

**EL DORADO COUNTY  
TRANSPORTATION COMMISSION**

Audited Financial Statements  
Supplementary Information and Compliance Report

June 30, 2010

EL DORADO COUNTY TRANSPORTATION COMMISSION

Audited Financial Statements,  
Supplementary Information and Compliance Report

June 30, 2010

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# Richardson & Company

550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## INDEPENDENT AUDITOR'S REPORT

El Dorado County Transportation Commission  
Placerville, California

We have audited the accompanying financial statements of the El Dorado County Transportation Commission (the Commission) as of and for the years ended June 30, 2010 and 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Commission as of June 30, 2010 and 2009, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2010, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters and the Transportation Development Act. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

El Dorado County Transportation Commission

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Richardson & Company*

October 27, 2010

# EL DORADO COUNTY TRANSPORTATION COMMISSION

## Management's Discussion and Analysis June 30, 2010

This section of the El Dorado County Transportation Commission's (EDCTC) annual financial report presents a narrative overview and analysis of EDCTC's financial performance during the fiscal year ending June 30, 2010. This discussion and analysis is intended to be used in conjunction with EDCTC's financial statements and notes to the financial statements which follow this section.

EDCTC's primary objective is to administer the regional transportation planning process and implement a programming and funding strategy to address the mobility needs of El Dorado County residents and visitors. The fiscal year ending June 30, 2010 was a highly productive twelve months for EDCTC, as guided by the Overall Work Program and Budget (OWP). The OWP is the primary management tool that identifies the activities and annual schedule of work for regional transportation planning for the western slope of El Dorado County. Furthermore, the Regional Transportation Plan 2005-2025 and accompanying Environmental Impact Report serve as a guiding force for transportation improvements over the 20 year period. Additional elements of the Overall Work Program continued at anticipated work levels, including: Agency Administration and Intergovernmental Coordination; Multi-Modal Transportation Planning; Project Delivery and Programming; and Public Information, Outreach, and Advocacy.

### **FINANCIAL HIGHLIGHTS**

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- Total Assets decreased by \$194,007
- Total Liabilities decreased by \$231,535
- Total Net Assets increased by \$37,528
- Total Operating Revenues decreased by \$41,378
- Total Operating Expenses decreased by \$300,701
- Net Income (or the change in Net Assets) increased by \$237,551
- Net Capital Assets decreased by \$9,066

Please refer to the Financial Analysis and Capital Asset section of this discussion and analysis for further information on these items.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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The annual financial statements consist of two parts: Management's Discussion and Analysis, as presented in this section, and the basic financial statements. The Discussion and Analysis is intended to serve as an introduction to EDCTC's basic financial statements. EDCTC's basic financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements.

# EL DORADO COUNTY TRANSPORTATION COMMISSION

## Management's Discussion and Analysis June 30, 2010

EDCTC is a self-supporting entity that follows enterprise fund reporting. Accordingly, the financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, in accordance with generally accepted accounting principles (GAAP), revenues are recorded in the period in which they are earned, and expenses are recognized in the period in which they are incurred. Enterprise fund statements offer short and long term financial information about the activities and operations of EDCTC. While detailed program reporting is not presented, separate accounts are maintained for each program to control and manage money for particular purposes, or to demonstrate that EDCTC is properly using specific appropriations and grants.

### **REQUIRED FINANCIAL STATEMENTS**

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EDCTC financial statements are designed to provide readers with a broad overview of EDCTC's financial performance in a manner similar to financial reports provided to stockholders of private sector companies.

#### Proprietary Fund Financial Statements

The Balance Sheet – Proprietary Fund found on page 12 presents information on all of EDCTC's assets and liabilities. Additionally, the statement provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities) with the difference reported as net assets. It also provides the basis for evaluating the capital structure of EDCTC, and assessing liquidity and financial flexibility of the agency.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund, which can be found on page 13. This statement measures the success of operations over the past year and can be used to determine whether EDCTC has recovered all costs through federal, state, and local reimbursements and Transportation Development Act apportionments.

The Statement of Cash Flows – Proprietary Fund, as presented on page 14, is the final required financial statement. The statement reports cash receipts, cash payments, and net changes in cash flows resulting from operations, investing, and financing activities. This statement is designed to provide information regarding sources of funding, uses of funding, and changes in fund balances during the period.

#### Private Purpose Trust Funds Financial Statements

EDCTC is trustee of three private purpose trust funds. Private purpose trust funds are used to account for resources held for the benefit of parties outside EDCTC. Private purpose trust funds are not reflected in the previously discussed statements because the resources of those funds are not available to support EDCTC's own programs. Accounting used for fiduciary funds is much like that used for proprietary funds. A

# EL DORADO COUNTY TRANSPORTATION COMMISSION

## Management's Discussion and Analysis June 30, 2010

Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets are presented on pages 15 and 16.

### Notes to the Basic Financial Statements

The notes to the Basic Financial Statements provide additional information that is essential to fully understand the data provided regarding the business activities, specifically Proprietary Fund Financial Statements and Private Purpose Trust Funds Financial Statements. These notes can be found on pages 17 through 26 of this report.

### FINANCIAL ANALYSIS OF EDCTC

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The Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets report information about EDCTC's activities in a way that reflects the changes from the prior year to the current year. These two statements report the net assets of EDCTC and changes to asset accounts. EDCTC's net assets, which portray the difference between assets and liabilities, are one way to measure financial performance. Over time, increases or decreases in EDCTC's net assets are an indicator of whether financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, population growth, new or changed governmental legislation, and changes to accounting and reporting methodology and requirements are also impactful to EDCTC and the financial reporting found herein.

# EL DORADO COUNTY TRANSPORTATION COMMISSION

## Management's Discussion and Analysis June 30, 2010

### Balance Sheet – Enterprise Fund

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The following table compares the Statement of Net Assets at June 30, 2010 and June 30, 2009:

	<u>2010</u>	<u>2009 Restated</u>	<u>Increase/ (Decrease)</u>
<b><u>Assets</u></b>			
Current and Other Assets	\$ 522,596	\$ 707,537	\$ (184,941)
Noncurrent Assets	49,194	58,260	(9,066)
Total Assets	<u>\$ 571,790</u>	<u>\$ 765,797</u>	<u>\$ (194,007)</u>
<b><u>Liabilities</u></b>			
Current Liabilities	\$ 392,377	\$ 633,638	\$ (241,261)
Noncurrent Liabilities	37,796	28,070	9,726
Total Liabilities	<u>430,173</u>	<u>661,708</u>	<u>(231,535)</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Debt	49,194	58,260	(9,066)
Unrestricted	92,423	45,829	46,594
Total Net Assets	<u>141,617</u>	<u>104,089</u>	<u>37,528</u>
Total Liabilities and Net Assets	<u>\$ 571,790</u>	<u>\$ 765,797</u>	<u>\$ (194,007)</u>

**Current Assets** – The current assets at June 30, 2010 decreased by \$184,941 compared to the fiscal year ending June 30, 2009. The decrease in assets is the result of EDCTC's ability to bill and realize revenues from receivables for federal and state funding and prepaid expenses.

