



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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JOE HARN, CPA
Auditor-Controller

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May 22, 2009

**Board of Supervisors
County of El Dorado
330 Fair Lane
Placerville, California 95667**

SUBJECT: Cash Position and Cash Flows

Dear Board Members:

The purpose of this letter is to give your Board an overview of the County's cash balances and discuss a number of issues related to cash flows.

Secured property taxes are the County's biggest source of discretionary revenue. Although the bulk of County spending is for personnel which have a relatively smooth affect on cash flows, the bulk of our revenue is received on December 10th and April 10th. Accordingly, our general fund cash balance decreases steadily from July 1st through December 10th each year. Exhibit 1 reflects our cash position at November 30, 2008, 2007, and 2006. Exhibit 1 indicates that on November 30, 2008, the general fund needed to rely on significant internal borrowing and that our cash resources declined from November 30, 2007, to November 30, 2008.

Exhibit 2 reflects our cash balances at April 30, 2009, 2008, and 2007. It indicates a significant decline in our cash resources over the past year. Exhibit 2 also indicates that the County has enough cash in its special revenue funds and internal service funds to provide working capital to the general fund and certain special revenue funds during the year ending June 30, 2010, if your Board adopts a balanced cash basis Budget. Accordingly, it appears that we may rely on internal borrowing during the coming fiscal year and do not need to issue a TRAN.

Exhibit 3 reflects the cash balances for the County's Fund Type 11 and County Wide special revenue funds as of April 30, 2009, 2008, and 2007. It indicates that the Public and Mental Health special revenue funds needed significant internal borrowing at April 30, 2009, in order to pay their bills.

Exhibit 4 indicates the special revenue funds that ended the last fiscal year with negative cash balances and accordingly, needed cash loans from the general fund at June 30, 2008. The cash loans totalled \$4,159,500. All of the loans listed on Exhibit 4 were paid back in the current fiscal year except the \$3,319,000 loan to the Mental Health special revenue fund.

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It is difficult to predict ending cash balances for departments managed by other Department Heads. However, it is clear that the Mental Health special revenue fund will need an additional loan at year-end of at least \$2,500,000. Certain Public Health and Community Services special revenue funds will also need cash loans at June 30, 2009.

During your meeting on Tuesday, May 26, 2009, I will provide you with more refined cash balance estimates for the general fund and the Mental Health special revenue fund.

In conclusion, (1) the County has adequate cash balances in various funds so that we may rely upon internal borrowing to finance our operations during fiscal 2009-2010, (2) the County's cash balances have decreased significantly during the last fiscal year, (3) the financial performance of the County's Mental Health programs will again adversely affect the County's overall financial position. It is certain that the County's general fund unreserved undesignated fund balance will be reduced by at least \$2,500,000 due to the Mental Health special revenue fund's cash deficit. This will be in addition to the \$3,319,000 cash advance that the general fund made to the Mental Health special revenue fund at June 30, 2008.

If you have any questions, feel free to call my cell phone over the weekend. My cell phone number is (530) 409-8291.

Sincerely,

Joe Harn
Auditor-Controller

Enc: Attachments

cc: Gayle Erbe-Hamlin, CAO
C.L. Raffety, Treasurer-Tax Collector

EXHIBIT 1

**EL DORADO COUNTY
Cash Held by County Treasurer**

FUND TYPE	NAME	November 30, 2008	November 30, 2007	November 30, 2006
		POOLED CASH	POOLED CASH	POOLED CASH
10	GENERAL FUND	\$ (14,907,716)	\$ (7,427,131)	\$ 9,637,397
11	SPEC REV FUND	13,597,443	4,601,377	10,255,053
12	SPEC REV: BOS GOV DIST	25,377,827	24,267,974	21,293,527
13	CAPITAL PROJECTS	4,432,041	4,389,344	4,961,322
14	CAPITAL PROJECTS - BOND AUTHORITY	-	12,548	11,933
15	DEBT SVC FUND	2,338,290	1,847,976	1,521,635
20	CNTYWIDE SPEC REV	99,096,503	126,099,542	109,412,898
31	ENTERPRISE FUND	538,801	168,468	75,971
32	INTERNAL SVC FUND: RISK Mgmt	39,088,796	34,640,561	33,018,247
32	INTERNAL SVC FUND: Fleet Mgmt	2,167,333	2,732,314	2,046,373
40	COUNTY ENDOWMENT FUNDS	3,614,074	3,370,161	2,937,570
41	AGENCY FUNDS: COUNTY TRUST FUNDS	38,473,267	51,454,370	44,731,736
		<u>\$ 213,816,660</u>	<u>\$ 246,157,504</u>	<u>\$ 239,903,663</u>

