



**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

MARIA M. OMS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

May 17, 2010

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

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **FISCAL YEAR 2009-2010 CASH FLOW PROJECTION**

Attached is the latest cash flow projection for the General Fund and the Hospital Funds. The estimated June 30, 2010 combined cash balances for the General Fund and Hospital Funds are positive \$223 million. This amount remains unchanged from the previous month's estimate and the original cash flow projection of nearly one year ago. However, as discussed below, cash flows required by the Hospital Funds are significantly higher than anticipated and there is a negative impact on the General Fund. Most importantly, for Fiscal Year 2010-2011, we anticipate periods of negative General Fund cash balances as a result of ongoing delays in collecting reimbursement for programs operated by the Hospitals.

Hospital Funds Cash Flows

The Hospital Funds rely on General Fund advances for cash flow. The advances are intended to provide cash flow to the Hospitals until accounts receivable are collected. As of April 30, 2010, the General Fund cash advances to the Hospitals were \$1.19 billion. This amount is \$518 million higher than forecast in the original cash flow projection and is indicative of unusual delays in collecting Hospital accounts receivable.

We are currently developing the cash flow projections for the next fiscal year. Unless there are timely solutions to delays in the Hospitals' cash receipts, the General Fund will see extended periods of negative cash balances and require additional use of internal borrowing sources. We are working with the Chief Executive Office and the Department

Board of Supervisors
May 17, 2010
Page 2

of Health Services to identify the specific collection delays and a report will be issued to your Board with additional information.

Short-Term Outlook

The actual April 30, 2010 cash balances were negative \$70 million, which approximated our previous estimate of negative \$86 million. The estimated May 31, 2010 combined cash balances are positive \$241 million. If you have any questions, please contact me, or your staff may call John Naimo at (213) 974-8484.

WLW:MMO:JN:CY:mv

Attachment

c: William T Fujioka, Chief Executive Officer
Mark J. Saladino, Treasurer and Tax Collector
Sachi A. Hamai, Executive Officer, Board of Supervisors
John F. Schunhoff, Ph.D., Interim Director, Department of Health Services
Audit Committee
Public Information Office

**GENERAL FUND
HOSPITAL FUNDS
MONTHLY CASH FLOW PROJECTION**
(in thousands)

Description	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL		
	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
General Fund :												
Beginning Cash	\$ 1,101,527	\$ 1,594,708	\$ 1,086,472	\$ 841,446	\$ 674,134	\$ 274,995	\$ 531,471	\$ 594,512	\$ 214,654	\$ (169,894)	\$ (90,175)	\$ 230,934
Receipts	2,255,783	612,598	927,277	1,149,976	786,838	1,914,737	1,793,690	899,353	965,046	2,008,129	1,648,569	2,447,744
Disbursements	(1,762,602)	(1,120,834)	(1,172,303)	(1,317,288)	(1,185,977)	(1,658,261)	(1,730,649)	(1,279,211)	(1,349,594)	(1,928,410)	(1,327,460)	(2,455,352)
Month End Cash	\$ 1,594,708	\$ 1,086,472	\$ 841,446	\$ 674,134	\$ 274,995	\$ 531,471	\$ 594,512	\$ 214,654	\$ (169,894)	\$ (90,175)	\$ 230,934	\$ 223,326
Hospital Funds :												
Month End Cash	22,063	27,789	15,014	16,011	13,958	16,919	11,115	9,942	18,701	20,163	10,000	0
Total Month End Cash	\$ 1,616,771	\$ 1,114,261	\$ 856,460	\$ 690,145	\$ 288,953	\$ 548,390	\$ 605,627	\$ 224,596	\$ (151,193)	\$ (70,012)	\$ 240,934	\$ 223,326