**Current Liabilities** – Current liabilities for the fiscal year ending June 30, 2010 decreased by \$241,261 compared to the fiscal year ending June 30, 2009. The decrease is attributable to the use of deferred revenue, decrease in payables, retentions payable, and payables to other government agencies.

**Net Assets** – Unrestricted Net Assets, the part of equity that can be used to finance day-to-day operations without constraints, including debt covenants or other legal requirements, was \$92,423 at June 30, 2010. This represents an increase of \$46,594 from the prior fiscal year. Previously programmed carryover funding was used to fund this portion of the work program during the 2009/2010 Fiscal Year, thereby increasing unrestricted net assets.

# EL DORADO COUNTY TRANSPORTATION COMMISSION

Management's Discussion and Analysis  
June 30, 2010

## **Operating Activities (Statement of Revenues, Expenses, and Changes in Net Assets – Enterprise Fund)**

The following table summarizes the Operating Activities between Fiscal Years 2008/2009 and 2009/2010:

	<b>2010</b>	<b>2009</b>	<b>Increase/ Decrease</b>
<b><u>Operating Revenues</u></b>			
Transportation Development Act Funds	\$ 351,014	\$ 361,495	\$ (10,481)
Other State & Local Funds	942,833	973,730	(30,897)
Total Operating Revenues	1,293,847	1,335,225	(41,378)
<b><u>Operating Expenses</u></b>			
Salaries and Benefits	718,032	691,414	26,618
Professional Services	406,269	731,366	(325,097)
Administrative Expenses	147,524	149,746	(2,222)
Total Operating Expenses	1,271,825	1,572,526	(300,701)
Loss from Operations	22,022	(237,301)	259,323
<b><u>Nonoperating Revenues</u></b>			
Interest Income	15,506	39,596	(24,090)
Loss on Disposal of Capital Assets	0	(2,318)	2,318
Change in Net Assets	37,528	(200,023)	237,551
Net Assets at Beginning of Year	104,089	304,112	(200,023)
Net Assets at End of Year	\$ 141,617	\$ 104,089	\$ 37,528

Operating Revenues – Operating revenues for the fiscal year ending June 30, 2010 decreased by \$41,378, due in part to completion of OWP Work Elements that were carried over from Fiscal Year 2008/2009 into 2009/2010.

Operating Expenses – Operating expenses for the fiscal year ending June 30, 2010 decreased by \$300,701, due to the decrease in professional services expenses related to OWP projects as stated above and conservative spending.

Loss from Operations – There was no loss from operations for fiscal year 2009/2010, EDCTC closed the year with an increase in unrestricted funds.

Non-operating Revenue – Non-operating revenue was \$15,506 for the fiscal year ending June 30, 2010 compared to \$39,596 for the prior fiscal year. The \$24,090 decrease was attributable to variances in Federal Reserve policy relating to interest rates. EDCTC

# EL DORADO COUNTY TRANSPORTATION COMMISSION

## Management's Discussion and Analysis June 30, 2010

investment practices have been focused on maximizing the return on investments while maintaining the investment priorities of liquidity and security as defined in the EDCTC investment policy.

### **BUDGET (FINAL, AS AMENDED) VERSUS ACTUAL**

In June 2009, EDCTC adopted the Fiscal Year 2009/2010 Overall Work Program and Budget (OWP) with an operating budget of \$1,582,462. EDCTC's OWP was revised during the year to reflect adjustments based on Commission actions, final prior fiscal year-end adjustments, additions or deletions in pending grant funding, and revisions to the work plan. The final amendment to the 2009/2010 OWP was adopted in February 2010. The final amended Fiscal Year 2009/2010 operating budget was \$1,547,402. The 2009/2010 budget comparison and analysis is presented below:

	2009/2010 Budget Draft	2009/2010 Budget Final	2009/2010 Amend. 1	2009/2010 Amend. 2	Difference between Final and Amend. 2
<b>Operating Revenues</b>					
TDA	\$ 361,889	\$ 363,191	\$ 363,191	\$ 351,014	(12,177)
TDA Carryover (Programmed) *	83,957	72,091	5,640	0	(72,091)
Other State & Local Funds	860,040	881,000	941,980	922,213	41,213
Other State & Local Carryover (Programmed)	126,576	116,180	106,250	124,175	7,995
Budgeted Contingency Fund Reserve	150,000	150,000	150,000	150,000	0
<b>Total Operating Revenues</b>	<b>1,582,462</b>	<b>1,582,462</b>	<b>1,567,061</b>	<b>1,547,402</b>	<b>(35,060)</b>
<b>Operating Expenses</b>					
Salaries and Benefits	717,534	717,534	711,047	703,545	(13,989)
Professional Services	533,916	533,916	546,271	530,093	(3,823)
Administrative Expenses	179,152	179,152	164,792	170,182	(8,970)
Budgeted Contingency Fund Reserve	150,000	150,000	150,000	150,000	0
<b>Total Operating Expenses</b>	<b>1,580,602</b>	<b>1,580,602</b>	<b>1,572,110</b>	<b>1,553,820</b>	<b>(26,782)</b>
Less Carryover Used	(210,533)	(188,271)	(111,890)	(124,175) *	64,096
<b>Loss from Operations</b>	<b>\$ (208,672)</b>	<b>\$ (186,411)</b>	<b>\$ (116,939)</b>	<b>\$ (130,593)</b>	<b>\$ 55,818</b>

\* Budgetary basis, not reported on financial statements.

Changes between the final Budget, adopted in June 2009, and the final amended Budget, adopted in February 2010, are primarily the result of variances from estimates, such as an increase in grant funding, decrease in the need to use carryover funds, lower salaries and benefits and lower administrative expenses.

The Fund Reserve is comprised of previously programmed carryover funding that is held in reserve to supplement the current work program and maintain a contingency reserve to fund unexpected future costs and potential revenue shortfalls.

# EL DORADO COUNTY TRANSPORTATION COMMISSION

## Management's Discussion and Analysis June 30, 2010

### CAPITAL ASSETS

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The following table summarizes the changes in Capital Assets between Fiscal Years 2008/2009 and 2009/2010.

