

A map of California showing various counties and cities. The title is overlaid on the map.

# **EL DORADO HILLS COMMUNITY SERVICES DISTRICT**

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El Dorado Hills, California

A map of California showing various counties and cities. The title is overlaid on the map.

## **Comprehensive Annual Financial Report**

**FOR THE YEAR ENDED JUNE 30, 2010**

Prepared and Submitted by the Finance Department

Sherry Shannon, Interim. Finance Director



January 18, 2011

Members of the District Board of Directors and Citizens of the El Dorado Hills Community Services District:

California State Code §26909 requires that every general-purpose local government publish within one year of the close of each fiscal year a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2010, and is submitted for Board review and published as a matter of public record for interested citizens.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The accounting firm of R.J. Ricciardi has issued an unqualified (“clean”) opinion on the financial statements for El Dorado Hills Community Services District for the year ended June 30, 2010. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

This transmittal letter provides information regarding the economy and the governing structure of the El Dorado Hills Community Services District (CSD). The whole document is called the “Comprehensive Annual Financial Report” (CAFR) and it reflects the CSD’s commitment to the highest levels of financial reporting by using a reporting format which meets the standards adopted by the Governmental Accounting Standards Board (GASB) which is the recognized authoritative body within the United States for standards of financial accounting, reporting, and transactions of state and local governments.

We believe that the data provided in this report is accurate in all material respects and is presented in a manner designed to fairly reflect the financial position and results of operations of the CSD. In addition, we believe all disclosures necessary to enable the reader to gain an understanding of the CSD's financial activities have been included.

A copy of this CAFR, the CSD's Final Budgets, further detail on the Lighting and Landscaping Assessment Districts, and monthly financial reports of certain funds or functions for which the CSD has responsibility, may be obtained from the CSD's Finance Division at 1021 Harvard Way, El Dorado Hills, CA 95762.

**History** – The El Dorado Hills Community Services District is a California Special District which was created May 21, 1962 by Resolution #98-62 of the El Dorado County Board of Supervisors. The CSD is located in the lower Sierra Nevada foothills in western El Dorado County about 25 miles east of Sacramento, just east of the City of Folsom, and adjacent to U.S. Highway 50 in an area overlooking the Sacramento Valley.

**Sphere of Influence** – The area within the current CSD and its Sphere of Influence is approximately 18,037 acres or about 28.2 square miles. The Sphere of Influence includes areas that may be considered for annexation to the District. The El Dorado County Local Agency Formation Commission (LAFCo) may amend the Sphere of Influence from time to time. In September 2004, the LAFCo added to the CSD's Sphere of Influence Springfield Meadows, Carson Creek and Marble Mountain CSDs and finalized the annexation of Green Springs Ranch and Euer Ranch into the CSD.

**Population** – The CSD community has experienced considerable growth over the past 15 years, and now serves a population of approximately 38,000. It is expected that the CSD will reach a build-out population of 58,000.

**Services** – The CSD is the primary provider of park, recreation and open space services to the El Dorado Hills area. The CSD owns and manages almost 284 acres of land, including 138 acres of parks, 24 acres of landscape and lighting assessment districts, and 122 acres of open space. Additionally, the CSD provides garbage collection and cable television services through private franchises as well as enforcement of covenants, conditions and restrictions (CC&Rs) and management of 23 street lighting and landscaping assessment districts.

**Governance** – The CSD is governed by a board of five directors who are publicly elected for a four-year term, with staggered terms replacing either two or three directors at election time. A contracted General Manager supervises a staff of 35 full time and 212 part time and seasonal employees. The CSD is a long-time member of the California Special Districts Association.

**Economy** – The main revenue for the District is property taxes, and the effect of the recession was to lower the value of new homes, triggering a Proposition 8 reset of property taxes to lower the tax burden for existing homes. The District saw a 6.52% decline in property tax values in 2010 and expects to drop another 8.2% in 2011. The Board has been sensitive to the economy and made corresponding adjustments in 2010 and 2011 including a restructure of staffing and postponing some capital projects.

The CSD as well as El Dorado County, continues to be closely allied with the economy of the Sacramento Metropolitan Statistical Area (MSA) that, in addition to El Dorado County, includes Placer, Sacramento and Yolo Counties.

Unemployment. The unemployment rate in El Dorado County increased 9.48 percent, or 1.1 percentage points over the previous year: in June 2009 it was 11.6 percent and in June 2010 it was 12.7 percent. The current percentage is higher than the unadjusted unemployment rate of 12.2 percent for California and also higher than the 9.5 percent rate reported for the nation during the same period (U.S. Bureau of Labor Statistics). The unemployment rate was 11.6 percent in Placer County and 12.6 percent in Sacramento County (California Employment Development Department).

Housing. The Sacramento region experienced another significant drop in the average home sale price and in the number of homes sold.

Area	2009	2010	% Δ
Sacramento Region	\$182,400	\$196,215	7.57%
El Dorado County	\$378,491	\$369,819	-2.29%
El Dorado Hills	\$523,137	\$534,448	2.16%

*Data from the California Association of Realtors and the El Dorado County Association of Realtors*

The number of homes sold within the District remained stable. In June 2009, 56 homes closed, and in June 2010, the number was 66.

**Budget** – After approval by the CSD Board, the annual budget serves as the foundation for the CSD’s financial planning and control. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The CSD maintains controls to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of all funds are included.

The fiscal year 2010-11 (FY 2011) general fund budget reflects approximately \$7.3 million in revenue. In addition, the CSD oversees the management and operation of 23 active lighting and landscaping assessment districts (LLADs) with \$1.1 million in assessment revenues in FY 2011.

The CSD faces a number of potential expense and revenue challenges in the future. These include rising employee benefit costs, water rate increases, and a decline in property taxes that is expected to continue for a couple more years.

Legal level of budgetary control. The level of budgetary control at which expenditures cannot legally exceed the appropriated amount is at the fund and department level, as set by Policy 3280. This means that expenditures cannot exceed the amount appropriated by the Board by the Parks Department, Recreation Department and Administration Department. This policy also applies to the Design Review and Compliance fund, Capital Improvement Program, and Landscaping and Lighting Assessment District functions.

**Strategic Plan** – As part of its Balanced Scorecard approach to management, on February 26, 2009 the Board received the formal Budget Priorities for FY 2010, which included initiatives in Customer Service, Internal Processes, and Learning & Growth:

1. Customer Service
  - A. Commitment: The Customer Service Commitment defines how the El Dorado Hills Community Services District meets appropriate service levels for our customers
  - B. Definition: Establish a customer service approach that will
    - 1) Delight customers
    - 2) Increase public awareness
    - 3) Leverage our resources
2. Finance
  - A. Commitment: The Finance Commitment defines how the El Dorado Hills Community Services District will remain financially viable.
  - B. Definition: Foster a culture that promotes
    - 1) Sound decisions based on accurate financial data
    - 2) Provides simple and transparent reporting
    - 3) Reduces bureaucracy to allow flexibility to change course when appropriate
    - 4) Continues to adapt and adjust the long-range fiscal forecast model to meet the changing needs of the El Dorado Hills Community District
    - 5) Nurtures expedient partnerships
3. Internal Process
  - A. Commitment: The Internal Processes Commitment defines the way we efficiently and effectively manage daily operations and long-range planning.
  - B. Definition: Expand internal processes by
    - 1) Developing and implementing processes in a collaborative fashion
    - 2) Consistently implementing and adhering to policies and procedures
    - 3) Driving efficient daily operational tasks

- 4) Strengthening interdepartmental communications
- 4. Learning and Growth
  - A. Commitment: The Learning and Growth Commitment defines how we invest in our people.
  - B. Definition: Cultivate an organization that provides professional development opportunities that deliver value-add to the El Dorado Hills Community Services District

**Independent Audit** – The CSDs financial statements have been audited by R.J. Ricciardi, CPA. The goal of the audit is to obtain reasonable assurance that the financial statements are free of material misstatements. R.J. Ricciardi concluded based on the audit, that there was a reasonable basis for rendering an unqualified, or “clean,” opinion for the fiscal year ended June 30, 2010, and that the financial statements are presented in conformity with generally accepted accounting principles (GAAP). The independent auditor’s report is presented as the first component of the financial section of this report.

**Awards** – The CSD received an award from the Government Finance Officer’s Association (GFOA) for the 2008-09 year for “Excellence in Financial Reporting.” The GFOA award is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

**Acknowledgement** – The CAFR reflects the hard work, talent and commitment of the entire staff of the Finance Department, particularly of Account Specialist Lori Cox. We also want to thank those in other CSD Departments who assisted and contributed to the preparation of this report.

Last, we deeply appreciate the dedication and leadership of the Board of Directors who have consistently supported our goal of excellence in all aspects of financial management.

Respectfully submitted,

Sandi Kukkola  
Interim. General Manager

Sherry Shannon  
Interim. Finance Director

**BOARD OF DIRECTORS**

**El Dorado Hills Community Services District**



Noelle Mattock, President



Guy Gertsch, Vice President



Justin Masters



Tony Rogozinski



Billy Vandegrift

# Organization Chart

Fiscal Year 2010

## El Dorado Hills Community Services District

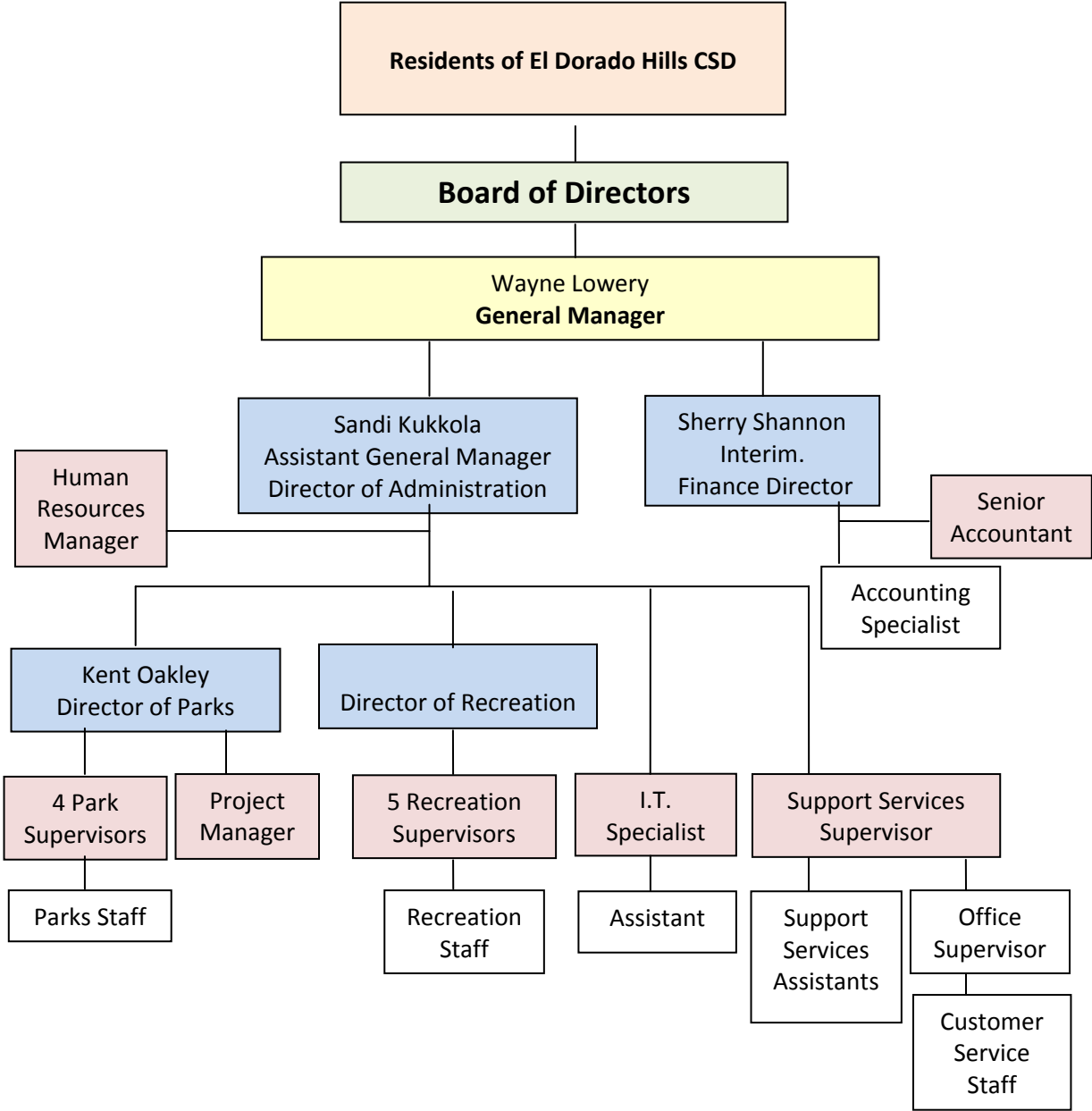


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INDEPENDENT AUDITORS' REPORT

