workload reports showing both monthly workload and aggregate year-to-date workload to monitor progress in achieving objectives.	Dental Contractor HDHS Project Coordinator	Monthly workload reports (due quarterly, by the 20th business day after the close of each month.)
	2.2 Assess client satisfaction with preventive dental services through the biannual client satisfaction surveys (see 1.3).	At least 80% of the individuals completing the survey will indicate that they are satisfied with the preventive care provided.	2.2.a Develop a patient satisfaction survey. 2.2.b. Review the survey with First 5 LA and incorporate input. 2.2.c. Administer first biannual patient satisfaction survey and tabulate results. 2.2.d. Administer second biannual patient satisfaction survey	HDHS Project Coordinator HDHS Assistant Administrator HDHS Project Coordinator HDHS Assistant Administrator HDHS Project Coordinator Dental Contractor Dental Contractor	02/01/10 – 02/15/10 08/01/10 – 09/30/10 03/01/10 – 03/31/10 03/01/11 – 04/30/11

LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
HIGH DESERT HEALTH SYSTEM: ORAL HEALTH PROGRAM
EVALUATION PLAN*

*Final Evaluation Plan pending revisions with First 5 LA
Revision Date: 10/15/09

Exhibit H

FIRST 5 OBJECTIVE	EVALUATION METHODS	INDICATORS	KEY ACTION STEPS	RESPONSIBILITY	START-FINISH
3. Increase from baseline the percent of children 0 though 5 years of age who received therapeutic dental services. Therapeutic services may include fillings, extractions, and/or bonding.	3.1 Develop workload reports to monitor progress in meeting workload objectives. Workload reports will identify the volume of therapeutic services provided, including fillings, extractions, and/or bonding. At this time there is no way to establish baseline. We have to assume the baseline is 0.	The HDHS Children's Dental Clinic will provide 2,900 visits in the first year of operation.	3.1.a Develop format for monthly and year-to-date workload reports to track clinic visits by visit type, patient age, services provided, etc. 3.1.b. Review workload report format with First 5 LA and incorporate input. 3.1.c. Complete monthly workload reports showing both monthly workload and aggregate year-to-date workload to monitor progress in achieving objectives.	HDHS Project Coordinator HDHS Project Coordinator Dental Contractor HDHS Project Coordinator Dental Contractor	04/01/10 – 04/30/10 05/31/10 Report (due quarterly by the 20th business day after the close of each quarter)
	2.2 Assess client satisfaction with therapeutic dental services through the biannual client satisfaction surveys (see 1.3).	At least 80% of the individuals completing the survey will indicate that they are satisfied with the therapeutic dental care provided.	2.2.a Develop a patient satisfaction survey. 2.2.b. Review the survey with First 5 LA and incorporate input.	HDHS Project Coordinator HDHS Assistant Administrator HDHS Project Coordinator HDHS Assistant Administrator	02/01/10 – 02/15/10 08/01/10 – 09/30/10

FIRST 5 OBJECTIVE	EVALUATION METHODS	INDICATORS	KEY ACTION STEPS	RESPONSIBILITY	START-FINISH
			2.2.c. Administer first biannual patient satisfaction survey and tabulate results.	HDHS Project Coordinator Dental Contractor	03/01/10 – 03/31/10
			2.2.d. Administer second biannual patient satisfaction survey	Dental Contractor	03/01/11 – 04/30/11
4. By May 1, 2010, the HDHS Children's Dental Clinic will begin providing education to caregivers and children on oral health topics at all preventive dental services visits, to increase parents'/families' knowledge of early childhood oral health needs and milestones.	4.1. Develop and administer surveys to measure changes in parent/family knowledge of early childhood oral health needs and milestones.	For children with two or more preventive health visits, parent/family knowledge of early childhood oral health needs and milestones will increase by 25% over baseline.	4.1.a. Administer baseline parent/guardian survey in the HDHS Medical Hub 3 months prior to the opening of the dental clinic and quarterly for the first year after the dental clinic opening.	HDHS Project Coordinator HDHS Medical Hub staff	02/01/10 - 02/28/10 and quarterly from 06/01/10 – 05/31/11
			4.1.b. Administer intake survey for parents/guardians of all new children's dental clinic patients for the first year of operation.	HDHS Project Coordinator Dental Contractor	06/01/10 – 05/31/11
			4.1.c. Administer surveys for parents/guardians of all children with two or more preventive health visits to measure changes in parent/family knowledge of early childhood oral health needs and milestones.	HDHS Project Coordinator Dental Contractor	9/1/10 – 5/31/11