	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>	<u>Dollar Change</u>
Buildings and Improvements	\$ 46,815	\$ 46,815	\$ --
Office Furniture and Equipment	52,114	52,114	--
Less: Accumulated Depreciation	<u>(49,735)</u>	<u>(40,669)</u>	<u>(9,066)</u>
Net Capital Assets	<u>\$ 49,194</u>	<u>\$ 58,260</u>	<u>\$ (9,066)</u>

Net capital assets in the fiscal year ending June 30, 2010 decreased by \$9,066 from the prior fiscal year due to depreciation. Accumulated depreciation increased in the fiscal year ending June 30, 2010 by \$9,066 from the fiscal year ending June 30, 2009. There was no outstanding debt related to any capital assets for the Fiscal Year 2009/2010. Additional information about the Commission's capital asset transactions is provided in Note C in the Notes to Financial Statements, which can be found in the following pages.

### ECONOMIC CONDITIONS

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EDCTC considered many factors when developing the Fiscal Year 2009/2010 budget. Considerations included funding from federal and state grants, Rural Planning Assistance Funds (RPA), Planning Programming and Monitoring (PPM) Funds, Traffic Impact Mitigation Fees, the Transportation Development Act Local Transportation Fund (LTF) apportionment, and Rural Counties Task Force Dues for which EDCTC serves as the Chairperson. EDCTC relies primarily on federal and state grants, local programs, RPA, PPM and LTF to fund its activities. LTF funds are derived from a portion of state sales tax dollars and are allocated to EDCTC to be utilized for planning and administrative services. RPA funds are part of a line item in the State Budget, which the Office of Regional and Interagency Planning (ORIP) annually allocates to the rural, Regional Transportation Planning Agencies (RTPA). RPA funding may only be used for specific planning and administrative activities within the RTPA. PPM funds are State funds that must be used within two years of the allocation.

EDCTC's federal and state funding sources are secure. However, legislative action can affect both federal and state revenue streams. LTF funding is dependent on sales tax collection, which is generated by consumer spending, and may fluctuate periodically. For Fiscal Year 2010/2011, the County of El Dorado Auditor-Controller has projected

## **EL DORADO COUNTY TRANSPORTATION COMMISSION**

### **Management's Discussion and Analysis June 30, 2010**

LTF sales tax revenue for the West Slope to be \$2,894,711. This is a decrease of \$11,269 over actual revenue of \$2,905,980 realized in Fiscal Year 2009/2010, representing a decrease of .4 percent.

For Fiscal Year 2010/2011, it is expected that the majority of federal, state, and local fund sources will remain constant. Contingency Fund Reserves, comprised of previously programmed carryover funding, available to supplement the work program and maintain a reserve to fund unexpected future costs and/or unanticipated revenue shortfalls, will be programmed in Fiscal Year 2010/2011. The EDCTC reserve fund, in the amount of \$150,000, is not expected to be utilized during the Fiscal Year 2010/2011.

EDCTC will continue employing sound fiscal management, financial planning, investment management, budgeting, and internal financial controls. EDCTC considers these priorities to be an integral responsibility of the agency.

### **EL DORADO COUNTY TRANSPORTATION COMMISSION SCORECARD TRENDING**

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Refer to the attached scorecard trending report on page 11 which reflects the historical financial activity of the EDCTC for the actual Fiscal Year 2003/2004 to estimated Fiscal Year 2010/2011.

### **REQUEST FOR INFORMATION**

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This financial report is designed to provide the reader with a general overview of EDCTC's finances and to demonstrate EDCTC's accountability for funds it receives. If you have questions about this report or need additional financial information, please contact the Administrative Services Officer, El Dorado County Transportation Commission, 2828 Easy Street, Suite 1, Placerville, California 95667.

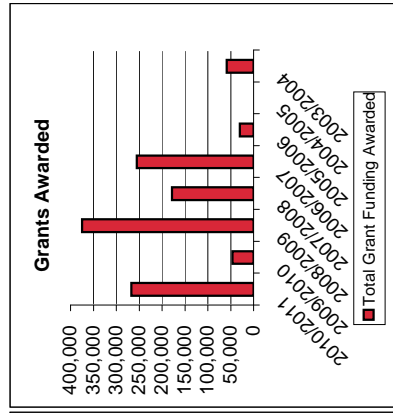
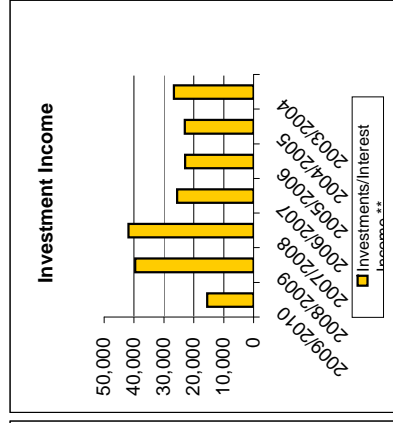
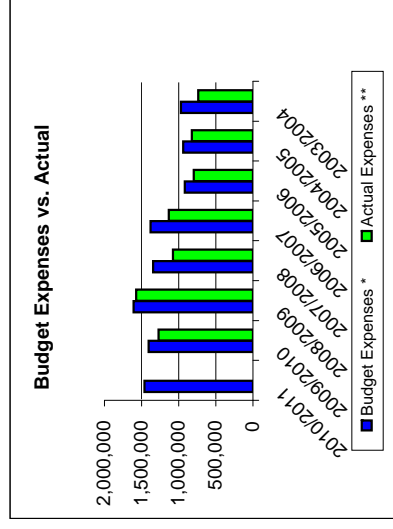
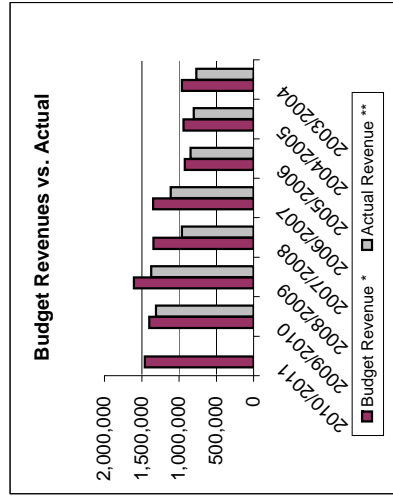
# EL DORADO COUNTY TRANSPORTATION COMMISSION SCORECARD TRENDING