**EXTERNAL FUNDS: NOT UNDER BOS CONTROL
Cash Held by County Treasurer**

42	CEMETERY ENDOWMENT FUNDS	\$ 27,852	\$ 20,403	\$ 24,292
44	SPECIAL DISTRICTS	58,679,189	64,254,449	81,352,847
49	SCHOOLS	79,855,503	70,914,299	64,935,310
		<u>138,562,544</u>	<u>135,189,151</u>	<u>146,312,449</u>
	Total County Treasury	<u>\$ 352,379,203</u>	<u>\$ 381,346,655</u>	<u>\$ 386,216,111</u>

EXHIBIT 2

**EL DORADO COUNTY
Cash Held by County Treasurer**

FUND TYPE	NAME	April 30, 2009	April 30, 2008	April 30, 2007
		POOLED CASH	POOLED CASH	POOLED CASH
10	GENERAL FUND	\$ 21,386,997	\$ 23,200,969	\$ 30,590,211
11	SPEC REV FUND	10,847,658	4,991,951	11,148,093
12	SPEC REV: BOS GOV DIST	32,282,824	30,978,220	28,227,020
13	CAPITAL PROJECTS	4,676,081	2,873,925	5,072,950
14	CAPITAL PROJECTS - BOND AUTHORITY	-	18,118	12,185
15	DEBT SVC FUND	1,893,878	2,111,939	1,833,168
20	CNTYWIDE SPEC REV	93,665,740	124,597,305	142,368,364
31	ENTERPRISE FUND	277,488	347,900	117,018
32	INTERNAL SVC FUND: RISK Mgmt	44,824,742	35,173,271	37,004,514
32	INTERNAL SVC FUND: Fleet Mgmt	2,953,739	2,705,009	2,892,762
40	COUNTY ENDOWMENT FUNDS	3,651,578	3,481,596	3,104,775
41	AGENCY FUNDS: COUNTY TRUST FUNDS	18,088,127	29,403,453	22,403,325
		<u>\$ 234,548,851</u>	<u>\$ 259,883,656</u>	<u>\$ 284,774,385</u>

**EXTERNAL FUNDS: NOT UNDER BOS CONTROL
Cash Held by County Treasurer**

42	CEMETERY ENDOWMENT FUNDS	\$ 29,293	\$ 23,850	\$ 28,100
44	SPECIAL DISTRICTS	86,778,283	94,339,083	99,650,556
49	SCHOOLS	148,933,220	128,448,941	106,537,337
		<u>\$ 235,740,797</u>	<u>\$ 222,811,874</u>	<u>\$ 206,215,993</u>
	Total County Treasury	<u>\$ 470,289,648</u>	<u>\$ 482,695,530</u>	<u>\$ 490,990,378</u>

