

A Reader's Guide

Understanding Ada County's Comprehensive Annual Financial Report (CAFR) For the Fiscal Year Ended September 30, 2011

A basic understanding of the financial statements is essential for anyone interested in public finance. This brief guide is designed to help you understand and relate to the information provided in the CAFR, as well as enhance your ability to evaluate the financial and economic information. We have provided specific examples of ways you can use the CAFR to look for answers to questions that may interest you. You will find illustrative financial statements with additional detail about interpreting the CAFR.

What is the purpose of the financial statements?

County government operations differ from private-sector businesses. While private-sector businesses focus on maximizing profits for investors, governments focus on providing services to all citizens. In most cases, the County does not bill citizens directly for services received. Instead, we primarily finance services with taxes, federal grants, and other fees applied generally to the public. Because citizens have little choice in paying taxes, and it is not always clear how the services received relate to the taxes paid, government has an important responsibility to demonstrate accountability to the public. Financial statements are an important way to provide this accountability.

Government-Wide Financial Statements

The first two financial statements in the CAFR are the government-wide financial statements---the Statement of Net Assets (CAFR page 26) and the Statement of Activities (CAFR page 27). The government-wide statements provide comprehensive information about the entire government, which includes the following:

- *Government Activities* encompass most of the County's basic services, such as general government, public safety, health and human services, and recreation. Revenues from taxes, federal grants and charges for services finance most of these activities.
- *Business-Type Activities* account for operations that function in a manner similar to private business, where all or a significant portion of their costs are recovered through user fees and charges to external customers.

The government-wide statements do not include fiduciary funds, which account for resources the government manages on behalf of others and are not available to support the County's programs. The Statement of Net

Assets contains information about what the County owns (assets), what the County owes (liabilities), and what is left after assets are used to satisfy liabilities (net assets) on the last day of the fiscal year (September 30). The Statement of Activities contains information about the costs of providing public services (expenses) and resources obtained to finance services (revenues) during the reported fiscal year.

Fund Financial Statements

Fund financial statements provide a detailed look at the individual major funds of the County and total the remaining non-major governmental funds in a single column. Fund financial statements are comprised of the following:

- *Governmental funds* report the finances of the County's most basic services. Governmental funds focus on short-term assets and liabilities and do not include capital assets or long-term debt. The governmental fund financial statements include the Balance Sheet (CAFR page 29) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (CAFR page 31). The governmental fund statements also include reconciliations that identify the differences between the fund and government-wide statements (CAFR pages 30 and 32).
- *Proprietary funds* report the activities the County operates like a business, where the cost of providing goods or services is primarily financed by fees charged to the users of their services. Proprietary funds include enterprise and internal service funds. Enterprise funds report activities that provide supplies or services to the general public; internal service funds report activities that provide supplies and services for the County's programs and activities. Proprietary fund financial statements include the Statement of Net Assets (CAFR page 34); Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR page 35); and Statement of Cash Flows (CAFR page 36).
- *Fiduciary funds* account for resources the County manages or holds on behalf of parties outside the County. These funds are not shown in government-wide financial statements because the resources of these funds are not available to support the County's programs. The Fiduciary funds financial statement is the Statement of Fiduciary Net Assets (CAFR page 39).

Notes to the Financial Statements

The notes to the financial statements (CAFR pages 41 - 60) provide a wide variety of detailed information about the government that is not included or readily apparent on the financial statements, such as the County's significant accounting methods and assumptions, major financial commitments, and long term debt.

Supporting Financial Statement Information

- *An Independent Auditor's Report* (CAFR pages 11 - 12) provides reasonable assurance about whether financial statements are free of material misstatement. After thorough evaluation of the CAFR, the auditor issues an opinion regarding the statements' conformity with accounting principals generally accepted in the United States. The Ada County financial statements received an unqualified opinion, the best opinion that can be received, meaning the statements are fairly presented in all material respects.
- *Management's Discussion and Analysis* (MD&A on CAFR pages 13 - 25) gives an objective and easily read analysis of the County's financial activities based on currently known facts, decisions, or conditions. It presents short and long-term analyses of the County's activities and compares the current-year results with those of the prior year. It will help you determine whether the County's finances have improved or deteriorated during the year. It concludes with a description of currently known facts and decisions that are expected to have a significant effect on the County's future financial position and operations.
- *The Combining Financial Statements and budget to actual comparisons* (CAFR pages 70 - 99) provide more detail for non-major governmental, internal service and agency funds as well as comparing what the County planned (budget) to receive and spend to what actually happened.
- *The Statistical Section* (CAFR pages 100 - 119) provides information that will help you understand the health of the County and the underlying economy. This section contains 10-year trend tables of financial, economic, and demographic data. The statistical section is often of interest to investors and creditors because the trends and non-financial factors it identifies can provide crucial insight to those assessing the County's creditworthiness.