	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
<b>2010/2011</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>
<b>ESTIMATED</b>	RESTATED							
Amendment 1								
Budget Revenue *	1,459,241	1,397,402	1,607,110	1,343,235	1,349,481	921,659	941,805	962,860
Actual Revenue **	0	1,309,353	1,374,821	959,569	1,111,152	844,363	803,205	769,497
<b>Budget vs. Actual Revenue</b>	<b>(1,459,241)</b>	<b>(88,049)</b>	<b>(232,289)</b>	<b>(383,666)</b>	<b>(238,329)</b>	<b>(77,296)</b>	<b>(138,600)</b>	<b>(193,363)</b>
<b>% Revenue vs. Budget</b>	<b>0.0%</b>	<b>-6.3%</b>	<b>-14.5%</b>	<b>-28.6%</b>	<b>-17.7%</b>	<b>-8.4%</b>	<b>-14.7%</b>	<b>-20.1%</b>
Budget Expenses *	1,460,241	1,403,820	1,609,278	1,342,932	1,378,021	917,727	941,805	967,721
Actual Expenses **	0	1,271,825	1,572,526	1,077,974	1,132,031	797,861	824,705	736,979
<b>Budget vs. Actual Expenses</b>	<b>(1,460,241)</b>	<b>(131,995)</b>	<b>(36,752)</b>	<b>(264,958)</b>	<b>(245,990)</b>	<b>(119,866)</b>	<b>(117,100)</b>	<b>(230,742)</b>
<b>% Expenses vs. Budget</b>	<b>0.0%</b>	<b>-9.4%</b>	<b>-2.3%</b>	<b>-19.7%</b>	<b>-17.9%</b>	<b>-13.1%</b>	<b>-12.4%</b>	<b>-23.8%</b>
Current Year Assets **	0	571,790	765,797	505,515	678,081	621,749	548,172	572,052
Prior Year Assets **	0	765,797	505,515	678,081	621,749	548,172	572,052	440,666
<b>Assets Gain/Losses YOY</b>	<b>0</b>	<b>(194,007)</b>	<b>260,282</b>	<b>(172,566)</b>	<b>56,332</b>	<b>73,577</b>	<b>(23,880)</b>	<b>131,386</b>
<b>% Change in Assets</b>	<b>0.0%</b>	<b>-33.9%</b>	<b>34.0%</b>	<b>-34.1%</b>	<b>8.3%</b>	<b>11.8%</b>	<b>-4.4%</b>	<b>23.0%</b>
Current Year Liabilities **	0	430,173	661,708	201,403	255,564	178,353	151,278	153,658
Prior Year Liabilities **	0	661,708	201,403	255,564	178,353	151,278	153,658	54,790
<b>Liabilities Gain/Losses YOY</b>	<b>0</b>	<b>(231,535)</b>	<b>460,305</b>	<b>(54,161)</b>	<b>77,211</b>	<b>27,075</b>	<b>(2,380)</b>	<b>98,868</b>
<b>% Change in Liabilities</b>	<b>0.0%</b>	<b>-53.8%</b>	<b>69.6%</b>	<b>-26.9%</b>	<b>30.2%</b>	<b>15.2%</b>	<b>-1.6%</b>	<b>64.3%</b>
Investments/Interest Income **	0	15,506	39,596	41,818	25,632	22,905	22,985	26,640
<b>Total Investments/Interest</b>	<b>0</b>	<b>15,506</b>	<b>39,596</b>	<b>41,818</b>	<b>25,632</b>	<b>22,905</b>	<b>22,985</b>	<b>26,640</b>
Community Based TP	0	0	125,000	73,000	0	0	0	0
Caltrans Grant	250,000	0	0	0	0	0	0	0
FHWA/FTA	17,000	46,000	250,000	70,000	255,000	30,322	0	58,429
Safe Routes to School	0	0	0	35,000	0	0	0	0
<b>Total Grant Funding Awarded</b>	<b>267,000</b>	<b>46,000</b>	<b>375,000</b>	<b>178,000</b>	<b>255,000</b>	<b>30,322</b>	<b>0</b>	<b>58,429</b>

\* Per OWP

\*\* Per Financial Statements

Does not include amounts for Contingency



EL DORADO COUNTY TRANSPORTATION COMMISSION

BALANCE SHEETS - PROPRIETARY FUND

June 30, 2010 and 2009

		Business-type Activities Proprietary Fund	
		2010	2009 Restated
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents		\$ 417,844	\$ 138,153
Due from other governments		94,563	557,994
Prepaid expenses and other assets		10,189	11,390
	Total Current Assets	<u>522,596</u>	<u>707,537</u>
Noncurrent Assets:			
Capital assets:			
Depreciable, net		49,194	58,260
	Total Noncurrent Assets	<u>49,194</u>	<u>58,260</u>
	<b>TOTAL ASSETS</b>	<u><u>\$ 571,790</u></u>	<u><u>\$ 765,797</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable		\$ 9,694	\$ 51,577
Accrued payroll taxes and benefits		5,019	4,147
Deferred revenues		280,656	486,901
Due to other governments			2,998
Contract retentions payable		1,573	45,911
Compensated absences, due within one year		56,695	42,104
Other postemployment benefits, due within one year		38,740	
	Total Current Liabilities	<u>392,377</u>	<u>633,638</u>
Noncurrent Liabilities:			
Compensated absences, due in more than one year		37,796	28,070
	Total Noncurrent Liabilities	<u>37,796</u>	<u>28,070</u>
	<b>TOTAL LIABILITIES</b>	<u>430,173</u>	<u>661,708</u>
<b>NET ASSETS</b>			
Net assets invested in capital assets		49,194	58,260
Unrestricted		92,423	45,829
	Total Net Assets	<u>141,617</u>	<u>104,089</u>
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 571,790</u></u>	<u><u>\$ 765,797</u></u>

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - PROPRIETARY FUND

For the Years Ended June 30, 2010 and 2009

	Business-type Activities Proprietary Fund	
	2010	2009
<b>OPERATING REVENUES</b>		
Local transportation fund allocation	\$ 351,014	\$ 361,495
State subvention allocation	284,549	315,003
Traffic impact fees	2,688	247,312
Federal Highway Administration planning grant	94,131	155,869
Community based transportation planning grant	63,937	122,032
State transportation improvement program	275,282	93,644
Safe routes to school grant		35,000
Regional surface transportation grant	170,794	4,346
Rural Counties Task Force dues	37,750	
Other intergovernmental revenues	350	400
Other operating revenue	500	124
Federal Transportation Administration grant	12,852	
TOTAL OPERATING REVENUES	<u>1,293,847</u>	<u>1,335,225</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	718,032	691,414
Professional services	406,269	731,366
Rents, leases and building maintenance	71,030	72,746
Office and other operating	18,303	20,423
Memberships and publication	18,366	16,664
Local mileage and travel (staff and Commissioners)	17,096	15,041
Depreciation and amortization	9,066	9,828
Staff development	5,806	6,649
Communications	5,739	6,320
Insurance	2,118	2,075
TOTAL OPERATING EXPENSES	<u>1,271,825</u>	<u>1,572,526</u>
OPERATING GAIN (LOSS)	22,022	(237,301)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	15,506	39,596
Loss on disposal of capital assets		(2,318)
TOTAL NONOPERATING REVENUES	<u>15,506</u>	<u>37,278</u>
CHANGE IN NET ASSETS	37,528	(200,023)
Net assets, beginning of year	<u>104,089</u>	<u>304,112</u>
NET ASSETS, END OF YEAR	<u>\$ 141,617</u>	<u>\$ 104,089</u>