Board of Directors  
El Dorado Hills Community Services District  
El Dorado Hills, California

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Dorado Hills Community Services District as of and for the fiscal year ended June 30, 2010. These basic financial statements are the responsibility of El Dorado Hills Community Services District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of El Dorado Hills Community Services District as of June 30, 2010, and the results of its operations for the fiscal year then ended in conformity with U.S. generally accepted accounting principles, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

The management's discussion and analysis (pages 2-7) and the required supplementary information (pages 30-33), as listed in the table of contents, are not a required part of the basic financial statements but comprise supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise El Dorado Hills Community Services District's basic financial statements. The accompanying introductory section (pages i-vii) and the combining and individual non major fund financial statements (pages 34-35) and schedules listed as supplementary information in the table of contents and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*R. J. Ricciardi, Inc.*

R. J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
January 18, 2011

El Dorado Hills Community Services District  
Required Supplementary Information  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2010

This section of the El Dorado Hills Community Services District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2010. This information is presented in conjunction with the audited basic financial statements, which follows this section.

#### FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2010

- The assets of the District exceeded liabilities at the close of the 2009-2010 fiscal year by \$59,788,195 (net assets), an increase over the previous year by \$376,268. The increase is mainly due to capital contributions. Of this amount, \$10,099,449 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, and \$48,374,153 is invested in capital assets – net of related debt.
- As of June 30, 2010, the District's governmental funds reported combined fund balances of \$11,293,003, of which \$77,735 is reserved for debt service. Unreserved fund balances include \$3,073,863 for maintenance and \$2,953,332 for capital project funds.
- The District has one long-term capital lease agreement, the funding of Promontory Park, with a remaining balance on June 30, 2010 of \$3,156,552. The loan matures in May 2021.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements and notes to the financial statements. This report also includes additional required supplementary information in addition to the basic financial statements.

#### REQUIRED FINANCIAL STATEMENTS

**Government-wide Financial Statements** are designed to provide readers with a broad overview of District finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* includes information on the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business type activities). The governmental activities of the District include recreation and park activities. The District currently has no business-type activities.

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and to demonstrate finance-related compliance. All of the funds of the District are *governmental funds*.

El Dorado Hills Community Services District  
Required Supplementary Information  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2010

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements 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 District's near-term 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 comparison between governmental funds and governmental activities.

The Fund Financial Statements provide detailed information about each of the District's most significant funds, called Major Funds. The concepts of Major Funds, and the determination of what comprises Major Funds was established by GASB Statement 34, which replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. For fiscal year June 30, 2010, the District's Major Funds were the General Fund, the Impact Fee Special Revenue Fund, the CC&R Special Revenue Fund, and the Pool Expansion Capital Project Fund. The District also reports a fiduciary fund to account for assets held by the District in an agency capacity for Wild Oaks Park Limited Obligation Improvement Bonds.

Governmental Fund Financial Statements are prepared on a modified accrual basis, which means that they measure only current financial resources and uses. The District's basic services are reported here, focusing on how money flows in and out of those funds with any fund balances at the end of the fiscal year being available for spending or funding the following year's budget. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements, as they do not represent current available resources or obligations.

Comparisons of Budget and Actual financial information are presented for all of the District's Major Funds as required by GASB 34.

### **Notes to the Financial Statements**

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the District's budgetary comparative information for the general fund, the funding progress of the District's pension, and statistics.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net Assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$59,788,195 at June 30, 2010.

El Dorado Hills Community Services District  
 Required Supplementary Information  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 For the Year Ended June 30, 2010

A summary of the District's Statement of Net Assets is presented below:

**Table 1**  
**Governmental Activities Net Assets**  
**Fiscal Years Ended June 30, 2009 and 2010**

	2010	2009
<b>Assets:</b>		
Current and other assets	\$ 12,260,391	\$ 13,506,843
Capital assets, net of accumulated depreciation	51,530,705	50,526,559
Total assets	63,791,096	64,033,402
<b>Liabilities:</b>		
Other liabilities	691,325	1,326,244
Long-term debt outstanding	3,311,576	3,295,228
Total liabilities	4,002,901	4,621,472
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	48,374,153	46,974,950
Restricted	1,314,593	3,351,434
Unrestricted	10,099,449	9,085,546
Total net assets	\$ 59,788,195	\$ 59,411,930

The District's governmental net assets amounted to \$59.8 million as of June 30, 2010, an increase of .7% from 2009. This increase in the Change in Net Assets is reflected in the Governmental Activities column of the Statement of Activities.

The District's net assets as of June 30, 2010 were comprised of the following:

Assets, Current and Other

- Capital Assets of \$51.5 million, net of depreciation charges, include all of the District's infrastructure as well as its other capital assets used in governmental activities.
- Cash and investments totaling \$11.8 million. Of this amount, \$9.9 million was invested in the California State Treasurer's Local Agency Investment Fund (LAIF), \$1.8 million in the County of El Dorado Treasurer's Office, and \$.2 million in local bank deposits. Substantially all of these amounts were held in short-term investments.
- Current receivables totaling \$.4 million

Liabilities

- The Long-term Liability is \$3 million debt remaining of \$4.2 million borrowed to complete Promontory Park. Detailed information on long-term debt can be found in the notes to the basic financial statements.

El Dorado Hills Community Services District  
 Required Supplementary Information  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 For the Year Ended June 30, 2010

- Current Liabilities totals \$.7 million, including \$.5 million in accounts payable, \$.2 million for accrued payroll/benefits, accrued interest payable and other amounts due currently, and \$.4 million of the long term debt due this fiscal year.

Net Assets

- Net assets invested in capital assets, net of related debt, was \$48 million. This represents the District's investment in infrastructure and other capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$1.3 million may only be used to construct specified capital projects, fund debt service, or finance community projects. The restrictions are a result of legal mandates or directives by community oriented groups or persons and cannot be changed by the District.
- Unrestricted net assets, the component of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions, amounted to \$10 million as of June 30, 2010.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Fund Balances – Governmental Funds. A summary of the District's Statement of Activities is presented below:

**Table 2**  
**Changes in Net Assets**  
**Fiscal Years Ended June 30, 2009 and 2010**

	2010	2009
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 3,986,377	\$ 3,673,897
Grant revenue	81,199	574,246
General revenues:		
Property taxes	5,324,527	5,696,281
Other revenue	161,626	18,929
Use of money and property	70,100	496,464
Total revenues	9,623,829	10,459,817
 <b>Program Expenses:</b>		
General Government	1,998,406	161,388
Parks and recreation	7,099,461	9,176,970
Interest and fees	149,694	172,186
Total expenses	9,247,561	9,510,544
 <b>Change in net assets</b>	<b>\$ 376,268</b>	<b>\$ 949,273</b>

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation of the current year financial statements.

El Dorado Hills Community Services District  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 For the Year Ended June 30, 2010

In light of the economic situation, knowing that revenues are declining while expenses continue to grow, the Board proactively orchestrated a reorganization of staff in fiscal year 2010, and each department made significant cuts in expenses and adopted changes toward long-term efficiency. These adjustments will help maintain the District's financial position going forward.

The total Governmental revenues for fiscal year 2010 were \$9.6 million. The majority comes from property taxes, but Park Impact Fees and Recreation program service fees are significant as well.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Government funds.** The general government functions are contained in the general and special revenue funds. The focus of the District's governmental funds is to provide information on near-term inflow, outflows and balances of spendable resources. Such information is useful in assessing the District'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. As of the end of the fiscal year, the District's governmental funds reported total ending fund equity of \$11,593,003 on the Balance Sheet. This is an 8% drop from 2009.

General fund revenues were \$7,862,036 and operating expenditures in the general fund were \$6,328,830. The revenue from developer park impact fees and Pool Expansion was \$269,800 and expenditures for Pool Expansion and use of Impact Fees were \$1,009,872. All non-major governmental fund revenues were \$1,318,105 with expenditures of \$3,086,991, and CC&R enforcement had revenue of \$173,888 and expenditures of \$183,686. Government-wide, revenues were down 8% from 2009, mainly due to significantly less funding received from grant agencies as well as a 6.52% decline in property taxes.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

(Use required supplementary information to explore significant variance)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

<b>Capital Assets (net of accumulated depreciation)</b>		2010
<b>Governmental Activities</b>		
Land		\$ 27,433,348
Construction in progress		4,441,215
Site improvements		27,585,165
Equipment		825,452
Total		60,285,180
Depreciation		(8,754,475)
Total, net of depreciation		\$ 51,530,705

As of June 30, 2010, the District's investment in capital assets totaled \$51,530,705 net of accumulated depreciation, only a slight increase over 2009. The investment in capital assets includes land, site improvements, buildings and improvements and equipment. The capital assets are presented in the government-wide statement of net assets. Additional detail is presented in the notes to the financial statements.

El Dorado Hills Community Services District  
Required Supplementary Information  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2010

**LONG-TERM DEBT**

As of June 30, 2010, the District had \$3,311,576 in outstanding long-term obligations as reported in the statement of net assets, which is calculated by combining the long-term liabilities with the current portion of long-term debt. This is a drop of 6% from 2009. The outstanding government-type debt represents funding for Promontory Park construction, as well as the bond for El Dorado Hills Community Park.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District will continue to face some financial challenges in fiscal year 2010-11. Property values have dropped in El Dorado Hills over the past couple of years causing the tax base and the District's revenues to decline at a time when demands for most services are at an all time high. The District will continue to be able to meet its maintenance standards and provide quality service due to adjustments that were made to staffing and budgets in early 2010. Recreation continues to expand program offerings to better meet the needs of the community. The District will continue to construct new capital projects and renovate existing facilities throughout fiscal year 2011. Some of these projects include Lake Forest Park, Oak Knoll Clubhouse and Playground, Community Activities Building roof replacement and energy improvements, and the addition of another restroom facility at the EDH Community Park.

**ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Sherry Shannon, Interim Finance Director, at 1021 Harvard Way, El Dorado Hills, CA 95762.