How You Can Use the Financial Statements

Now that you have a better understanding of the major components of the CAFR, we will show you how to use this report to analyze some of the issues that were important to Ada County citizens this past year, as follows:

- **Property Tax Revenues** – Property tax revenues of \$87.8 million for 2011 are presented on page 27 of the CAFR. Property tax revenues decreased \$152 thousand from the previous fiscal year due to the decrease in delinquent taxes collected; this is discussed in the MD&A on CAFR page 18. Additional data may be found on Schedules 2 & 4 - 8 of the Statistical Section (CAFR pages 102 - 109).
- **Sales Tax Revenue** – Sales tax revenues from the State of \$13.2 million for 2011 are presented on page 27 of the CAFR. An increase of \$1.1 million from the year before reflects the growing economy. MD&A has information about sales tax revenues on CAFR page 18. Additional sales tax data may be found on Schedule 2 of the Statistical Section (CAFR pages 102 - 103)
- **Budgetary Compliance** – Idaho Constitution Article VII, stipulates that municipalities cannot spend more money than they have been appropriated, unless specifically authorized. Budgetary controls are incorporated into the County's financial systems to ensure expenditures do not exceed authorized appropriations. You can compare Ada County's approved budget with the actual expenditures for the General and Health and Welfare funds in CAFR pages 61 - 65. Comparisons between budget and actual amounts for the non-major governmental funds are on CAFR pages 74 - 89. Details about the County's budget process can be found in the Note to Required Supplementary Information (CAFR pages 66 and 67).

**Ada County
Statement of Net Assets
September 30, 2011**

The Statement of Net Assets reports what the government owns (assets), owes (liabilities), and what is left after assets are used to satisfy liabilities (net assets) at a specific point in time (September 30, the fiscal year-end).

Governmental Activities cover traditional activities of county government such as public safety, health and human services, and recreation. They are financed through taxes, federal grants, fees, interest and other shared governmental revenues.

Business-type Activities provide services that are primarily financed by charging a fee directly to the users of the service such as EMS, Expo Idaho and Solid Waste.

Primary Government			
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 52,766,977	\$ 7,293,098	\$ 60,060,075
Investments	101,019,042	14,062,690	115,081,732
Receivables, net	91,803,592	7,920,334	99,723,926
Internal balances	(78,710)	78,710	-
Lease receivable	1,385,257	-	1,385,257
Accrued interest receivable	364,116	39,917	404,033
Capital assets, net of depreciation:			
Land, not depreciated	7,270,635	4,951,841	12,222,476
Land improvements	1,938,218	31,413,232	33,351,450
Building	108,267,039	8,644,127	116,911,166
Infrastructure	1,179,978	1,443,977	2,623,955
Vehicles	1,381,420	595,061	1,976,481
Machinery & equipment	11,358,851	1,750,313	13,109,164
Intangible Software	154,123	-	154,123
Construction in progress	2,569,845	-	2,569,845
Capital assets, net	<u>134,120,109</u>	<u>48,798,551</u>	<u>182,918,660</u>
Total assets	<u>381,380,383</u>	<u>78,193,300</u>	<u>459,573,683</u>
LIABILITIES			
Accounts payable	9,424,065	1,779,416	11,203,481
Accrued interest	364,606	-	364,606
Unearned revenue	83,381,593	4,797,753	88,179,346
Long-term liabilities:			
Due within one year	6,827,622	370,704	7,198,326
Due in more than one year	53,903,804	21,566,531	75,470,335
Total liabilities	<u>153,901,690</u>	<u>28,514,404</u>	<u>182,416,094</u>
NET ASSETS			
Invested in capital assets, net of related debt	89,750,109	48,798,551	138,548,660
Restricted for:			
Grant Programs	2,722,455	-	2,722,455
Drug/Mental Health Court	1,640,939	-	1,640,939
Emergency Communications	6,938,099	-	6,938,099
Consolidated Elections	301,294	-	301,294
Unrestricted	126,125,797	880,345	127,006,142
Total net assets	<u>\$ 227,478,693</u>	<u>\$ 49,678,896</u>	<u>\$ 277,157,589</u>

Assets are presented in order of how readily they can be converted to cash. Cash is the most liquid; capital assets are least liquid.