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND

For the Years Ended June 30, 2010 and 2009

	Business-type Activities Proprietary Fund	
	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grantor agencies	\$ 1,506,695	\$ 1,276,962
Cash paid to suppliers for goods and services	(549,667)	(868,295)
Cash paid to employees for services	(692,843)	(674,385)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>264,185</u>	<u>(265,718)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	15,506	39,596
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>15,506</u>	<u>39,596</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from disposal of capital assets		160
Purchases of capital assets		(8,250)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		<u>(8,090)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	279,691	(234,212)
Cash and cash equivalents, beginning of year	<u>138,153</u>	<u>372,365</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 417,844</u>	<u>\$ 138,153</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating loss	\$ 22,022	\$ (237,301)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation and amortization	9,066	9,828
Changes in assets and liabilities:		
Due from other governments	463,431	(491,075)
Prepaid expenses and other assets	1,201	(7,475)
Accounts payable	(41,883)	7,466
Accrued payroll taxes and benefits	872	1,924
Deferred revenues	(206,245)	386,901
Due to other governments	(2,998)	2,998
Contract retentions payable	(44,338)	45,911
Compensated absences	24,317	15,105
Other postemployment benefits	38,740	
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 264,185</u>	<u>\$ (265,718)</u>

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION  
STATEMENTS OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2010 and 2009

	Private Purpose Trust Funds	
	2010	2009 Restated
<b>ASSETS</b>		
Cash and investments	\$ 4,453,749	\$ 1,734,708
Due from other governments	455,230	404,930
<b>TOTAL ASSETS</b>	<b>\$ 4,908,979</b>	<b>\$ 2,139,638</b>
<b>LIABILITIES</b>		
Allocations payable to other governments	\$ 238,638	\$ 321,682
<b>TOTAL LIABILITIES</b>	<b>238,638</b>	<b>321,682</b>
<b>NET ASSETS</b>		
Net assets held in trust for other purposes	4,670,341	1,817,956
<b>TOTAL NET ASSETS</b>	<b>4,670,341</b>	<b>1,817,956</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,908,979</b>	<b>\$ 2,139,638</b>

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Years Ended June 30, 2010 and 2009

	Private Purpose Trust Funds	
	2010	2009 Restated
ADDITIONS:		
Sales taxes	\$ 4,191,122	\$ 3,720,579
Regional Surface Transportation Transportation Enhancement Act	1,798,272	845,032
Interest income	101,055	
	3,661	14,936
TOTAL ADDITIONS	<u>6,094,110</u>	<u>4,580,547</u>
DEDUCTIONS:		
Transportation services	2,500,021	3,559,780
Road maintenance	198,456	436,164
Pedestrian and bicycle	34,111	
Planning and administration	509,137	369,068
TOTAL DEDUCTIONS	<u>3,241,725</u>	<u>4,365,012</u>
CHANGE IN NET ASSETS	2,852,385	215,535
Net assets, beginning of year, as previously reported	1,817,956	1,802,466
Restatement		(200,045)
Net assets, beginning of year, as restated	<u>1,817,956</u>	<u>1,602,421</u>
NET ASSETS, END OF YEAR	<u>\$ 4,670,341</u>	<u>\$ 1,817,956</u>

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the El Dorado County Transportation Commission (Commission) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As allowed by the GASB, the Commission has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. The more significant of the Commission's accounting policies are described below.

Description of Reporting Entity: The Commission was created pursuant to Section 29532(b) of the Government Code as a local transportation commission for the western slope of El Dorado County, excluding the portion of the County within the Tahoe Regional Planning Agency boundaries, on July 23, 1975. A Joint Exercise of Powers Agreement was signed between El Dorado County and the City of Placerville whereby the Commission would operate as a Joint Powers Agency pursuant to Section 6500 of the California Government Code and would be administratively separated from the County. The Commission's operations were separated from the El Dorado County General Fund on January 1, 1994. The Commission's responsibilities include establishing rules and regulations to provide for administering transportation planning and allocating the Local Transportation Fund and State Transit Assistance Fund in accordance with the applicable sections of the Government Code, Public Utilities Code and Administrative Code included within the Transportation Development Act. The Commission is also responsible for administering the regional transportation planning process, updating the Regional Transportation Plan and the Regional Transportation Improvement Program, working with the Sacramento Area Council of Governments to determine air quality conformity of transportation plans, programs and projects and administering the Airport Land Use Commission of El Dorado County (the ALUC).

The Commission is composed of eight members: three appointed by the El Dorado County Board of Supervisors, three appointed by the City Council of Placerville, and two non-voting ex-officio members, one from the City of South Lake Tahoe and one from Caltrans.

The Commission has one blended component unit, the ALUC. The ALUC provides technical and advisory support on airport land use planning issues for the existing local County of El Dorado airport facilities. The ALUC is reported on a blended basis due to the governing body of the Commission serving as the governing body of the ALUC and the Commission being able to impose its will on the ALUC. The ALUC had no significant activity during the years ended June 30, 2010 and 2009.

Basis of Presentation: The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. 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, or expenses, as appropriate. The Commission's resources are allocated to and accounted for in these financial statements in two fund types as follows:

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Type

Enterprise Fund – The Proprietary Fund is an enterprise fund used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. The Proprietary Fund is the Commission's primary operating fund. It accounts for all financial resources of the primary government.

Fiduciary Fund Types

Fiduciary funds, which include Private Purpose Trust Funds, are used to account for assets held by the Commission in a trustee capacity for individuals, private organizations and other governments. In its capacity as a Regional Transportation Planning Agency, the Commission is responsible for the administration of several private purpose trust funds which benefit member agencies located within the County of El Dorado and which provide funding for transportation planning, transit operations, pedestrian and bicycle facilities and street and roads maintenance and improvements. These funds include:

Regional Surface Transportation Program Fund: The Regional Surface Transportation Program Fund represents an apportionment under the Intermodal Surface Transportation Efficiency Act whereby the Commission allocates funds to agencies for projects included in the adopted Federal Statewide Transportation Improvement Program.

Transportation Enhancement Act Fund: The Transportation Enhancement Act Fund represents an apportionment under the Transportation Equity Act for the 21<sup>st</sup> Century whereby the Commission allocates funds to agencies for transportation enhancement activities projects.