El Dorado Hills Community Services District

STATEMENT OF NET ASSETS

June 30, 2010

ASSETS:

Cash and investments	\$	11,857,713
Accounts receivable		389,847
Interest receivable		12,831
Capital assets, net		<u>51,530,705</u>
Total assets		<u>63,791,096</u>

LIABILITIES:

Accounts payable		460,073
Accrued expenses		224,912
Deferred revenue		6,340
Long-term liabilities:		
Due within one year:		
Capital lease		226,844
Due after one year:		
Capital lease		2,929,708
Compensated absences		<u>155,024</u>
Total due after one year		<u>3,084,732</u>
Total liabilities		<u>4,002,901</u>

NET ASSETS:

Invested in capital assets, net of related debt		48,374,153
Restricted		1,314,593
Unrestricted		<u>10,099,449</u>
Total net assets	\$	<u>59,788,195</u>

The accompanying notes are an integral part of these financial statements

El Dorado Hills Community Services District

STATEMENT OF ACTIVITIES

For the year ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental Activities:					
General Government	\$ 1,998,406	\$ -	\$ -	\$ -	\$ 1,998,406
Parks and recreation	7,099,461	1,955,836	-	81,199	5,062,426
Interest and fees	149,694	-	-	-	149,694
Total Governmental Activities	<u>\$ 9,247,561</u>	<u>\$ 1,955,836</u>	<u>\$ -</u>	<u>\$ 81,199</u>	<u>7,210,526</u>
General revenues:					
Taxes					5,324,527
Assessments					1,205,141
Impact fees					243,219
Franchise taxes					582,181
Other revenue					161,626
Use of money and property					<u>70,100</u>
Total general revenues					<u>7,586,794</u>
Change in net assets					<u>376,268</u>
Net assets beginning of period					<u>59,411,927</u>
Net assets ending of period					<u>\$ 59,788,195</u>

The accompanying notes are an integral part of these financial statements

El Dorado Hills Community Services District

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2010

	General	CC&R Special Revenue Fund	Impact Fee Special Revenue Fund	Pool Expansion Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and investments	\$ 4,277,097	\$ 11,603	\$ 1,236,635	\$ 187,672	\$ 6,144,706	\$ 11,857,713
Accounts receivable	389,809	-	-	-	38	389,847
Interest receivable	3,659	-	223	560	8,389	12,831
Due from other funds	105,168	-	-	-	-	105,168
Total assets	<u>\$ 4,775,733</u>	<u>\$ 11,603</u>	<u>\$ 1,236,858</u>	<u>\$ 188,232</u>	<u>\$ 6,153,133</u>	<u>\$ 12,365,559</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 279,886	\$ 280	\$ -	\$ 24,702	\$ 155,205	\$ 460,073
Accrued expenses	200,975	-	-	-	-	200,975
Deferred revenue	6,340	-	-	-	-	6,340
Due to other funds	-	105,168	-	-	-	105,168
Total liabilities	<u>487,201</u>	<u>105,448</u>	<u>-</u>	<u>24,702</u>	<u>155,205</u>	<u>772,556</u>
<u>FUND BALANCES</u>						
Reserved for:						
Maintenance	-	-	-	-	3,073,863	3,073,863
Debt service	-	-	-	-	77,735	77,735
Capital projects	-	-	-	163,530	2,789,802	2,953,332
Unreserved, undesignated	<u>4,288,532</u>	<u>(93,845)</u>	<u>1,236,858</u>	<u>-</u>	<u>56,528</u>	<u>5,488,073</u>
Total fund balances	<u>4,288,532</u>	<u>(93,845)</u>	<u>1,236,858</u>	<u>163,530</u>	<u>5,997,928</u>	<u>11,593,003</u>
Total liabilities and fund balances	<u>\$ 4,775,733</u>	<u>\$ 11,603</u>	<u>\$ 1,236,858</u>	<u>\$ 188,232</u>	<u>\$ 6,153,133</u>	<u>\$ 12,365,559</u>

The accompanying notes are an integral part of these financial statements

El Dorado Hills Community Services District  
 Reconciliation of the  
GOVERNMENTAL FUNDS - BALANCE SHEET  
 with the Governmental Activities  
STATEMENT OF NET ASSETS  
 For the year ended June 30, 2010

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	11,593,003
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Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds		51,530,705
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LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental Funds:

Accrued interest payable		(23,937)
Capital lease		(3,156,552)
Non-current portion of compensated absences		<u>(155,024)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>59,788,195</u>
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The accompanying notes are an integral part of these financial statements

El Dorado Hills Community Services District  
 GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
 For the year ended June 30, 2010

	General	CC&R Special Revenue Fund	Impact Fee Special Revenue Fund	Pool Expansion Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 5,324,527	\$ -	\$ -	\$ -	\$ -	\$ 5,324,527
Assessments	-	147,368	-	-	1,057,773	1,205,141
Impact fees	-	-	243,219	-	-	243,219
Franchise taxes	582,181	-	-	-	-	582,181
Intergovernmental	-	-	-	-	81,199	81,199
Charges for services	1,932,733	23,103	-	-	-	1,955,836
Other revenue	2,497	-	-	16,270	142,859	161,626
Interest	20,098	3,417	6,942	3,369	36,274	70,100
Total revenues	<u>7,862,036</u>	<u>173,888</u>	<u>250,161</u>	<u>19,639</u>	<u>1,318,105</u>	<u>9,623,829</u>
Expenditures:						
General government	1,814,720	183,686	-	-	-	1,998,406
Parks and recreation	4,514,110	-	7,760	1,002,112	2,537,654	8,061,636
Debt service:						
Principal	-	-	-	-	395,061	395,061
Interest	-	-	-	-	154,276	154,276
Total expenditures	<u>6,328,830</u>	<u>183,686</u>	<u>7,760</u>	<u>1,002,112</u>	<u>3,086,991</u>	<u>10,609,379</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,533,206</u>	<u>(9,798)</u>	<u>242,401</u>	<u>(982,473)</u>	<u>(1,768,886)</u>	<u>(985,550)</u>
Other Financing Sources (Uses):						
Transfers in	115,862	-	90,521	1,146,003	3,576,543	4,928,929
Transfers out	<u>(2,310,328)</u>	<u>-</u>	<u>(2,193,749)</u>	<u>-</u>	<u>(424,852)</u>	<u>(4,928,929)</u>
Total Other Financing Sources (Uses):	<u>(2,194,466)</u>	<u>-</u>	<u>(2,103,228)</u>	<u>1,146,003</u>	<u>3,151,691</u>	<u>-</u>
Net change in Fund Balances	<u>(661,260)</u>	<u>(9,798)</u>	<u>(1,860,827)</u>	<u>163,530</u>	<u>1,382,805</u>	<u>(985,550)</u>
Fund balances, beginning of period	<u>4,949,792</u>	<u>(84,047)</u>	<u>3,097,685</u>	<u>-</u>	<u>4,615,123</u>	<u>12,578,553</u>
Fund balances, end of period	<u>\$ 4,288,532</u>	<u>\$ (93,845)</u>	<u>\$ 1,236,858</u>	<u>\$ 163,530</u>	<u>\$ 5,997,928</u>	<u>\$ 11,593,003</u>

The accompanying notes are an integral part of these financial statements

El Dorado Hills Community Services District  
RECONCILIATION OF THE NET CHANGE IN FUND BALANCES -  
TOTAL GOVERNMENTAL FUNDS  
with the  
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES  
For the year ended June 30, 2010

Total net change in fund balances - governmental funds	\$ (985,550)
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CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to the fund balance	2,080,728
Depreciation expense is deducted from the fund balance	(1,076,582)

LONG TERM DEBT PROCEEDS AND PAYMENT

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to the fund balance	395,061
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change):

Accrued interest expense	4,582
Amortization of bond issuance costs	(25,628)
Long-term compensated absences	<u>(16,343)</u>

Changes in net assets of governmental activities	<u>\$ 376,268</u>
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The accompanying notes are an integral part of these financial statements

El Dorado Hills Community Services District  
STATEMENT OF FIDUCIARY NET ASSETS

Fiduciary Funds  
June 30, 2010

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 103,904
Interest receivable	<u>105</u>
Total assets	<u>\$ 104,009</u>
<u>LIABILITIES</u>	
Due to bond holders	<u>\$ 104,009</u>
Total liabilities	<u>\$ 104,009</u>

The accompanying notes are an integral part of these financial statements

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The El Dorado Hills Community Services District (the District) was organized and formed on May 21, 1962, pursuant to the Community Services District Law of the State of California (division 2 of Title 6 of the Government Code, Section 61000, et seq.) The District was primarily formed as a park and recreation district but has the authority to provide many other services, including garbage collection and disposal, electric, street lighting, and cable television. The District is governed by a five-member elected Board of Directors.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District has defined its reporting entity in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*," which provides guidance for determining which governmental activities, organizations, and functions should be included in its reporting entity.

The District levies assessments and provides services to twenty nine Lighting and Landscaping Districts which are operated under the Lighting and Landscaping Act of 1972. All parcels within each Lighting and Landscaping District are assessed at varying rates depending upon the increased property values created by the installation of public improvements.

B. Basis of Presentation – Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are allocated from the general government activity to the recreation and park activity based on relative percentages or prior year actual operating expenditures. Program revenues include 1) charges to customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when reimbursable costs are incurred under the accrual basis of accounting.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation – Government-Wide Financial Statements – (concluded)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in separate columns. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual include property taxes, grants, donations and charges for current services. The District uses an availability period of 60 days after year-end. Expenditures under the modified accrual basis of accounting are generally recognized when the related fund liability is incurred. An exception to this rule is principal and interest on general long-term debt that are recorded as fund liabilities when due.

The District reports the following major governmental fund types:

The General Fund is the District's primary operating fund. It is used to account for all activities, except those required to be accounted for in another fund.

The Impact Fee Special Revenue Fund is used to account for charges to developers for the costs of park improvements needed to serve a new development.

The CC&R Special Revenue Fund is used to account for fees levied against parcels and for fees charged for design review and compliance.

The Pool Expansion Capital Project Fund is used to account for the collection of resources and expenditures to construct the pool expansion.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation – Fund Financial Statements – (concluded)

The District also reports the following Fiduciary Fund type:

The Agency Fund is used to account for assets held by the District in an agency capacity for Wild Oaks Park Limited Obligation Improvement Bonds.

D. Cash and Investments

The District pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash and investment account is available to meet current operating requirements. Cash in excess of current requirements is invested in the State Local Agency Investment Fund or in an interest-bearing bank account. Cash with the County is maintained in individual funds and is not part of the District's pooled cash and investments.

E. Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Interfund loans are reported as either "due from/due to other funds."

Services provided, deemed to be at-market or near-market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its cost as a reimbursement. All other interfund transactions are treated as transfers. All interfund activity is eliminated in the government-wide financial statements.

F. Capital Assets

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as an expenditure in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets, owned by the District, are stated at historical cost or estimated historical cost, if actual historical cost is not available.

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

Structure and improvements	5 to 30 years
Equipment	3 to 20 years

It is the policy of the District to capitalize all land, structures and improvements, and equipment, except assets costing less than \$5,000. The District's policy is to capitalize all infrastructure greater than \$100,000.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences

An employee accumulates vacation time in accordance with the employee's respective "Memorandum of Understanding". The amount of vacation and sick time vested and accrued depends on years of service and date of hire. Vacation vested may be accumulated up to various maximum hours and is paid in full upon termination or retirement. Employees may convert up to a maximum of one half of any sick leave available above 96 hours as of December 31 of that year for either earned vacation leave on an hour for hour basis or for a cash reimbursement on a half hour for an hour basis.

H. Property Taxes

All property taxes are collected and allocated by El Dorado County to the various taxing entities. Property taxes are determined annually as of January 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The District participates in the County "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. Property tax is recognized when it is available and measurable. The District considers property tax as available if it is received within 60 days after fiscal year end.

I. Program Revenues

Program revenues in the financial statements include user charges and program grants.

J. Net Assets

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

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

Restricted Net Assets – This category presents external restrictions imposed by creditors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents net assets of the District not restricted for any project or other purpose.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

K. Fund Balance Reserves and Designations

In the fund financial statements, fund balance reserves are those portions of the fund balance that are not available for appropriation or expenditure and/or are legally segregated for a specific future use. The reserved fund balance for debt retirement is required to be segregated in accordance with the General Obligation Advance Refunding Issue covenant.

Designations of unreserved fund balances in governmental fund financial statements indicate District management's tentative plans for use of financial resources in a future period. Such plans of intent are subject to change and have not been legally mandated.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

M. Allowance for Doubtful Accounts

Management believes its accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

N. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation of the current year financial statements.

NOTE 2 - CASH AND INVESTMENTS

The District follows the practice of pooling cash and investments of all funds except for funds held by the County. Cash and investments consist of the following at June 30, 2010:

Deposits and Investments	Carrying Amount	Market Value	Investment Risk
Cash in County Treasury	\$ 1,832,887	\$ 1,832,887	AA
Cash in bank	199,368	199,368	N/A
Investment in LAIF	<u>9,929,362</u>	<u>9,929,362</u>	Not Rated
Total cash and investments	<u>\$ 11,961,617</u>	<u>\$ 11,961,617</u>	

Cash and investments in governmental activities was \$11,857,713 and in fiduciary funds was \$103,904 for a total of \$11,961,617.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 2 - CASH AND INVESTMENTS (continued)

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

B. Authorized Investments

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 - Financial Affairs.

The Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Banker's Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook Savings Account Demand Deposits
- Reverse Repurchase Agreements
- County Cash Pool

C. Investments

The District has adopted provisions of Governmental Accounting Standards Board (GASB) 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*" GASB 31 established accounting and financial standards for investments in interest-earning investment contracts, external investment pools, and mutual funds. The statement requires all applicable investments to be reported at fair value on the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced sale. All investment income, including change in fair market of investments, is recognized as revenue in the operating statement.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 2 - CASH AND INVESTMENTS (concluded)

C. Investments (concluded)

The State Treasurer's Local Agency Investment Fund (LAIF) is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provides oversight to the management of the fund. The District is a voluntary participant in the investment pool. The District reports its investment in the LAIF at the fair value provided by the State Treasurer, which is not materially different than cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized costs basis. Included in the LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating securities issued by federal agencies, government sponsored enterprises, and corporations.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of the year-end, the weighted average maturity of the investments contained in the LAIF investment pool is less than 12 months. The bank certificates of deposits held by the District are all under one-year in maturity and are non-negotiable and, thus, have a guaranteed face value.

E. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The LAIF does not have a rating provided by a nationally recognized statistical rating organization.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets is as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u> <u>/Transfers</u>	<u>Adjustments</u> <u>/Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Nondepreciable assets:				
Land	\$ 27,439,730	\$ -	\$ 6,382	\$ 27,433,348
Construction-in-progress	<u>2,276,963</u>	<u>2,164,252</u>	<u>-</u>	<u>4,441,215</u>
Total nondepreciable assets	<u>29,716,693</u>	<u>2,164,252</u>	<u>6,382</u>	<u>31,874,563</u>
Depreciable Assets:				
Park improvements	18,556,158	-	152,218	18,403,940
Pool	1,213,181	-	9,193	1,203,988
Structures & improvements	7,868,063	-	38,834	7,829,229
Median strip	148,008	-	-	148,008
Parks & recreation equipment	434,346	18,056	117,614	334,788
Office equipment	332,130	-	212,451	119,679
Vehicles	<u>403,361</u>	<u>-</u>	<u>32,376</u>	<u>370,985</u>
Total capital assets being depreciated	<u>28,955,247</u>	<u>\$ 18,056</u>	<u>\$ 562,686</u>	<u>28,410,617</u>
Less: accumulated depreciation	<u>(8,145,381)</u>			<u>(8,754,475)</u>
Net depreciable assets	<u>20,809,866</u>			<u>19,656,142</u>
Capital assets, net	<u>\$ 50,526,559</u>			<u>\$ 51,530,705</u>

Total depreciation expense for the year was \$1,076,582. Of that amount, all was charged to the Parks & Recreation function.

NOTE 4 - INTERFUND TRANSACTIONS

Due To and Due From Other Funds

Due to and due from other funds represents short-term borrowing between funds and regular services and supplies provided but not settled at year-end. The composition of interfund balances as of June 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	CC&R	<u>\$ 105,168</u>

The purpose of the interfund loans is to provide extra cash for funds with a cash shortfall.

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various District operations and re-allocations of special revenues. The following schedule summarizes the District's transfer activity:

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 4 - INTERFUND TRANSACTIONS (concluded)

Between Governmental Funds:

	Transfers in	Transfers out
General	\$ 115,862	\$ 2,310,328
Impact Fee	90,521	2,193,749
Pool Expansion	1,146,003	-
In Lieu fee	-	8,000
Oak Tree Preservation	-	144,000
Lighting and Landscape	332,622	66,469
Harvard Parking	59,053	-
Lake Forest	1,450,000	-
Pavilion Expansion	600,000	78,222
Windsor	3,210	-
Valley View	-	12,299
Mitchell Field	45,022	-
Promontory	112,000	-
Bertleson Park	-	115,862
SH # 2	148,000	-
EDH BLVD.	210,469	-
Energy Efficiency	248,281	-
Leases	367,886	-
Total	\$ 4,928,929	\$ 4,928,929

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of debt transactions for the year ended June 30, 2010:

Bonds Payable

The District took out a loan to finance construction of Promontory Park during the 2006 fiscal year. The stated interest rate is 4.55%, payable semi-annually on May 1 and November 1 of each year.

The note matures on May 1, 2021. \$ 3,156,552

The following is a summary of changes in the District's Long-Term Obligations for the fiscal year ended June 30, 2010:

	Balance		Balance	Due within
	<u>June 30, 2009</u>	<u>Additions</u>	<u>June 30, 2010</u>	<u>One Year</u>
Compensated absences	\$ 138,681	\$ 16,343	\$ 155,024	\$ -
2006 Lease	<u>3,373,414</u>	<u>-</u>	<u>3,156,552</u>	<u>226,844</u>
Total long-term liabilities	<u>\$ 3,512,095</u>	<u>\$ 16,343</u>	<u>\$ 3,311,576</u>	<u>\$ 226,844</u>

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 5 - LONG-TERM OBLIGATIONS (concluded)

For the 2007 year, debt was undertaken to help finance construction of Promontory Park. The interest rate on the note is 4.55%. The annual debt service requirements are as follows:

Payment Date	Total	Principal	Interest
11/1/2010	\$ 185,233	\$ 113,422	\$ 71,812
5/1/2011	182,653	113,422	69,231
11/1/2011	185,293	118,642	66,651
5/1/2012	182,593	118,642	63,952
11/1/2012	185,355	124,102	61,253
5/1/2013	182,531	124,102	58,429
11/1/2013	185,420	129,814	55,606
5/1/2014	182,466	129,814	52,653
11/1/2014	185,488	135,788	49,700
5/1/2015	182,398	135,788	46,610
11/1/2015	185,559	142,037	43,521
5/1/2016	182,327	142,037	40,290
11/1/2016	185,633	148,575	37,058
5/1/2017	182,253	148,575	33,678
11/1/2017	185,711	155,412	30,298
5/1/2018	182,175	155,412	26,763
11/1/2018	185,792	162,565	23,227
5/1/2019	182,094	162,565	19,529
11/1/2019	185,877	170,047	15,830
5/1/2020	182,009	170,047	11,962
11/1/2020	185,966	177,873	8,093
5/1/2021	181,920	177,873	4,047
	<u>\$ 4,046,745</u>	<u>\$ 3,156,552</u>	<u>\$ 890,193</u>

NOTE 6 - LIMITED OBLIGATION IMPROVEMENT BONDS – WILD OAKS PARK

Pursuant to a resolution adopted by the Board of Directors on July 21, 1994, Limited Obligation Improvement Bonds, Wild Oaks Park, were issued according to the provisions of the Improvement Bond Act of 1915. The bonds were issued to (a) fund a debt reserve fund; (b) pay the cost of issuing the bonds; and (c) finance the cost and expense of the acquisition of Wild Oaks Park benefiting the properties within the Wild Oaks Park Assessment District. The bonds are secured by assessments levied against the benefiting property owners.

The bonds are not general obligation bonds and neither the faith and credit nor the taxing authority of the District is pledged to the payment of the bonds. The District functions as an agent for the property owners by collecting assessments, forwarding collections to bond holders and, if appropriate, initiating judicial foreclosures. The District has established a reserve fund and has deposited proceeds from the sale of the bonds in the amount of the reserve requirement. The District has no obligation to advance funds to the redemption fund in the event delinquent installments absorb the balance in the reserve fund. The present amount of assessment debt at June 30, 2010, is \$729,167.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 7 - RESCUE UNION SCHOOL DISTRICT JOINT USE AGREEMENT

The District entered into a joint use agreement with the Rescue Union School District on June 23, 2003 to provide a community use recreational and meeting facility. The agreement is for 20 years in the amount of \$220,830. As of June 30, 2010 the District has an outstanding balance of \$125,830 and will pay \$10,000 annually through 2023.

NOTE 8 - DISTRICT EMPLOYEE'S RETIREMENT PLAN (Defined Benefit Pension Plan)

A. Plan Description

The District's defined benefit pension plan, the California Public Employees Retirement System, provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System (CalPERS), is a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office in Sacramento, California.

B. Funding Policy

Active plan members in the District's defined pension plan are required to contribute 7% of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year June 30, 2010 was 12.700%. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

C. Annual Pension Cost

For fiscal year June 30, 2010, the District's annual pension cost of \$411,040, equal to the District's required and actual contributions. The District contributes both the employee and employer portion as a benefit to employees. The required contribution for the fiscal year June 30, 2010 was determined as part of the June 30, 2006 actuarial valuation using entry age normal actuarial cost method with contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% depending on age, service and type of employment; (c) 3.25% overall payroll growth; and (d) an inflation rate of 3.0%. The remaining amortization period at June 30, 2008, was 17 years for miscellaneous as of the valuation date.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 8 - DISTRICT EMPLOYEE'S RETIREMENT PLAN (Defined Benefit Pension Plan) (concluded)

C. Annual Pension Cost (concluded)

Three – Year Trend Information for the District

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$ 439,172	100%	\$ -
6/30/09	\$ 459,594	100%	\$ -
6/30/10	\$ 411,040	100%	\$ -

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL as a % Of Payroll
6/30/2004	\$2,746,095,668	\$2,460,944,656	\$285,151,012	89.6%	\$743,691,970	38.3%
6/30/2005	\$2,891,460,651	\$2,588,713,000	\$302,747,651	89.5%	\$755,046,679	40.1%
6/30/2006	\$2,754,396,608	\$2,492,226,176	\$262,170,432	90.5%	\$699,897,835	37.5%
6/30/2007	\$2,611,746,790	\$2,391,434,447	\$220,312,343	91.6%	\$665,522,859	33.1%
6/30/2008	\$2,780,280,768	\$2,547,323,278	\$232,957,490	91.6%	\$688,606,681	33.8%

NOTE 9 - POST RETIREMENT HEALTH CARE BENEFITS

*Plan Description.* The District's defined benefit post-employment healthcare plan provides medical benefits to eligible District employees and elected officials who retire from the District at age 50 or older and are eligible for a CalPERS pension.

The District provides retiree healthcare benefits to employees retiring directly from the District under CalPERS. Medical coverage is provided through PEMHCA. Medical and dental benefits are continued to a surviving spouse and eligible dependents, if any, upon the retiree's death.

*Funding Policy.* There is no statutory requirement for the District to prefund its OPEB obligation. The District has commenced pre-funding the obligation and has joined the California Employers' Retiree Benefit Trust. There are no employee contributions. For the fiscal year ending June 30, 2010, the District paid approximately \$24,759 for retiree healthcare plan benefits. As of July 1, 2008 the plan membership consisted of 45 active participants and 4 retirees and beneficiaries currently receiving benefits.

The District is required to contribute or accrue the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (continued)

*Annual OPEB Cost and Net OPEB Obligation.* For June 30, 2010, the District's annual OPEB cost (expense) was \$233,103. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows, based on the District's actuarial valuation as of July 1, 2008:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/08	n/a	n/a	n/a
6/30/09	\$ 222,564	92%	\$ 18,290*
6/30/10 *	\$ 233,103	93%	\$ 33,921*

\* Annual OPEB Cost less contributions made during the year plus the beginning of year OPEB obligation.

*Funded Status and Funding Progress.* The funded status of the plan as of June 30, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 1,478,449
Actuarial value of plan assets (6/30/10)	<u>420,387</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,058,062</u>
Funded ratio (actuarial value of plan assets/AAL)	28%
Covered payroll (active plan members)	\$ 2,837,911
UAAL as a percentage of covered payroll	37%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and the assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns from assets used to pay benefits; and a 3.25% annual increase in projected payroll. Assumptions include a healthcare cost trend rate of 8.2% initially, reduced by 0.3% per year to an ultimate rate of 5.5% after 10 years. The UAAL is being amortized over a fixed 30 year period as a level percentage of projected payroll beginning with the year ended June 30, 2009.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (concluded)

	(A)	(B)	(C)	(D)	(E)	(F)
Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability (Excess Assets) [(B)-(A)]	Funded Status [(A)/(B)]	Annual Covered Payroll	UAAL as a % of Payroll $\{[(B)-(A)]/(E)\}$
July 1, 2008	\$ -0-	\$ 1,478,449	\$ 1,478,449	0%	\$2,837,911	52%

NOTE 10 - DEFERRED COMPENSATION PLAN

District employees may defer a portion of their compensation under the District's sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them.