Internal balances consist of short-term receivables and payables for activities occurring within the County.

Most capital assets are shown at their original purchase/construction cost, less annual depreciation charges accumulated over time. However, land and roadways are not depreciated. More information on capital assets and depreciation can be found in the Notes and Required Supplementary Information sections.

Liabilities are shown in order of maturity or when cash is expected to be used to pay them.

Unearned revenues are resources received that have not yet met the criteria for being recorded as revenues.

The Notes provide information about the major types of long-term liabilities, purpose of liability, beginning and ending balances, and how major categories of liabilities have changed during the previous year.

Constraints on the use of net assets that are externally imposed by creditors, grantors, contributors, or state law through the *Idaho Constitution* or legislation are listed separately as "restricted" to show net assets that are not available to support primary government programs.

Unrestricted net assets may be used at the County's discretion but often have limitations on use based on state statutes.

Total assets - total liabilities = total net assets
\$459,573,683 - \$182,416,094 = \$277,157,589

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

The Statement of Activities contains information about costs of providing services (expenses) and resources obtained to finance services (revenues) during the current fiscal year.

Program revenues display the extent to which programs are self-funded. Program revenues are categorized as charges for services, grants, and contributions. Program revenues reduce the net expense of functions/programs to the public.

**Ada County
Statement of Activities
For the Year Ended September 30, 2011**

This column shows the full cost of the program.

Program Revenues

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 58,526,634	\$ 9,854,503	\$ 308,233	\$ 94,726	\$ (48,269,172)	\$ -	\$ (48,269,172)
Sanitation	2,262,190	410,989	9,658	-	(1,841,543)	-	(1,841,543)
Public safety	68,724,187	20,855,993	5,960,508	222,439	(41,685,247)	-	(41,685,247)
Health and welfare	10,084,812	-	-	-	(10,084,812)	-	(10,084,812)
Recreational and cultural	1,096,802	249,440	66,000	2,675	(778,687)	-	(778,687)
Interest on long-term debt	2,140,307	-	-	-	(2,140,307)	-	(2,140,307)
Total governmental activities	142,834,932	31,370,925	6,344,399	319,840	(104,799,768)	-	(104,799,768)
Business-type activities:							
Emergency Medical Services	11,363,354	7,673,408	37,506	50,078	-	(3,602,362)	(3,602,362)
Solid Waste Management	8,013,967	11,079,603	-	-	-	3,065,636	3,065,636
Western Idaho Fair	3,810,884	3,312,926	-	-	-	(497,958)	(497,958)
Billing Services	2,395,015	1,969,200	-	-	-	(425,815)	(425,815)
Total business-type activities	25,583,220	24,035,137	37,506	50,078	-	(1,460,499)	(1,460,499)
Total primary government	\$ 168,418,152	\$55,406,062	\$ 6,381,905	\$ 369,918	(104,799,768)	(1,460,499)	(106,260,267)

Functions show the major programs for which the County spends resources.

Are programs self supporting?
The total is obtained by subtracting program revenues from expenses. A (negative) figure indicates the portion of program expenses not covered by program revenues; therefore, the program was partially financed with tax revenues and other general revenues, which are shown on the bottom half of this statement. A positive figure indicates that program revenues exceeded program expenses, making a net contribution to governmental revenues.

An example of how this statement works: The total cost of the County's Public safety was \$68.7 million. The County raised \$20.8 million from charges for services, and received \$6.1 million of operating and capital grants and contributions. When program revenues are subtracted from expenses for Public Safety, a net expense of \$41.7 million is left. This is the portion of Public safety costs financed with taxes and other general revenues, rather than being financed by the revenues generated by the services themselves.

General revenues include taxes and other revenues the County uses to finance the net expense of the functions above. General revenues are categorized to enhance comparability among financial statements for different years.

General revenues:

Taxes:			
Property taxes, levied for general purposes	83,715,268	4,142,323	87,857,591
Sales taxes	13,071,774	149,631	13,221,405
Grants and contributions not restricted to specific programs	4,035,220	-	4,035,220
Interest and investment earnings	1,940,852	225,485	2,166,337
Miscellaneous	3,177,143	(522,404)	2,654,739
Special item - Contribution in Parking Garage Transfer	2,260,336	-	2,260,336
Total general revenues, special item and transfers	108,200,593	3,995,035	112,195,628
Change in net assets	3,400,825	2,534,536	5,935,361
Net assets - beginning	224,077,868	47,144,360	271,222,228
Net assets - ending	\$ 227,478,693	\$ 49,678,896	\$ 277,157,589

Did the County's financial position improve or deteriorate during the fiscal year?