Local Transportation Fund: The Local Transportation Fund represents revenues generated from a ¼ cent sales tax imposed by the State of California pursuant to the Transportation Development Act. Agencies file claims with the Commission for the monies and allocations are made for planning, transit, pedestrian, bicycle, streets and roads purposes. The Commission reviews the claims, determines the agency's eligibility to receive funds, and, upon approval, allocates the funds to the agencies.

State Transit Assistance Fund: The State Transit Assistance Fund represents revenues earned based on a portion of the State gasoline tax. Agencies file claims with the Commission for the monies and allocations are made solely for transit related projects.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary and fiduciary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet or statement of fiduciary net assets. Net assets are segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. The operating statements present increases (i.e., revenues/additions) and decreases (i.e., expenses/deductions) in net total assets.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is utilized by the proprietary and private purpose fund types. Under the accrual basis of accounting, revenues and additions are recognized when they are earned and expenses and deductions are recognized when they are incurred. Nonexchange revenues are recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenses are incurred in accordance with program guidelines. When nonexchange revenues are received before eligibility requirements are met, they are reported as deferred revenues until earned. Sales tax revenue is recorded as revenue when collected and apportioned to the Commission.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing activities. The principal operating revenues of the Commission include state and local planning grants and retail and motor vehicle fuel sales tax revenues. Operating expenses for the enterprise fund include general and administrative expenses and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents: For purposes of reporting cash flows, cash and cash equivalents are defined as all cash and investments with original maturities of 90 days or less and its investment in investment pools, including cash on hand, demand deposits and the investment in the County of El Dorado Investment Pool.

Due from Other Governments: Due from other governments consists mainly of amounts due from state and federal agencies under grant agreements and other revenue sources. Management believes these amounts to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Capital Assets: Capital assets are stated at historical cost or estimated historical cost if historical cost is not available. Capital assets are defined as assets with an initial cost of \$1,000 or more and an estimated useful life in excess of one year. Donated assets are valued at their estimated fair value on the date donated. Provision is made for depreciation by the straight-line method over the estimated useful lives of these individual assets, which range from three to ten years for office furniture and equipment and fifteen years for leasehold improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Revenues: Deferred revenues arise when resources are received before the Commission has legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenses). Deferred revenues at June 30, 2010 consisted of State Transportation Improvement Program (STIP) revenue and Regional Surface Transportation Program revenue received prior to the incurrence of qualifying expenses and Rural Counties Task Force dues received that were related to the subsequent fiscal year.

Compensated Absences: The Commission's personnel policy allows employees to accumulate earned but unused vacation and sick leave, which will be paid to employees upon separation from the Commission's service, subject to a vesting policy. The cost of vacation and sick leave is recorded in the period accrued.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Net Assets: The proprietary fund and fiduciary fund statements present net assets. Net assets are categorized as invested in capital assets, restricted and unrestricted.

Invested in Capital Assets – This category groups all capital assets into one component of net assets. Accumulated depreciation reduces the balance in this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Commission had no restricted net assets at June 30, 2010 and 2009.

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

Implementation of New Pronouncements: GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions,” which became effective July 1, 2009, provides standards for accounting and financial reporting for other postemployment benefits other than pensions. The Commission has recognized a liability for these costs which is explained in Note H.

NOTE B – CASH AND CASH EQUIVALENTS

The Commission’s cash and cash equivalents as of June 30, 2010 and 2009 are:

	Enterprise Fund	Private Purpose Trust Funds	Total
Petty cash	\$ 222		\$ 222
Bank deposits	417,622	\$ 2,891,813	3,309,435
County cash and investments pool		1,561,936	1,561,936
	<u>417,844</u>	<u>4,453,749</u>	<u>4,871,593</u>
Cash and cash equivalents - June 30, 2010	<u>\$ 417,844</u>	<u>\$ 4,453,749</u>	<u>\$ 4,871,593</u>
	Enterprise Fund	Private Purpose Trust Funds	Total
Petty cash	\$ 200		\$ 200
Bank deposits	137,953	\$ 1,182,880	1,320,833
County cash and investments pool		551,828	551,828
	<u>138,153</u>	<u>1,734,708</u>	<u>1,872,861</u>
Cash and cash equivalents - June 30, 2009	<u>\$ 138,153</u>	<u>\$ 1,734,708</u>	<u>\$ 1,872,861</u>

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Investment Policy: California statutes, and the Joint Exercise of Powers Agreement establishing the Commission discussed in Note A, authorize governmental agencies to invest surplus funds in a variety of credit instruments as provided in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The Commission’s investment policy further limits its investments to bank deposits, including certificates of deposit, and investments in the Local Agency Investment Fund (LAIF).

Investment in the County of El Dorado Cash and Investments Pool: A portion of the Commission’s Private Purpose Trust Funds cash and cash equivalents is invested in the County of El Dorado (the County) cash and investments pool, which is managed by the County Treasurer. On a monthly basis, the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risks applicable to the County’s cash and investments pool may be found in the County’s Comprehensive Annual Financial Report (CAFR). The County’s CAFR may be obtained by contacting the County of El Dorado Auditor-Controller’s Office at 360 Fair Lane, Placerville, CA.

The County’s Treasury Oversight Committee oversees the Treasurer’s investments and policies. The value of the pool shares in the County’s cash and investments pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Commission’s position in the pool. Investments held in the County’s cash and investments pool are available on demand and are stated at amortized cost, which approximates fair value.

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 June 30, 2010, the weighted average maturity of the investment in the County’s cash and investments pool was approximately 135 days.

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 County’s cash and investments pool does not have a rating provided by a nationally recognized statistical rating organization.

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 investments is the risk that, in the event of a failure of the counter party (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. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government’s indirect deposits or investment in securities through the use of governmental investment pools (such as the County’s cash and investments pool).

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

At June 30, 2010, the carrying amount of the Commission’s deposits was \$3,309,435 and the balance in financial institutions was \$3,373,169. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$3,123,169 was covered by the pledging financial institution with assets held in a common pool for the Commission and other governmental agencies, but not in the name of the Commission.