The laws governing deferred compensation plan assets required plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property and are not subject to Board control, they have been excluded from these financial statements.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Special District Risk Management Authority (SDRMA), an intergovernmental risk-sharing, joint powers authority (risk-sharing pool) established to provide an independently managed, self-insurance program for members. The purpose of SDRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense.

The District contributes its pro rata share of anticipated losses to a pool administered by the SDRMA. Should actual losses among participants be greater than the anticipated losses, the District will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the District will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial excess liability coverage in any of the past three fiscal years.

NOTE 12 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

The following funds had deficit fund balances at June 30, 2010:

Fund	Fund Type	Amount
CC & R	Special Revenue	\$(93,845)

The District plans to eliminate the fund balance deficits through the application of future revenues or through interfund operating transfers.

El Dorado Hills Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2010

NOTE 12 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (concluded)

B. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2010, expenditures exceeded appropriations at the general government level of the CC&R Special Revenue Fund (the legal level of budgetary control) by \$115,497. These over expenditures were funded by available fund balance or will be funded by anticipated future revenues or transfers.

NOTE 13 - LONG-TERM OPERATING LEASE AGREEMENTS

The District has several long-term operating lease agreements, with original terms ranging from one to ten years. There are no material restrictions imposed by these agreements. Rent expense for the fiscal year ended June 30, 2010 is \$48,017. The minimum rental payments required under the operating lease commitments at June 30, 2010, are:

Year Ended June 30,	Primary Government
2011	\$ 39,340
2012	34,486
2013	34,256
2014	27,213
2015	19,166
2016-2020	95,830
Total	\$ 250,291

NOTE 14 - REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extension of taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

El Dorado Hills Community Services District  
GENERAL FUND  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
Budget and Actual  
For the year ended June 30, 2010  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 5,679,208	\$ 5,639,319	\$ 5,324,527	\$ (314,792)
Franchise taxes	611,273	611,273	582,181	\$ (29,092)
Intergovernmental	248,000	50,000	-	(50,000)
Charges for services	1,603,203	1,535,275	1,932,733	397,458
Other revenue	66,300	3,000	2,497	(503)
Interest	100,000	100,000	20,098	(79,902)
Total revenues	<u>8,307,984</u>	<u>7,938,867</u>	<u>7,862,036</u>	<u>(76,831)</u>
Expenditures:				
General government	1,820,000	1,820,000	1,814,720	5,280
Parks and recreation	4,908,455	4,590,282	4,514,110	76,172
Total expenditures	<u>6,728,455</u>	<u>6,410,282</u>	<u>6,328,830</u>	<u>81,452</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,579,529</u>	<u>1,528,585</u>	<u>1,533,206</u>	<u>4,621</u>
Other Financing Sources (Uses):				
Transfers in	-	198,000	115,862	(82,138)
Transfers out	<u>(1,266,315)</u>	<u>(2,310,137)</u>	<u>(2,310,328)</u>	<u>(191)</u>
Total Other Financing Sources (Uses):	<u>(1,266,315)</u>	<u>(2,112,137)</u>	<u>(2,194,466)</u>	<u>(82,329)</u>
Net change in Fund Balances	<u>\$ 313,214</u>	<u>\$ (583,552)</u>	<u>(661,260)</u>	<u>\$ (77,708)</u>
Fund balances, beginning of period			<u>4,949,792</u>	
Fund balances, end of period			<u>\$ 4,288,532</u>	

El Dorado Hills Community Services District  
 CC&R  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
Budget and Actual  
 For the year ended June 30, 2010  
 (Unaudited)

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Assessments	\$ 144,085	\$ 144,085	\$ -	\$ (144,085)
Charges for services	15,000	15,000	23,103	8,103
Interest	-	-	3,417	3,417
Total revenues	<u>159,085</u>	<u>159,085</u>	<u>26,520</u>	<u>(132,565)</u>
Expenditures:				
General government	<u>68,189</u>	<u>68,189</u>	<u>183,686</u>	<u>(115,497)</u>
Total expenditures	<u>68,189</u>	<u>68,189</u>	<u>183,686</u>	<u>(115,497)</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 90,896</u>	<u>\$ 90,896</u>	(157,166)	<u>\$ (248,062)</u>
Fund balances, beginning of period			<u>(84,047)</u>	
Fund balances, end of period			<u>\$ (241,213)</u>	

El Dorado Hills Community Services District  
IMPACT FEE  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES

Budget and Actual

For the year ended June 30, 2010

(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Assessments	\$ 200,000	\$ 200,000	\$ 243,219	\$ 43,219
Interest	-	-	6,942	6,942
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>250,161</u>	<u>50,161</u>
Expenditures:				
Parks and recreation	<u>35,866</u>	<u>41,866</u>	<u>7,760</u>	<u>34,106</u>
Total expenditures	<u>35,866</u>	<u>41,866</u>	<u>7,760</u>	<u>34,106</u>
Excess (deficit) of revenues over (under) expenditures	<u>164,134</u>	<u>158,134</u>	<u>242,401</u>	<u>84,267</u>
Other Financing Sources (Uses):				
Transfers in	-	90,521	90,521	-
Transfers out	<u>(2,247,886)</u>	<u>(2,193,749)</u>	<u>(2,193,749)</u>	<u>-</u>
Total Other Financing Sources (Uses):	<u>(2,247,886)</u>	<u>(2,103,228)</u>	<u>(2,103,228)</u>	<u>-</u>
Net change in Fund Balances	<u>\$ (2,083,752)</u>	<u>\$ (1,945,094)</u>	<u>(1,860,827)</u>	<u>\$ 84,267</u>
Fund balances, beginning of period			<u>3,097,685</u>	
Fund balances, end of period			<u>\$ 1,236,858</u>	

El Dorado Hills Community Services District  
 POOL EXPANSION  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES

Budget and Actual

For the year ended June 30, 2010

(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other revenue	\$ -	\$ -	\$ 16,270	\$ 16,270
Interest	-	-	3,369	3,369
Total revenues	<u>-</u>	<u>-</u>	<u>19,639</u>	<u>19,639</u>
Expenditures:				
Parks and recreation	<u>571,693</u>	<u>1,120,885</u>	<u>1,002,112</u>	<u>118,773</u>
Total expenditures	<u>571,693</u>	<u>1,120,885</u>	<u>1,002,112</u>	<u>118,773</u>
Excess (deficit) of revenues over (under) expenditures	<u>(571,693)</u>	<u>(1,120,885)</u>	<u>(982,473)</u>	<u>138,412</u>
Other Financing Sources (Uses):				
Transfers in	571,693	1,120,885	1,146,003	25,118
Transfers out	-	-	-	-
Total Other Financing Sources (Uses):	<u>571,693</u>	<u>1,120,885</u>	<u>1,146,003</u>	<u>25,118</u>
Net change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>163,530</u>	<u>\$ 163,530</u>
Fund balances, beginning of period			<u>-</u>	
Fund balances, end of period			<u>\$ 163,530</u>	

El Dorado Hills Community Services District  
NON MAJOR GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2010

	Special Revenue				Capital Projects										Debt Service		Total		
	In-Lieu Fee 12	Donations 17	Oak Tree Preservation 19	Lighting and Landscape 20-56	Harvard Parking 911	Lake Forest 913	Pavilion Expansion 914-916	NY Creek Trail 922	Serrano Village 923	Mitchell Field 929	Promontory #2 932	SH #2 934	Community Promontory 935	EDH Blvd. 936	Oak Knoll 937	Energy Efficiency 939		Lease Debt Service 62	GO Bond Debt Service 60
<u>ASSETS</u>																			
Cash and investments	\$ 3,555	\$ 51,404	\$ 1,493	\$ 3,132,159	\$ 3,338	\$ 1,198,002	\$ 591,146	\$ 109,572	\$ 30,244	\$ 10,127	\$ 354,096	\$ 59,007	\$ 23,534	\$ 221,277	\$ 30,653	\$ 247,538	\$ 374	\$ 77,187	\$ 6,144,706
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38	-	-	-	38
Interest receivable	5	71	-	3,755	5	1,798	821	152	42	5	571	252	32	318	46	342	169	5	8,389
Total assets	<u>\$ 3,560</u>	<u>\$ 51,475</u>	<u>\$ 1,493</u>	<u>\$ 3,135,914</u>	<u>\$ 3,343</u>	<u>\$ 1,199,800</u>	<u>\$ 591,967</u>	<u>\$ 109,724</u>	<u>\$ 30,286</u>	<u>\$ 10,132</u>	<u>\$ 354,667</u>	<u>\$ 59,259</u>	<u>\$ 23,566</u>	<u>\$ 221,595</u>	<u>\$ 30,737</u>	<u>\$ 247,880</u>	<u>\$ 543</u>	<u>\$ 77,192</u>	<u>\$ 6,153,133</u>
<u>LIABILITIES</u>																			
Accounts payable	\$ -	\$ -	\$ -	\$ 62,051	\$ -	\$ 39,567	\$ -	\$ -	\$ -	\$ -	\$ 9,324	\$ 25,062	\$ -	\$ 19,201	\$ -	\$ -	\$ -	\$ -	\$ 155,205
Total liabilities	-	-	-	62,051	-	39,567	-	-	-	-	9,324	25,062	-	19,201	-	-	-	-	155,205
<u>FUND BALANCES</u>																			
Reserved for:																			
Maintenance	-	-	-	3,073,863	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,073,863
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	543	77,192	77,735
Capital projects	-	-	-	-	3,343	1,160,233	591,967	109,724	30,286	10,132	345,343	34,197	23,566	202,394	30,737	247,880	-	-	2,789,802
Unreserved, undesignated	3,560	51,475	1,493	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,528
Total fund balances	<u>3,560</u>	<u>51,475</u>	<u>1,493</u>	<u>3,073,863</u>	<u>3,343</u>	<u>1,160,233</u>	<u>591,967</u>	<u>109,724</u>	<u>30,286</u>	<u>10,132</u>	<u>345,343</u>	<u>34,197</u>	<u>23,566</u>	<u>202,394</u>	<u>30,737</u>	<u>247,880</u>	<u>543</u>	<u>77,192</u>	<u>5,997,928</u>
Total liabilities and fund balances	<u>\$ 3,560</u>	<u>\$ 51,475</u>	<u>\$ 1,493</u>	<u>\$ 3,135,914</u>	<u>\$ 3,343</u>	<u>\$ 1,199,800</u>	<u>\$ 591,967</u>	<u>\$ 109,724</u>	<u>\$ 30,286</u>	<u>\$ 10,132</u>	<u>\$ 354,667</u>	<u>\$ 59,259</u>	<u>\$ 23,566</u>	<u>\$ 221,595</u>	<u>\$ 30,737</u>	<u>\$ 247,880</u>	<u>\$ 543</u>	<u>\$ 77,192</u>	<u>\$ 6,153,133</u>

El Dorado Hills Community Services District  
 GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
 For the year ended June 30, 2010