The change in net assets indicates whether sufficient resources were raised during the year to cover the costs. The net assets of governmental activities increased by \$3.4 million, and business-type activities net assets increased by \$2.5 million.

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

**ADA COUNTY
Balance Sheet
Governmental Funds
September 30, 2011**

The governmental fund balance sheet serves a purpose similar to the Statement of Net Assets. This statement reports what is owned or controlled and what is owed by governmental funds. However, the focus is on short-term, rather than long-term, assets and liabilities.

This statement presents the County's most significant or 'major' funds individually and aggregates other funds in a single column.

To see the detail of the different funds that make up Other Governmental Funds, turn to the combining financial statements on CAFR pages 70-73.

	General Fund	Charities and Welfare	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 20,210,299	\$ 1,078,131	\$ 19,189,794	\$ 6,777,126	\$ 47,255,350
Investments	38,383,793	2,528,617	37,173,864	13,056,559	91,142,833
Accounts receivable	124,159	-	-	218,254	342,413
Property tax receivable	61,631,583	11,550,861	-	13,468,869	86,651,313
Accrued interest receivable	156,940	-	106,324	17,341	280,605
Due from other funds	226,627	-	-	12,575	239,202
Due from other agencies and units of government	4,612,390	-	-	197,476	4,809,866
Lease Receivable	1,385,257	-	-	-	1,385,257
Total assets	\$ 126,731,048	\$ 15,157,609	\$ 56,469,982	\$ 33,748,200	\$ 232,106,839
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 6,505,501	\$ 1,126,142	\$ 50,000	\$ 1,283,846	\$ 8,965,489
Due to other funds	8,660	-	-	18,406	27,066
Deferred revenues	63,327,028	11,550,861	-	13,502,450	88,380,339
Accrued liabilities	-	1,852,875	-	-	1,852,875
Total liabilities	69,841,189	14,529,878	50,000	14,804,702	99,225,769
Fund balances:					
Restricted for:					
Grants	2,722,455	-	-	-	2,722,455
Enabling Legislation	-	-	-	8,917,400	8,917,400
Committed for:					
General government	9,480,483	-	-	1,116,092	10,596,575
Public safety	21,050,993	-	-	90,311	21,141,304
Judicial services	4,352,173	-	-	1,453,814	5,805,987
Health and welfare	-	1,702,854	-	56,000	1,758,854
Sanitation	-	-	-	1,562,440	1,562,440
Recreation and culture	-	-	-	74,192	74,192
Assigned for:					
General government	2,275,498	-	-	825,770	3,101,268
Public safety	-	-	-	359,476	359,476
Judicial services	-	-	-	2,457,115	2,457,115
Health and welfare	-	-	-	100,950	100,950
Sanitation	-	-	-	994,307	994,307
Recreation and culture	-	-	-	935,631	935,631
Capital projects	-	-	56,419,982	-	56,419,982
Unassigned:	17,008,257	(1,075,123)	-	-	15,933,134
Total fund balances	56,889,859	627,731	56,419,982	18,943,498	132,881,070
Total liabilities and fund balances	\$ 126,731,048	\$ 15,157,609	\$ 56,469,982	\$ 33,748,200	

Governmental funds present current financial resources which do not include capital assets or long-term debt. Current financial resources are generally turned into cash or consumed within a year.

Governmental funds report deferred revenues in connection with receivables that aren't available to liquidate liabilities of the current period. See detail in Notes, CAFR page 50.

Restricted fund balances are the portion of a governmental fund's balance that is not available for spending in the subsequent year's budget due to grant or enabling legislation.

Ada County

Reconciliation of the Governmental Funds Balance Sheet

**To the Statement of Net Assets
September 30, 2011**

This reconciliation shows the reasons that total fund balances on the governmental fund Balance Sheet differ from total net assets for governmental activities on the government-wide Statement of Net Assets.

Total Fund Balances - Governmental Funds

\$ 132,881,070

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of the following:

Land	\$ 7,270,635
Land Improvements	3,355,622
Building	157,518,644
Infrastructure	1,846,261
Vehicles	4,916,646
Intangible Software	177,144
Machinery and Equipment	27,445,267
Construction in Progress	2,569,845
Accumulated Depreciation	<u>(70,979,955)</u>
Total Capital Assets	134,120,109

The largest difference between the government-wide and governmental fund statements is that fund statements do not report capital assets, such as land, buildings, etc.