EXHIBIT 3

**EL DORADO COUNTY
FUND TYPE 11 and FUND TYPE 20
SPECIAL REVENUE FUND
Cash Held by County Treasurer**

April 30, 2009

April 30, 2008

April 30, 2007

FUND	NAME	POOLED CASH	POOLED CASH	POOLED CASH
101	DEPT OF TRANS: EROSION CONTROL	\$ 545,037	\$ (1,974,379)	\$ (641,472)
103	DEPT OF TRANS: ROAD FUND	6,268,665	6,675,489	3,942,302
104	DEPT OF TRANS: COUNTY ROAD DISTRICT	2,491,993	291,711	2,224,525
105	SPECIAL AVIATION: GENERAL SERVICES	20,226	20,142	203
108	FISH AND GAME PRESERVATION	17,131	24,902	24,287
107	COMMUNITY SERVICES	180,395	574,332	1,155,392
109-001	HEALTH - PUBLIC HEALTH	(2,773,466)	(2,307,289)	(1,534,285)
109-002	HEALTH - ALCOHOL DRUG	(664,466)	(405,469)	185,498
109	HEALTH - ALL OTHERS	4,566,978	3,419,356	1,893,171
110-001	MENTAL HEALTH:	(4,591,276)	(4,069,829)	424,068
110-003	MENTAL HEALTH: MENTAL HLTH SVCS ACT	3,104,763	808,147	1,742,213
113	SOCIAL SERVICES	479,049	465,618	352,317
114	PLANNING: EIR DEVELOPMENT COSTS	25,237	24,781	23,681
115	TOBACCO SETTLEMENT	13,795	13,546	12,945
116	FEDERAL FOREST RESERVE	439,716	670,228	549,091
117	COMMUNITY ENHANCEMENT	482,240	473,541	510,239
118	JAIL COMMISSARY	82,422	103,308	65,931
119	PLACERVILLE UNION CEMETERY	159,221	183,814	217,989
	TOTAL FUND TYPE 11	\$ 10,847,658	\$ 4,991,951	\$ 11,148,093

FUND TYPE 20

20-502	SPECIAL REVENUE - CAO	\$ 9,162,504	\$ 7,540,620	\$ 5,588,505
20-503	SPECIAL REVENUE - Auditor	166,474	161,724	115,950
20-503	SPECIAL REVENUE - Ald to Fire Districts	964,811	947,406	905,327
20-504	SPECIAL REVENUE - Treasurer	24,980	447,573	428,072
20-505	SPECIAL REVENUE - Assesor	148,352	144,243	127,190
20-514	SPECIAL REVENUE - General Services	885,363	943,555	1,312,153
20-522	SPECIAL REVENUE - DA	1,168,200	1,086,299	829,152
20-524	SPECIAL REVENUE - Sheriff	949,826	952,415	824,811
20-525	SPECIAL REVENUE - Probation	936,390	506,950	601,973
20-526	SPECIAL REVENUE - Agriculture	43,358	42,576	40,685
20-527	SPECIAL REVENUE - Building	507,863	717,311	533,184
20-528	SPECIAL REVENUE - Recorder	1,596,474	1,516,326	1,325,135
20-529	SPECIAL REVENUE - Planning	1,421,074	1,276,366	1,450,201
20-530	SPECIAL REVENUE - DOT	4,049,886	4,757,111	5,787,627
20-530	SPECIAL REVENUE - DOT Silva Valley	20,140,035	20,117,876	20,289,671
20-530	SPECIAL REVENUE - DOT TIM	40,846,606	70,092,368	86,297,909
20-540	SPECIAL REVENUE - Animal Control	82,041	1,381,493	2,645,576
20-542	SPECIAL REVENUE - Env. Mngmnt	9,394	9,225	8,840
20-551	SPECIAL REVENUE - Veterans	95,323	70,616	55,629
20-553	SPECIAL REVENUE - Human Services	155,989	132,112	124,610
20-560	SPECIAL REVENUE - Library	36,113	36,185	25,020
20-561	SPECIAL REVENUE - UCCE	1,234	1,211	1,158
20-571	SPECIAL REVENUE - Fish and Game	3,396	1,142	-
20-576	SPECIAL REVENUE - Realignment	8,101,065	8,926,651	8,927,497
20-578	SPECIAL REVENUE - SLESF	514,300	1,065,276	1,059,895
20-579	SPECIAL REVENUE - Child Support	1,654,686	1,722,674	3,062,595
	TOTAL FUND TYPE 20	\$ 93,665,740	\$ 124,597,305	\$ 142,368,364

EXHIBIT 4

Negative Cash Balances at 06/30/2008

Community Services

11-107-017	(1,427.00)	1,500
11-107-018	(56,403.01)	57,000
11-107-019	(159,068.65)	160,000
11-107-102	(31,145.51)	32,000
	<u>(248,044.17)</u>	<u>250,500</u>

Public Health

11-109-001	(269,873.71)	270,000
11-109-002	(190,040.67)	191,000
11-109-009	(97,311.02)	98,000
	<u>(557,225.40)</u>	<u>559,000</u>

Mental Health

11-110-001	(3,318,941.71)	3,319,000
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Pvl Airport Capital Project

31-414-101	(30,286.96)	<u>31,000</u>
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General Fund Cash Advance at 06/30/2008 4,159,500