	Special Revenue										Capital Projects								Debt Service		Total		
	In-Lieu Fee	Donations	Oak Tree Preservation	Lighting and Landscape	Harvard Parking	Lake Forest	Pavilion Expansion	NY Creek Trail	Serrano Village	Windsor	Valley View	Mitchell Field	Promontory #2	Bertlesen Park	SH #2	Community Park	EDH Blvd.	Oak Knoll	Energy Efficiency	Lease Debt Service		GO Bond Debt Service	
	12	17	19	20-56	911	913	914-916	922	923	927	928	929	932	933	934	935	936	937	939	62		60	
Revenues:																							
Assessments	\$ -	\$ -	\$ -	\$ 1,053,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,562	\$ 1,057,773
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	81,199	-	-	-	-	-	-	-	-	-	-	81,199
Other revenue	-	3,944	-	-	-	26,200	-	-	-	-	-	112,715	-	-	-	-	-	-	-	-	-	-	142,859
Interest	35	339	691	18,952	7	4,739	2,048	729	201	-	-	601	3,150	264	1,400	156	1,384	234	469	543	332	36,274	
Total revenues	35	4,283	691	1,072,163	7	30,939	2,048	729	201	-	-	194,515	3,150	264	1,400	156	1,384	234	469	543	4,894	1,318,105	
Expenditures:																							
Parks and recreation	-	2,600	-	1,238,568	3,168	321,420	10,081	364	-	-	-	293,629	154,927	-	294,078	111	212,453	5,385	870	-	-	2,537,654	
Debt service:																							
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	216,862	178,199	395,061
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,024	3,252	154,276
Total expenditures	-	2,600	-	1,238,568	3,168	321,420	10,081	364	-	-	-	293,629	154,927	-	294,078	111	212,453	5,385	870	367,886	181,451	3,086,991	
Excess (deficit) of revenues over (under) expenditures	35	1,683	691	(166,405)	(3,161)	(290,481)	(8,033)	365	201	-	-	(99,114)	(151,777)	264	(292,678)	45	(211,069)	(5,151)	(401)	(367,343)	(176,557)	(1,768,886)	
Other Financing Sources (Uses):																							
Transfers in	-	-	-	332,622	59,053	1,450,000	600,000	-	-	3,210	-	45,022	112,000	-	148,000	-	210,469	-	248,281	367,886	-	3,576,543	
Transfers out	(8,000)	-	(144,000)	(66,469)	-	-	(78,222)	-	-	-	(12,299)	-	-	(115,862)	-	-	-	-	-	-	-	(424,852)	
Total Other Financing Sources (Uses)	(8,000)	-	(144,000)	266,153	59,053	1,450,000	521,778	-	-	3,210	(12,299)	45,022	112,000	(115,862)	148,000	-	210,469	-	248,281	367,886	-	3,151,691	
Net change in Fund Balances	(7,965)	1,683	(143,309)	99,748	55,892	1,159,519	513,745	365	201	3,210	(12,299)	(54,092)	(39,777)	(115,598)	(144,678)	45	(600)	(5,151)	247,880	543	(176,557)	1,382,805	
Fund balances, beginning of period	11,525	49,792	144,802	2,974,115	(52,549)	714	78,222	109,359	30,085	(3,210)	12,299	64,224	385,120	115,598	178,875	23,521	202,994	35,888	-	-	253,749	4,615,123	
Fund balances, end of period	\$ 3,560	\$ 51,475	\$ 1,493	\$ 3,073,863	\$ 3,343	\$ 1,160,233	\$ 591,967	\$ 109,724	\$ 30,286	\$ -	\$ -	\$ 10,132	\$ 345,343	\$ -	\$ 34,197	\$ 23,566	\$ 202,394	\$ 30,737	\$ 247,880	\$ 543	\$ 77,192	\$ 5,997,928	

## EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Net Assets by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$7,549	\$7,932	\$7,957	\$3,610	\$33,304	\$37,058	\$45,167	\$46,002	\$46,975	\$48,374
Restricted	\$382	\$390	\$401	\$5,185	\$5,483	\$2,420	\$2,043	\$4,810	\$3,351	\$1,315
Unrestricted	\$4,625	\$6,530	\$8,689	\$7,308	\$7,983	\$10,956	\$6,686	\$7,949	\$9,086	\$10,099
<b>Total Net Assets</b>	<b>\$12,556</b>	<b>\$14,853</b>	<b>\$17,048</b>	<b>\$16,104</b>	<b>\$46,771</b>	<b>\$50,435</b>	<b>\$53,895</b>	<b>\$58,761</b>	<b>\$59,412</b>	<b>\$59,788</b>

Note: In 2005, Assets were reappraised.

Source: Annual Financial Report and the District's Financial Management System

## EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>										
<b>Governmental activities</b>										
General Government	\$1,163	\$1,166	\$1,371	\$1,489	\$2,067	\$4,005	\$2,649	\$2,914	\$161	\$1,998
Parks and Recreation	\$1,998	\$2,017	\$3,541	\$2,880	\$2,820	\$2,368	\$5,108	\$5,432	\$9,177	\$7,099
Interest on long-term debt	\$154	\$154	\$125	\$164	\$61	\$51	\$293	\$187	\$172	\$150
<b>Total governmental activities expenses</b>	<b>\$3,315</b>	<b>\$3,336</b>	<b>\$5,037</b>	<b>\$4,533</b>	<b>\$4,948</b>	<b>\$6,424</b>	<b>\$8,049</b>	<b>\$8,533</b>	<b>\$9,511</b>	<b>\$9,248</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Services	\$749	\$692	\$805	\$1,996	\$2,174	\$2,380	\$1,715	\$1,979	\$3,674	\$3,986
Operating Grants and Contributions	\$0	\$0	\$0	\$50	\$0	\$0	\$0	\$0	\$0	\$0
Capital Grants and Contributions	\$87	\$87	\$129	\$2,355	\$2,836	\$2,368	\$2,214	\$2,606	\$574	\$81
<b>Total governmental activities program revenues</b>	<b>\$836</b>	<b>\$779</b>	<b>\$934</b>	<b>\$4,401</b>	<b>\$5,010</b>	<b>\$4,748</b>	<b>\$3,929</b>	<b>\$4,585</b>	<b>\$4,248</b>	<b>\$4,068</b>
<b>Net (expense)/revenue - governmental activities</b>	<b>(\$2,479)</b>	<b>(\$2,557)</b>	<b>(\$4,103)</b>	<b>(\$132)</b>	<b>\$63</b>	<b>(\$1,676)</b>	<b>(\$4,121)</b>	<b>(\$3,948)</b>	<b>(\$5,262)</b>	<b>(\$5,180)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities</b>										
Secured and unsecured property taxes	\$3,411	\$3,468	\$6,032	\$3,369	\$3,744	\$4,790	\$6,633	\$7,164	\$5,696	\$5,325
Use of money and property	\$318	\$318	\$237	\$235	\$408	\$499	\$664	\$656	\$496	\$162
Miscellaneous	\$0	\$0	\$0	\$61	\$47	\$52	\$80	\$43	\$19	\$70
<b>Total governmental activities</b>	<b>\$3,729</b>	<b>\$3,787</b>	<b>\$6,269</b>	<b>\$3,665</b>	<b>\$4,200</b>	<b>\$5,340</b>	<b>\$7,377</b>	<b>\$7,863</b>	<b>\$6,212</b>	<b>\$5,556</b>
<b>Change in Net Assets</b>										
<b>Governmental activities</b>	<b>\$1,250</b>	<b>\$1,229</b>	<b>\$2,166</b>	<b>\$3,533</b>	<b>\$4,262</b>	<b>\$3,664</b>	<b>\$3,256</b>	<b>\$3,915</b>	<b>\$949</b>	<b>\$376</b>

1

<sup>1</sup> For the year ended June 30, 2009, certain account classifications in General Government have been moved to Parks and Recreation to improve financial statement presentation.

Source: Annual Financial Report and the District's Financial Management System

## EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	\$ 1,193	\$ 1,310	\$ 1,867	\$ 2,314	\$ 2,829	\$ 3,387	\$ 3,307	\$ 4,232	\$ 4,950	\$ 4,289
Total General Func	\$ 1,193	\$ 1,310	\$ 1,867	\$ 2,314	\$ 2,829	\$ 3,387	\$ 3,307	\$ 4,232	\$ 4,950	\$ 4,289
All other governmental funds										
Reserved	\$ 382	\$ 390	\$ 401	\$ 183	\$ 218	\$ 239	\$ 226	\$ 252	\$ 254	\$ 6,105
Unreserved, reported in:										
Special revenue funds	\$ 3,432	\$ 4,808	\$ 5,404	\$ 9,190	\$ 8,928	\$ 9,805	\$ 5,361	\$ 7,761	\$ 6,194	\$ 1,143
Capital projects funds	\$ -	\$ -	\$ -	\$ 70	\$ 1,791	\$ 1,423	\$ 671	\$ 703	\$ 1,181	\$ 57
Total all other governmental fund:	\$ 3,814	\$ 5,199	\$ 5,805	\$ 9,443	\$ 10,937	\$ 11,468	\$ 6,258	\$ 8,716	\$ 7,629	\$ 7,304

Note: This fiscal year, the auditor reclassified balances in the special revenue and capital projects funds as reserved.

## EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>REVENUES</b>										
Property taxes	\$ 2,317	\$ 2,484	\$ 2,912	\$ 3,324	\$ 3,695	\$ 4,790	\$ 5,603	\$ 6,034	\$ 5,696	\$ 5,325
Assessments	1,094	586	732	821	848	823	1,030	1,129	1,699	1,205
Park impact fees	0	2,295	2,389	2,317	2,826	2,126	1,968	2,543	340	243
Use of money and property	0	0	0	0	0	0	664	656	496	582
Intergovernmental and Grant Funding	0	0	0	134	58	241	241	53	117	81
Donations	0	0	0	0	16	2	5	10	117	0
Interest and rent	318	319	237	235	401	499	0	0	0	70
Charges for current services	749	690	805	882	958	1,557	1,715	1,979	1,975	1,956
Other	87	46	129	355	414	52	104	43	19	162
<b>TOTAL REVENUE</b>	<b>\$ 4,566</b>	<b>\$ 6,420</b>	<b>\$ 7,203</b>	<b>\$ 8,067</b>	<b>\$ 9,217</b>	<b>\$ 10,088</b>	<b>\$ 11,329</b>	<b>\$ 12,449</b>	<b>\$ 10,460</b>	<b>\$ 9,624</b>
<b>EXPENDITURES</b>										
General Government	\$ 1,166	\$ 1,211	\$ 1,372	\$ 1,435	\$ 1,616	\$ 2,310	\$ 2,597	\$ 2,843	\$ 160	\$ 1,998
Parks and recreation	1,546	1,942	2,295	2,599	2,920	3,714	4,223	4,440	7,823	5,981
Capital outlay	165	910	990	1,027	2,449	6,577	9,067	1,052	2,271	2,081
Debt service:										
Principal	284	247	255	282	275	321	518	533	554	395
Interest and fiscal charges	154	139	125	112	64	52	213	198	177	154
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,315</b>	<b>\$ 4,449</b>	<b>\$ 5,037</b>	<b>\$ 5,456</b>	<b>\$ 7,324</b>	<b>\$ 12,974</b>	<b>\$ 16,619</b>	<b>\$ 9,066</b>	<b>\$ 10,985</b>	<b>\$ 10,609</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,250</b>	<b>\$ 1,971</b>	<b>\$ 2,166</b>	<b>\$ 2,611</b>	<b>\$ 1,893</b>	<b>\$ (2,886)</b>	<b>\$ (5,289)</b>	<b>\$ 3,383</b>	<b>\$ (525)</b>	<b>\$ (986)</b>
<b>OTHER FINANCING SOURCES AND USES</b>										
Proceeds of debt – capital leases	\$ -	\$ -	\$ -	\$ -	\$ 37	\$ 3,974	\$ -	\$ -	\$ (1)	\$ -
Proceeds of advance refunding issue – GO bonds	0	0	0	1,759	0	0	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	(1,945)	0	0	0	0	0	0
Bond issuance costs	0	0	0	(33)	0	0	0	0	0	0
Transfers in	42	976	1,841	179	2,890	5,658	7,593	4,010	2,728	4,929
Transfers out	(42)	(976)	(1,841)	(179)	(2,890)	(5,658)	(7,593)	(4,010)	(2,728)	(4,929)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (219)</b>	<b>\$ 37</b>	<b>\$ 3,974</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ -</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 1,250</b>	<b>\$ 1,971</b>	<b>\$ 2,166</b>	<b>\$ 2,393</b>	<b>\$ 1,931</b>	<b>\$ 1,088</b>	<b>\$ (5,289)</b>	<b>\$ 3,383</b>	<b>\$ (526)</b>	<b>\$ (986)</b>

Source: Annual Financial Report and the District's Financial Management System

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Taxes	Total
2001	\$2,317	\$2,317
2002	\$2,484	\$2,484
2003	\$2,912	\$2,912
2004	\$3,324	\$3,324
2005	\$3,695	\$3,695
2006	\$4,790	\$4,790
2007	\$5,603	\$5,603
2008	\$6,034	\$6,034
2009	\$5,696	\$5,696
2010	\$5,325	\$5,325
TOTAL	\$42,180	\$42,180

Source: Annual Financial Report and the District's Financial Management System

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Assessed and Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Assessed Value of Residential Property within El Dorado Hills CSD	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
2001	\$2,080,721	\$34,617	\$2,046,104	0.09%
2002	\$2,488,028	\$38,113	\$2,449,915	0.09%
2003	\$2,970,820	\$41,700	\$2,929,120	0.09%
2004	\$3,533,025	\$43,895	\$3,489,130	0.08%
2005	\$4,182,541	\$56,780	\$4,125,761	0.08%
2006	\$5,110,003	\$48,526	\$5,061,477	0.08%
2007	\$6,049,756	\$51,432	\$5,998,324	0.09%
2008	\$6,820,818	\$55,386	\$6,765,432	0.08%
2009	\$7,102,401	\$57,534	\$7,044,867	0.08%
2010	\$6,773,254	\$58,844	\$6,714,410	0.08%

Source: Auditor-Controller, Property Tax Division - Assessed Valuation Report

Note: Property in the County is reassessed at sale or when improvements are made. The County assesses property at fair market value or comparable value for all types of real property, so no estimation of actual taxable value is required.