Some of the County's revenue will be collected after year-end but is not available soon enough to pay for the current period's expenditures and therefore is deferred in the funds. The following has been deferred:

Delinquent Property Tax	\$ 3,613,489
Interest Receivable on Lease	56,616
Lease Receivable	<u>1,385,257</u>
Total Deferred Revenue	5,055,362

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Assets. These liabilities consist of the following:

Capital Leases Payable	\$ (44,370,000)
Accrued Interest on the Capital Leases	(364,606)
Compensated Absences	<u>(4,182,944)</u>
Total Long-Term Liabilities	(48,917,550)

The governmental fund Balance Sheet does not report long-term liabilities; the government-wide Statement of Net Assets does.

Internal service funds are used by management to charge the costs of health and liability insurance to individual funds and are reported separately from governmental funds in the fund statements. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

4,339,702

Total Net Assets - Governmental Activities

\$ 227,478,693

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

The governmental funds total fund balance of \$132.8 million (see CAFR page 29) reconciles to the \$227 million total of the governmental activities net assets reported on government-wide Statement of Net Assets (see CAFR page 26). The difference between these numbers can be seen on this reconciliation which primarily shows that the governmental funds report short-term financial information, whereas the government-wide statements report both short-term and long-term information.

This statement and other similar operating statements (such as the Statement of Activities) contain information on revenues and expenditures occurring during the fiscal year; by contrast, balance sheets and net asset statements contain data as of a single point in time - the end of the fiscal year.

**Ada County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011**

Several funds make up the Other Governmental column. To see greater detail of the individual funds summarized in this column, turn to the combining financial statements on CAFR pages 70-73.

This statement shows the flow of short-term resources into and out of the County. In governmental funds, revenues are included only if cash is received during the year or within 30 days of the end of the fiscal year. Revenues are reported by major source.

Expenditures generally are recorded when the County has received the goods or services and payment is due and payable. The expenditures are listed by major functional category.

Capital Outlay shows the purchase, construction, and improvement of capital assets. This amount is different than that of the government-wide statements, which adds the cost to the capital account on the Statement of Net Assets and subtracts the cost over the useful life of the asset in the form of depreciation expense.

	General Fund	Charities and Welfare	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 66,243,304	\$ 8,914,801	\$ -	\$ 8,903,207	\$ 84,061,312
Licenses and permits	1,197,342	-	-	160,302	1,357,644
Fines and forfeitures	124,568	-	-	1,417,750	1,542,318
Charges for services	20,234,152	304,853	990,263	7,246,548	28,775,816
Intergovernmental	21,087,868	3,610	-	2,679,755	23,771,233
Interest income	857,740	29,339	618,452	203,913	1,709,444
Net increase (decrease) in the fair value of investments	47,055	52	27,053	10,242	84,402
Miscellaneous	3,596,352	3,717	-	406,741	4,006,810
Total revenues	113,388,381	9,256,372	1,635,768	21,028,458	145,308,979
EXPENDITURES					
Current:					
General government	43,292,378	-	2,500	8,538,132	51,833,010
Sanitation	-	-	-	1,993,245	1,993,245
Public safety	57,471,590	-	-	4,832,198	62,303,788
Health and welfare	-	10,927,591	-	1,643,225	12,570,816
Recreational and cultural	-	-	-	727,596	727,596
Capital outlay	1,565,039	-	150,000	2,849,928	4,564,967
Debt service:					
Principal retirement	-	-	2,415,000	-	2,415,000
Interest and other debt charges	-	-	2,158,989	-	2,158,989
Total expenditures	102,329,007	10,927,591	4,726,489	20,584,324	138,567,411
Excess (deficiency) of revenues over expenditures	11,059,374	(1,671,219)	(3,090,721)	444,134	6,741,568
OTHER FINANCING SOURCES (USES)					
Transfers in	146,842	1,647,643	650,000	-	2,444,485
Transfers (out)	(3,738,198)	(29,391)	(985)	(116,466)	(3,885,040)
Total other financing sources and uses	(3,591,356)	1,618,252	649,015	(116,466)	(1,440,555)
Net change in fund balances	7,468,018	(52,967)	(2,441,706)	327,668	5,301,013
Fund balance, beginning of year	49,421,841	680,698	58,861,688	18,615,830	127,580,057
Fund balance, end of year	\$ 56,889,859	\$ 627,731	\$ 56,419,982	\$ 18,943,498	\$132,881,070

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

The County's only debt is for the annual lease payments on the Courthouse.