NOTE C – CAPITAL ASSETS

Capital asset activity consisted of the following for the year ended June 30, 2010 and 2009:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets, being depreciated:				
Leasehold improvements	\$ 46,815			\$ 46,815
Office furniture and equipment	52,114			52,114
Total capital assets, being depreciated	<u>98,929</u>			<u>98,929</u>
Accumulated depreciation:				
Leasehold improvements	(9,103)	\$ (2,879)		(11,982)
Office furniture and equipment	(31,566)	(6,187)		(37,753)
Total accumulated depreciation	<u>(40,669)</u>	<u>(9,066)</u>		<u>(49,735)</u>
Capital assets, net	<u>\$ 58,260</u>	<u>\$ (9,066)</u>	<u>\$ -</u>	<u>\$ 49,194</u>
	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital assets, being depreciated:				
Leasehold improvements	\$ 46,815			\$ 46,815
Office furniture and equipment	78,872	\$ 8,250	\$ (35,008)	52,114
Total capital assets, being depreciated	<u>125,687</u>	<u>8,250</u>	<u>(35,008)</u>	<u>98,929</u>
Accumulated depreciation:				
Leasehold improvements	(5,982)	(3,121)		(9,103)
Office furniture and equipment	(57,389)	(6,707)	32,530	(31,566)
Total accumulated depreciation	<u>(63,371)</u>	<u>(9,828)</u>	<u>32,530</u>	<u>(40,669)</u>
Capital assets, net	<u>\$ 62,316</u>	<u>\$ (1,578)</u>	<u>\$ (2,478)</u>	<u>\$ 58,260</u>

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE D – LONG-TERM LIABILITIES

Long-term liability activity consisted of the following for the years ended June 30, 2010 and 2009:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
Compensated absences	\$ 70,174	\$ 78,472	\$ (54,155)	\$ 94,491	\$ 56,695
Postemployment benefits		38,740		38,740	38,740
	<u>\$ 70,174</u>	<u>\$ 117,212</u>	<u>\$ (54,155)</u>	<u>\$ 133,231</u>	<u>\$ 95,435</u>
	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>	<u>Current Portion</u>
Compensated absences	\$ 55,069	\$ 72,997	\$ (57,892)	\$ 70,174	\$ 42,104

NOTE E – DEFINED BENEFIT PENSION PLAN

Plan Description: The Commission contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent and part-time employees working at least 1,000 hours per year are enrolled in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor multiplied by their highest average monthly salary over 12 consecutive months of employment. Benefit provisions and all other requirements are established by State statute. The establishment and amendment of specific benefit provisions of the Plan is authorized by resolution of the Commissioners. PERS requires plans with less than 100 active participants to participate in a risk pool. The Commission participates in the Miscellaneous 2.0% at 55 Risk Pool. Copies of the PERS annual financial report may be obtained from their Executive Office at 400 P Street, Sacramento, CA 95814.

Funding Policy: Active plan members in the PERS plans are required to contribute 7% of their annual covered salary. The Commission makes the contribution required of employees on their behalf and for their account, which amounted to \$32,669 and \$31,356 for the years ended June 30, 2010 and 2009, respectively. The Commission is required to contribute at an actuarially determined rate. The current rate is 10.555% of the annual covered payroll. The contribution requirement of plan members and the Commission are established and may be amended by PERS. The Commission's contributions for the years ended June 30, 2010, 2009 and 2008 were \$49,261, \$50,362, and \$34,600, respectively, which were equal to the required contributions for each year.

NOTE F – POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB)

Plan Description: The Commission provides healthcare benefits to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA). Benefit provisions are established and may be amended by the Commission.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE F – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

The Commission provides a retiree medical contribution for employees who retire directly from the Commission under CalPERS. The Commission’s contribution is capped at the CalPER’s Minimum Employer Contribution, which is currently at \$105 for calendar year 2010. The benefit continues to surviving spouses and dependents.

Funding Policy: The contribution requirements of the Commission participants and the Commission are established by and may be amended by the Commission. The Commission made no contributions to the OPEB plan in fiscal 2009/10. Retired plan members and their beneficiaries will pay the annual premium cost not paid by the employer.

Annual OPEB Cost and Net OPEB Obligation: The Commission’s annual other post-employment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of one year.

The following table shows the components of the Commission’s annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the Plan, and changes in the Commission’s Net OPEB obligation:

Annual required contribution:	
Normal Cost	\$ 3,425
Amortization of UAAL	33,915
Interest to June 30, 2010	1,400
Annual OPEB cost (expense)	<u>38,740</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	38,740
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ 38,740</u></u>

The OPEB obligation will be increased prospectively to the actuarial accrued liability amount. The Commission’s fiscal year 2009/2010 OPEB cost was \$38,740, which included a one-time funding of all prior unfunded liabilities, accrued interest, and the normal annual cost for fiscal year 2009/2010. The OPEB cost, the percentage of OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 38,740	0%	\$ 38,740

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE F – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funded Status and Funding Progress: The funded status of the Plan as of January 1, 2010, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$33,914
Actuarial value of Plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>33,914</u>
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll (active Plan participants)	470,808
UAAL as a percentage of covered payroll	7.2%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and 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 below, 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 participants) 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 participants 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.

For the January 1, 2010 actuarial valuation, the entry age normal actuarial cost level of pay method was used. The actuarial assumptions included a 7.75% investment rate of return and a 3.25% salary increase. Premiums were assumed to increase with a CalPERS minimum medical plan premium increase rate of 9.0% for 2010 grading down to 4.5% for 2017 and thereafter. The initial UAAL was amortized as a level percentage of projected payroll over a one-year period as of January 1, 2010.

**Required Supplementary Information  
Other Postemployment Benefits  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2010	0	\$ 33,914	\$ 33,914	0%	\$ 470,808	7.20%

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE G – LEASE COMMITMENTS

The Commission leases its administrative facilities and equipment under noncancellable operating leases. The administrative facilities lease expires in June 2011 and contains one five year option to renew at 3% annual rental increases. The copier lease expires in December 2014. Rent expense was \$55,864 and \$53,888 for the years ended June 30, 2010 and 2009, respectively. As of June 30, 2010, future minimum lease payments under the noncancellable operating leases were as follows:

Fiscal year ending June 30,	
2011	\$ 58,287
2012	5,403
2013	5,403
2014	5,403
2015	2,702
	<hr/>
	\$ 77,198
	<hr/> <hr/>

NOTE H – CONTINGENCIES

The Commission receives grant funding for specific purposes that are subject to review and audit by the granting agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

NOTE I – RISK FINANCING

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage from the prior year.

NOTE J – RESTATEMENT

Unspent Regional Surface Transportation Trust Fund cash balances representing amounts allocated to the Commission were reclassified from the private purpose trust funds and to the Commission's proprietary fund. These balances were determined to be the property of the Commission's proprietary fund, as the amounts had already been disbursed out of the Regional Surface Transportation Trust Fund. Cash and investments and net assets held in trust of \$200,045 were removed from the private purpose trust funds as of June 30, 2009. As a result of the classification, the June 30, 2009 proprietary fund cash balance increased by \$126,675, the due to other governments decreased by \$73,370 and deferred revenue increased by \$200,045 to reflect cash held by the Commission for project expenditures not yet incurred.

In addition, the Bikeways Trust Fund, which is a recipient of the bikeway Local Transportation Fund allocations, was removed from the Local Transportation Fund reporting entity and reported as a separate private purpose trust fund of the Commission. This fund had a cash balance of \$351,426 as of June 30, 2009.