The District agreed to a 10.2014% portion of the County's 1% property tax receipts. In May 2009, the percentage was lowered to 10% by the County of El Dorado. The tax rate actually received is net of the ERAF shift to the State of California.

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

## Property Tax Rates Direct and Overlapping<sup>1</sup> Governments Last Ten Fiscal Years

Fiscal Year	General Property Tax Levy	State Assessed Unitary Value Properties	School Districts	Special Districts, including El Dorado Hills CSD	EID Voter Approved Tax	Total <sup>2</sup>
2001	1.000%	0.0842%	0.0348%	0.0081%	0.0346%	1.1617%
2002	1.000%	0.0763%	0.0332%	0.0130%	0.0327%	1.1552%
2003	1.000%	0.0792%	0.0296%	0.0109%	0.0255%	1.1452%
2004	1.000%	0.0704%	0.0274%	0.0090%	0.0277%	1.1345%
2005	1.000%	0.0880%	0.0258%	0.0068%	0.0028%	1.1234%
2006	1.000%	0.0934%	0.0288%	0.0128%	0.0092%	1.1442%
2007	1.000%	0.1067%	0.0250%	0.0100%	0.0100%	1.1517%
2008	1.000%	0.1280%	0.0239%	0.0092%	0.0106%	1.1717%
2009	1.000%	0.1606%	0.0409%	0.0091%	0.0104%	1.2210%
2010	1.000%	0.2249%	0.0290%	0.0213%	0.0094%	1.2846%

Source: EID Annual Financial Report

Note: In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the debt for the jurisdictions listed.

<sup>1</sup> Overlapping rates are those of local and county governments that apply to property owners within the El Dorado Hills CSD. Not all overlapping rates apply to all El Dorado Hills CSD property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

<sup>2</sup> Total tax burden on taxpayers within EDH's geographic jurisdiction.

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Property Tax Levies and Collections  
Last Ten Fiscal Years  
(amounts expressed in thousands)

Fiscal Year	<u>Levy</u>	<u>Collections</u>			% of County Levy
	County Secured Property Tax Levy	District's Share of 1% Property Tax <sup>1</sup>	Maintenance District Collections	Total District Collections	
2001	\$2,020,710	\$1,746	\$504	\$2,249	0.11%
2002	\$2,416,502	\$2,099	\$581	\$2,680	0.11%
2003	\$2,896,701	\$2,522	\$714	\$3,236	0.11%
2004	\$3,449,757	\$2,943	\$709	\$3,652	0.11%
2005	\$4,081,593	\$3,350	\$733	\$4,083	0.10%
2006	\$5,007,092	\$4,290	\$823	\$5,113	0.10%
2007	\$5,938,417	\$5,135	\$1,030	\$6,165	0.10%
2008	\$6,693,756	\$5,533	\$1,129	\$6,662	0.10%
2009	\$6,953,107	\$5,696	\$1,189	\$6,885	0.10%
2010	\$6,646,968	\$5,325	\$1,058	\$6,382	0.10%

<sup>1</sup> The District receives 100% of its general property tax allocation as a result of the tax distribution system commonly referred to as the "Teeter Plan," without regard to delinquencies in collections. "Annual Final Estimate" of property taxes allocated to the District net of the estimated County fees.

<sup>2</sup> The District has 29 Landscaping and Lighting Districts, of which 23 are currently active.

Source: El Dorado County Auditor-Controller; El Dorado Hills CSD Finance Department

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(amounts expressed in thousands, except per-capita amount)

Governmental Activities					
Fiscal Year	General Obligation	Capital	Total	Percentage of Personal	Per Capita <sup>1</sup>
	Bonds	Leases		Income	
2001	\$2,700	\$ 4	\$2,704	0.45%	\$12.18
2002	\$2,455	\$ 3	\$2,458	0.36%	\$9.61
2003	\$2,200	-	\$2,200	0.28%	\$7.81
2004	\$1,744	\$ 11	\$1,755	0.19%	\$5.79
2005	\$1,494	\$ 39	\$1,533	0.15%	\$4.61
2006	\$1,182	\$ 4,013 <sup>2</sup>	\$5,195	0.44%	\$14.69
2007	\$860	\$ 3,779	\$4,639	0.32%	\$12.79
2008	\$525	\$ 3,581	\$4,106	0.28%	\$11.01
2009	\$178	\$ 3,373	\$3,551	0.24%	\$9.49
2010	\$0	\$ 3,157	\$3,157	0.21%	\$8.40

Note: The District has no Business-type Activities

Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Demographic and Economic Statistics table

<sup>2</sup> In 2006, Promontory Park was financed with a lease purchase.

Source: Annual Financial Report and the District's Financial Management System

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(amounts expressed in thousands, except per-capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value <sup>1</sup> of	
				Property	Per Capita <sup>2</sup>
2001	\$2,700	n/a	\$2,700	0.1298%	\$121.60
2002	\$2,455	n/a	\$2,455	0.0987%	\$96.01
2003	\$2,200	\$401	\$1,799	0.0606%	\$63.90
2004	\$1,744	\$201	\$1,543	0.0437%	\$50.89
2005	\$1,494	\$218	\$1,276	0.0305%	\$38.35
2006	\$1,182	\$239	\$943	0.0185%	\$26.66
2007	\$860	\$226	\$634	0.0105%	\$17.48
2008	\$525	\$245	\$280	0.0041%	\$7.51
2009	\$178	\$254	-\$76	n/a	
2010	\$0	\$78	-\$78 <sup>3</sup>	n/a	

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed and Actual Value of Taxable Property for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.

<sup>3</sup> This amount will sit with the District for two years pending unforeseen expenses, and then will become part of the General Fund revenue in 2012.

Source: Annual Financial Report and the District's Financial Management System

## EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Legal Debt Margin Information  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	312,108	373,204	445,623	529,954	627,381	766,500	907,463	1,023,123	1,065,360	1,015,988
Total debt applicable to limit	2,704	2,458	2,200	1,755	1,533	5,195	4,639	4,106	3,551	3,157
Legal debt margin	309,404	370,746	443,423	528,199	625,848	761,305	902,824	1,019,017	1,061,809	1,012,832
Total net debt applicable to the limit as a percentage of debt limit	0.87%	0.66%	0.49%	0.33%	0.24%	0.68%	0.51%	0.40%	0.33%	0.31%

Assessed value	\$ 6,714,411
Add back exempt real property	58,844
Total assessed value	<u>\$ 6,773,255</u>
Debt limit (15% of total assessed value)	1,015,988
Debt applicable to limit:	
Lease/Option Agreement	3,157
Legal debt margin	<u><u>\$ 1,012,832</u></u>

Note: Under California Government Code Section 61126 (b) the El Dorado Hills Community Services District shall not incur bonded indebtedness that exceeds 15% of the total assessed property value.

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup>	Per Capita Personal Income for the Sacramento MSA <sup>3</sup>	Median Age <sup>4</sup>	Education Level in Years of Formal Schooling	School Enrollment <sup>6</sup>	County Unemployment Rate <sup>7</sup>
2001	22,204	\$ 597,590,803	\$ 29,989	*	*	5,676	4.2%
2002	25,571	\$ 684,438,300	\$ 30,825	*	*	5,839	5.2%
2003	28,155	\$ 793,928,408	\$ 31,048	*	*	5,378	5.7%
2004	30,319	\$ 902,621,145	\$ 32,059	*	*	5,556	5.4%
2005	33,272	\$ 1,026,358,788	\$ 33,852	36.6 <sup>5</sup>	*	5,807	4.8%
2006	35,367	\$ 1,176,331,560	\$ 35,355	*	*	6,247	4.6%
2007	36,265	\$ 1,434,909,924	\$ 40,572	37.6	*	6,605	4.9%
2008	37,280	\$ 1,491,180,535	\$ 41,119	38.1	*	6,685	6.7%
2009	37,409	\$ 1,499,998,080	\$ 40,236	37.9	*	6,865	11.9%
2010	37,559	\$ 1,505,300,751	\$ 40,239	*	*	7,447	11.7%

\* Information Not Available

## Data sources

<sup>1</sup> Certified by the State Department of Finance for El Dorado Hills Community Services District

<sup>2</sup> Per Capita Personal Income for the Sacramento MSA x Population

<sup>3</sup> U.S. Department of Commerce Bureau of Economic Analysis. Assumes four people per family. For household income, multiply by four.

<sup>4</sup> Year 2000 Census; Money.com, except for year 2005 (see footnote 5)

<sup>5</sup> Collier's International Study March 2005 commissioned by Supervisor John Knight

<sup>6</sup> School Districts - Buckeye, Rescue, El Dorado High - reporting only on school sites within the CSD boundaries.

[www.greatschools.org](http://www.greatschools.org)

<sup>7</sup> California EDD

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

## Full-time Equivalent District Government Employees by Function Last Ten Fiscal Years

Function	Full-time Equivalent Employees									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government					8.50	8.50	15.00	13.50	15.36	14.63
Parks					22.50	20.75	26.00	26.00	25.60	22.81
Recreation					38.50	38.63	39.55	40.50	34.06	32.03
Total	0.00	0.00	0.00	0.00	69.50	67.88	80.55	80.00	75.02	69.47

Note: Data was not available before 2005 in FTE form  
Source: District Annual Budgets

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Culture and Recreation										
Swimming lessons taught						1,487	1,532	1,162	1,251	1,046
Recreational Swim	22,160	23,497	28,983	28,552	21,979	19,294	21,367	18,336	21,073	23,743
Teen Center Attendance <sup>1</sup>							4,102	7,926	7,036	5,145

Sources: Recreation department

Note: Indicators are not available for the general government function.

<sup>1</sup> The Teen Center opened in January 2007

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

## Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Culture and Recreation</b>										
Parks acreage	105	105	105	105	105	136	140	186	186	186
Parks	17	17	17	17	17	18	19	20	20	20
Open Space Acreage	70	70	70	70	70	83	83	83	83	83
Street /median landscape acreage	24	24	24	24	24	25	25	25	25	25
Ball and Soccer Fields	9	9	9	9	9	9	11	49*	49	49
Basketball Courts							3	4	5	5
Tennis Courts	4	4	4	4	4	4	6	6	6	6
Swimming Pools	2	2	2	2	2	2	2	2	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
Meeting Room	1	1	1	1	1	1	1	2	2	2
Parks Building	1	1	1	1	1	1	1	1	1	1
Senior Center							1	1	1	1
Teen Center							1	1	1	1
Skate Park							1	1	1	1
<b>Sanitation</b>										
Latrobe Buy-Back Center (changed use from old Parks Building)						1	1	1	1	1
<b>Facilities and Services not included within the reported entity</b>										
Fire Protection - Number of Stations										3
School Districts										3
Elementary Schools										6
Middle Schools										2
High Schools										1
County Library Branches										1

Sphere of Influence - 18,037 acres; 28.2 square miles

Date of Incorporation: May 21, 1962

Form of Government: CSD

Sources: Various District Departments.

Note: No capital asset indicators are available for the general government function.

\* The District began including school fields maintained through Joint Use Agreements

# EL DORADO HILLS COMMUNITY SERVICES DISTRICT

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## GLOSSARY

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### **Accrual Basis**

A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

### **Annualize**

Taking changes that occurred mid-year and calculating their cost for a full year; for the purpose of preparing an annual budget.

### **Appropriation**

A legal authorization made by the District Board that permits the District to incur obligations and to make expenditures of resources for specific purposes.

### **Appropriation Limitation**

Imposed by Propositions 4 and 111, creates a restriction on the amount of revenue which can be appropriated in any fiscal year. The Limit is based on actual appropriations during the 1978-79 fiscal year, and is increased each year using the growth of population and inflation. Not all revenues are restricted by the limit; only those which are referred to as "proceeds of taxes." Some examples of proceeds of taxes are sales tax, property tax, and business license tax.

### **Assessed Valuation**

A value established for real property for use as a basis in levying property taxes. For all agencies in the State of California, assessed value is established by the County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization Under Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 1% of full value. Proposition 13 also modified the value of real taxable property for fiscal 1979 by rolling back values to fiscal 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal. Property taxes for general purposes cannot exceed 1% of assessed value.

### **Audit**

Prepared by an independent certified public accountant (CPA), the primary objective of an audit is to determine if the District's financial statements present fairly the District's financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the District's internal controls as well as recommending improvements to the District's financial management practices.

### **Asset**

Resources owned or held by a government, which have monetary value.

### **Available (Undesignated) Fund Balance**

This refers to the funds remaining from the prior year, which are available for appropriation and expenditure in the current year.

**Bonds**

A form of borrowing (debt financing) which reflects a written promise from the District to repay a sum of money on a specific date at a specified interest rate. Bonds are used to finance large capital projects such as buildings, streets, parkways, parks and related infrastructure,

**Budget** A process of putting together an operating plan for a specified period of time that accounts for projected revenues and planned expenditures for District services, goals and objectives for the budget period.

**Budgetary Basis**

This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms; cash, accrual or modified accrual.

**Budget Amendments**

The District Board has the sole responsibility for adopting the District's budget, and may amend or supplement the budget at any time after adoption by majority vote. The District Manager has the authority to approve administrative adjustments to the budget as long as those changes are between objects within the same expenditure category and within the limits authorized by the Board of Directors.

**Budget Calendar**

The schedule of budget preparations, hearings and adoption of the annual budget.

**Budget Message**

Included in the opening section of the budget, the Budget Message provides the Board and the public with a general summary of the most important aspects of the budget, changes from previous fiscal years, and the views and recommendations of the General Manager.

**Budget and Fiscal Policies**

Management and budget policies, general and specific guidelines adopted by the District Board that governs the budget preparation and administration.

**Capital Improvements Plan (CIP)**

All of the District's construction projects costing \$5,000 are considered to be part of the Capital Improvement Plan. A construction project is a physical improvement for maintenance, rehabilitation, construction or development on District property with a life expectancy of three or more years. These include streets, public facilities and community enhancements. These capital projects can span fiscal years and have multiple funding sources. The projects may also cross-functional boundaries. Minor project outlays of less than \$5,000 are included with the operating budgets.

**Capital Outlay**

Fixed assets that have a useful economic lifetime of more than one year.

**Capital Project Funds**

This fund type is used to account for financial resources used in acquiring or building major capital facilities other than those financed by Grant Funds and Trust Funds.

**Cash Basis**

A basis of accounting in which transactions are recognized only when cash is increased or decreased.

**COP**

Certificate of Participation – A debt issue similar to issuing selling bonds, but less restrictive. Form of lease-purchase financing used to construct or acquire capital facilities and equipment.

**Contractual Services**

Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include maintenance agreements, and professional consulting services.

**Debt Financing**

Borrowing funds for capital improvements needed today and pledging future revenues to repay principal and interest expenditures. The El Dorado Hills CSD uses debt financing only for one-time capital improvements whose life will exceed the term of financing and where expected revenues are sufficient to cover the long-term debt.

**Debt Instrument**

Methods of borrowing funds, including general obligation bonds, revenue bonds, lease/purchase agreements, lease-revenue bonds, tax allocation bonds, certificates of participation, and assessment district bonds.

**Debt Service**

The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

**Debt Service Funds**

This fund type is used to account for the payment and accumulation of resources related to general long-term debt principal and interest; debt service payments related to enterprise operations are directly accounted for in those funds.

**Deficit**

The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

**Department**

A major organizational unit of the District, which has been assigned overall management responsibility for an operation, or a group of related operations within a functional area.

**Depreciation**

Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

**Designated Reserves**

Reserves that have been designated by the Board to be used for a specified purpose. Designated Reserves are still spendable resources.

**Distinguished Budget Presentation Awards Program**

A voluntary awards program administered by the California Society of Finance Officers Association to encourage governments to prepare effective budget documents.

**District/Board Goals**

Provides policy guidance and direction for the highest priority objectives to be accomplished during the budget period.

**Encumbrance**

The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

**Enterprise Funds**

This fund type is used to account for operations that are financed and operated in a manner similar to private sector enterprises and it is the District's intent that the costs (including depreciation) of providing goods or services to the general public be financed or recovered primarily through user charges. The District has established no enterprise funds at this time.

**Expenditure**

The outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds. Note: An encumbrance is not an expenditure; an encumbrance reserves funds to be expended.

**Expenditure Savings**

Under the District's budgeting procedures, personnel cost projections are based on all positions being filled throughout the year. Cost projections for major supply purchases and service contracts are projected on a similar basis. However, past experience indicates that expenditures are consistently less than budgeted amounts, due at least in part to this costing methodology. Accordingly, the expenditure savings category is used to account for this factor in preparing fund balance projections.

**Financial Plan**

A plan for a specified period of time that accounts for projected revenues and planned expenditures for District services, goals and objectives.

**Fiscal Policies** A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

**Fiscal Year**

The beginning and ending period for recording financial transactions. The District has specified July 1 to June 30 as its fiscal year.

**Fixed Assets**

Assets of long-term nature such as land, buildings, machinery, furniture, and other equipment. The District has defined such assets as those with an expected life in excess of one year and a capitalized acquisition cost in excess of \$5000.

**Fund**

An accounting entity that records all financial transactions for specific activities or government functions. The six generic fund types used by a public agency usually are: General Fund, Special Revenue, Debt Service, Capital Project, Enterprise, and Trust & Agency Funds. Currently, the District uses only the General Fund, Special Revenue Fund, Capital Projects Fund and Trust & Agency Fund.

**Fund Balance**

Also known as financial position, fund balance for the governmental fund types is the excess of fund assets over liabilities, and represents the cumulative effect of revenues and other financing sources over expenditures and other financing uses. Fund balance is a similar (although not exact) concept as Retained Earnings in an Enterprise fund.

**GAAP**

Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

**GASB #34** The Governmental Accounting Standards Board (GASB) states that, “Statement 34 establishes new requirements for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial statement information such as citizen groups and the public in general.”

**General Fund**

The primary operating fund of the District, all revenues that are not allocated by law or contractual agreement to a specific fund are accounted for in the General Fund. Except for subvention or grant revenues restricted for specific uses, General Fund resources can be utilized for any legitimate governmental purpose.

**Goal**

A statement of broad direction, purpose, or intent.

**Grants**

A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

**Indirect Costs/Cost Allocation Plan**

Referred to as an A-87 Plan from the federal government reimbursement program to include indirect costs in grant programs. Later adopted by the state and used by most local governments in the accounting for the costs of service departments to the operating departments in developing full-cost of programs.

**Infrastructure**

The physical assets of a government (e.g., streets, water; pollution control systems, drainage systems; public buildings and parks).

**Inter-fund Transfers**

The movement of monies between funds of the same governmental entity.

**Intergovernmental Revenue**

Funds received from federal, state and other local government sources in the form of shared revenues, and payments in lieu of taxes.

**Investment Revenue Interest** income from the investment of funds not immediately required to meet cash disbursement obligations.

**Line Item Budget**

A budget that lists detailed expenditure categories (salary, materials, telephone service, travel, etc.) separately, along with the amount budgeted for each specified category. The District uses a line-item detail to maintain and record for financial reporting and control purposes.

**Long-term Debt** A debt with a maturity of more than one year after the date of issuance.

**Materials, Supplies & Services**

Expendable materials and operating supplies and services necessary to conduct departmental operations.

**Mission Statement**

Provides policy guidance and direction for the highest priority objectives to be accomplished during the budget period. Over the last several years, the District Board has developed community goals and long-range vision for El Dorado Hills CSD, which best summarizes expectations of the community.

**Modified Cash Basis**

Tracks the balances of cash and short-term receivables.

**Object of Expenditure**

An expenditure classification, referring to the lowest and most detailed level of classification, such as utilities, office supplies, and contract services, etc.

**Objective**

Something to be accomplished in specific, well-defined and measurable terms and that is achievable within a specific time frame by a designated, responsible employee or consultant.

**Operating Budget**

The portion of the budget that pertains to daily operations and delivery of basic governmental services.

**Operating Revenue**

Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

**Operating Expenses**

The cost for salaries, fringe benefits, materials, supplies & services and equipment required for a department to function.

**Pay-as-you-go Basis**

A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

**Performance Measures (Objectives)**

A statement of specific direction, purpose, or intent based on the needs of the community and the goals established for a specific program. Performance measures are clearly stated objectives that are measurable in quantitative terms.

**Prior-Year Encumbrances**

Obligations from previous fiscal years in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

**Reserve**

An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

**Revenue Bonds**

Bonds sold to construct a project that will produce revenues pledged for the payment of related principal and interest (See Bonds).

**Resolution** A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

**Resources** Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

**Revenue**

Sources of income financing the operations of a governmental organization.

**Set-Aside**

An additional amount over and above what is scheduled to provide for future benefit.

**Special Revenue Funds**

This fund type is used to account for the proceeds from specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditures for specific purposes. (See fund)

**Subvention**

Revenues collected by the State (or other level of government), which are allocated to the District on a formula basis. The major subventions received by the District from the State of California in recent years are non-existent.

**Supplemental Appropriation**

An additional appropriation made by the governing body after the budget year has started.

**Tax Allocation Bonds**

Bonds sold to fund capital projects, whereby tax revenues secure principal and interest payments.

**Ten-Year Financial Model**

The medium term fiscal model projects financial performance and the financial position of the District. The project in this model is for a ten-year period commencing with the financial year to which the last budget relates. Demographic, economic and fiscal policy assumptions are used in the model to project expense, revenue, assets and liabilities.

**Transfers In/Out**

Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

**Trust and Agency Funds**

Also known as Fiduciary Fund Types, these funds are used to account for assets held by the District in a trustee capacity, or as an agent for private individuals, organizations, or other governmental agencies. Agency funds are custodial in nature (assets equal liabilities) and do not impact the results of operations.

**Unencumbered Balance**

The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

**Units of Measure**

A set of reasonable, realistic standards of precise units of measures whereby performance data can be compared. The resulting information is the feedback for management, the Board of Directors, and citizens concerning the relative success and efficiency of the various District programs.

**Unreserved Fund Balance**

The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

**User Charges**

The payments of a fee for direct receipt of a public service by the party who benefits from the service.

**Working Capital**

Also known as financial position in private sector accounting and in enterprise fund accounting in the public sector, working capital is the excess of current assets over current liabilities. For the enterprise funds, this term is used interchangeably with "fund balance", a comparable (although not exact) financial position concept in the governmental fund types (see Fund Balance).



El Dorado Hills  
COMMUNITY SERVICES DISTRICT