**SUPPLEMENTARY INFORMATION**

EL DORADO COUNTY TRANSPORTATION COMMISSION

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2010

	Private Purpose Trust Funds						Totals	
	Bikeway Fund	Regional Surface Transportation Program Fund	Transportation Enhancement Act Fund	Local Transportation Fund	State Transit Assistance Fund	2010	2009 Restated	
	<b>ASSETS</b>							
Cash and investments	\$ 420,673	\$ 2,215,567	\$ 255,573	\$ 702,115	\$ 859,821	\$ 4,453,749	\$ 1,734,708	
Due from other governments		10,000		445,230		455,230	404,930	
Interest receivable								
<b>TOTAL ASSETS</b>	<b>\$ 420,673</b>	<b>\$ 2,225,567</b>	<b>\$ 255,573</b>	<b>\$ 1,147,345</b>	<b>\$ 859,821</b>	<b>\$ 4,908,979</b>	<b>\$ 2,139,638</b>	
<b>LIABILITIES</b>								
Allocations payable to other governments			\$ 30,331	\$ 208,307	\$ -	\$ 238,638	\$ 321,682	
<b>TOTAL LIABILITIES</b>			<b>30,331</b>	<b>208,307</b>		<b>238,638</b>	<b>321,682</b>	
<b>NET ASSETS</b>								
Net assets held in trust for other purposes								
Restricted/apportioned:								
Transportation projects		2,225,567	225,242			2,450,809	904,824	
Pedestrian and bicycle projects	420,673					420,673	400,426	
Unrestricted/unapportioned:								
Designated for contingencies				291,170		291,170	290,229	
Undesignated				647,868	859,821	1,507,689	222,477	
<b>TOTAL NET ASSETS</b>	<b>420,673</b>	<b>2,225,567</b>	<b>225,242</b>	<b>939,038</b>	<b>859,821</b>	<b>4,670,341</b>	<b>1,817,956</b>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 420,673</b>	<b>\$ 2,225,567</b>	<b>\$ 255,573</b>	<b>\$ 1,147,345</b>	<b>\$ 859,821</b>	<b>\$ 4,908,979</b>	<b>\$ 2,139,638</b>	

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2010

	Private Purpose Trust Funds					Totals	
	Bikeway Fund	Regional Surface Transportation Program Fund	Transportation Enhancement Act Fund	Local Transportation Fund	State Transit Assistance Fund	2010	2009
<b>ADDITIONS:</b>							
Sales taxes				\$ 3,331,320	\$ 859,802	\$ 4,191,122	\$ 3,720,579
Regional surface transportation Transportation fund allocation		\$ 1,798,272				1,798,272	845,032
Interest income	\$ 101,055			1,309	49	101,055	14,936
<b>TOTAL ADDITIONS</b>	<u>103,358</u>	<u>1,798,272</u>		<u>3,332,629</u>	<u>859,851</u>	<u>6,094,110</u>	<u>4,580,547</u>
<b>DEDUCTIONS:</b>							
Transportation services				2,499,684	337	2,500,021	3,559,780
Road maintenance		198,456				198,456	436,164
Pedestrian and bicycle Planning and administration	34,111		\$ 53,831	455,306		34,111	369,068
<b>TOTAL DEDUCTIONS</b>	<u>34,111</u>	<u>198,456</u>	<u>53,831</u>	<u>2,954,990</u>	<u>337</u>	<u>3,241,725</u>	<u>4,365,012</u>
<b>CHANGE IN NET ASSETS</b>	69,247	1,599,816	(53,831)	377,639	859,514	2,852,385	215,535
Net assets, beginning of year, as previously reported		825,796	279,073	912,825	307	2,018,001	1,802,466
Restatement	351,426	(200,045)		(351,426)		(200,045)	(200,045)
Net assets, beginning of year as restated	<u>351,426</u>	<u>625,751</u>	<u>279,073</u>	<u>561,399</u>	<u>307</u>	<u>1,817,956</u>	<u>1,602,421</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 420,673</u>	<u>\$ 2,225,567</u>	<u>\$ 225,242</u>	<u>\$ 939,038</u>	<u>\$ 859,821</u>	<u>\$ 4,670,341</u>	<u>\$ 1,817,956</u>

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF INDIRECT AND DIRECT EXPENSES

For the Year Ended June 30, 2010

	Direct Expenses	Indirect Expenses	Total Expenses
Salaries and benefits:			
Salaries and wages	\$ 423,701		\$ 423,701
Fringe benefits	294,331		294,331
Total salaries and benefits	<u>718,032</u>		<u>718,032</u>
Professional services:			
Planning	286,629		286,629
Sacramento Area Council of Governments	49,530		49,530
Legal	12,105		12,105
Accounting		\$ 13,281	13,281
Independent auditor	41,725		41,725
Other	2,999		2,999
Total professional services	<u>392,988</u>	<u>13,281</u>	<u>406,269</u>
Rents, leases and building maintenance:			
Buildings		65,710	65,710
Equipment	2,660	2,660	5,320
Total rents and leases	<u>2,660</u>	<u>68,370</u>	<u>71,030</u>
Office and other operating:			
Office expenses - general	2,644	10,298	12,942
Maintenance - equipment	146	4,320	4,466
Postage	450	445	895
Total office and other operating	<u>3,240</u>	<u>15,063</u>	<u>18,303</u>
Memberships and publications:			
Memberships and dues	14,610	2,000	16,610
Publications and legal notices	1,756		1,756
Total memberships and publications	<u>16,366</u>	<u>2,000</u>	<u>18,366</u>
Other operating:			
Local mileage and travel	17,096		17,096
Depreciation and amortization		9,066	9,066
Staff development	5,561	245	5,806
Communications	779	4,960	5,739
Insurance		2,118	2,118
Total other operating	<u>23,436</u>	<u>16,389</u>	<u>39,825</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,156,722</u>	<u>\$ 115,103</u>	<u>\$ 1,271,825</u>

The accompanying notes are an integral part of these financial statements.

## **COMPLIANCE REPORTS**

# Richardson & Company

550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE TRANSPORTATION DEVELOPMENT ACT

El Dorado County Transportation Commission  
Placerville, California

We have audited the financial statements of the El Dorado County Transportation Commission (the Commission) as of and for the year ended June 30, 2010, which comprise the Commission's basic financial statements and have issued our report thereon dated October 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal controls such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act Funds allocated and received by the Commission were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act

El Dorado County Transportation Commission

and Section 6661 and 6662 of the California Code of Regulations. The results of performing these tasks disclosed no instances of noncompliance with the applicable statutes, rules and regulations of the Transportation Development Act. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Commissioners, granting agencies and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Richardson & Company*

October 27, 2010