All funds except the Capital Projects and Charities and Welfare had positive changes in fund balances (revenues and other financing sources exceeded expenditures and financing uses).

These are the fund balances that appear on the governmental funds Balance Sheet.

This reconciliation shows the reasons that the net changes in fund balances on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance differ from change in net assets for governmental activities on the government-wide Statement of Activities.

The net change in fund balances comes from the total column of governmental funds on the Statement of Revenues, Expenditures, and Changes in Fund Balances (CAFR page 31).

Ada County

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2011

Total Net Change in Fund Balances - Governmental Funds

\$ 5,301,013

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital Outlays expense was more than Depreciation expense in the current year by the following amount:

Capital Outlay	\$ 4,564,967	
Depreciation Expense	<u>(8,308,667)</u>	
Excess of Depreciation Expense over Capital Outlay		(3,743,700)

Miscellaneous transactions involving capital assets such as sales and other disposals (gain/loss), as well as donations, are reported in the Statement of Activities but only proceeds from sales are reported in the governmental funds.

Sales, disposals and donations	<u>\$ 2,231,077</u>	2,231,077
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Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. Because of the "availability" criterion under the modified accrual basis of accounting the following has been deferred:

Delinquent Property Tax		(346,044)
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A lease receivable payment is reported as revenue in the governmental funds when received. The amount representing the principal payment on the lease is reported in the Statement of Net Assets as a reduction of the lease receivable. Interest receivable on the lease is not reported in the governmental funds

	\$ (425,975)	
	<u>(17,409)</u>	
		(443,384)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Capital Lease Payments		2,415,000
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Also, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Accrued interest calculated for capital leases payable	\$ 18,682	
Compensated absences	(139,599)	
Involuntary mental health care	<u>2,500,000</u>	
Total Additional Expenditures		2,379,083

Internal service funds are used by management to charge the costs of health and liability insurance to individual funds and are reported separately from governmental funds in the fund statements. In the government-wide statements, internal service funds are included with governmental activities.

Change in Net Assets - Governmental Activities

(4,392,220)
\$ 3,400,825

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

Internal service funds are reported in proprietary fund statements because they operate like a business and charge County departments a price for goods and services in order to recoup their costs. Since they provide services mainly to other funds of the County, internal service funds are included with the governmental activities in the government-wide statements.

This is the amount you will find in the Governmental Activities column on the government-wide Statement of Activities (CAFR page 27).

**Ada County
Statement of Net Assets
Proprietary Funds
September 30, 2011**

Proprietary funds account for operations that function in a manner similar to private business, where the cost of providing goods or services is primarily financed through user charges. There are two types of proprietary funds -- internal service and enterprise funds. Internal service funds provide goods and services to county departments on a cost-reimbursement basis; enterprise funds account for services or goods provided outside of county government. Enterprise funds and business-type activities on the government-wide Statement of Net Assets are synonymous.

Only one fund comprises the Nonmajor Enterprise Funds column. The County chooses to present the other three Enterprise Funds as Major Funds in an ongoing manner for year-to-year comparative analysis.

ASSETS

Current Assets:

	Business-Type Activities - Enterprise Funds				Total	Governmental Activities-Internal Service Funds
	Emergency Medical Services	Major Funds Solid Waste Management	Western Idaho Fair	Other Funds Billing Services		
Cash and cash equivalents	\$ 2,093,071	\$ 4,344,178	\$ 671,567	\$ 184,282	\$ 7,293,098	\$ 5,511,627
Investments	4,040,939	8,354,017	1,313,294	354,440	14,062,690	9,876,209
Receivables, net	2,381,811	298,544	32,250	257,553	2,970,158	-
Due from other funds	-	81,455	-	1,281	82,736	-
Due from other agencies	42,460	459,547	-	1,447	503,454	-
Property tax receivable	4,446,722	-	-	-	4,446,722	-
Accrued interest receivable	12,116	22,989	3,557	1,255	39,917	26,895
Total current assets	13,017,119	13,560,730	2,020,668	800,258	29,398,775	15,414,731

Noncurrent assets:

Capital assets:						
Land	921,826	3,536,791	493,224	-	4,951,841	-
Land improvements	-	31,686,307	2,884,575	-	34,570,882	-
Buildings	7,103,520	1,277,017	6,869,716	-	15,250,253	-
Infrastructure	-	4,268,721	974,347	-	5,243,068	-
Vehicles	2,995,988	186,712	58,647	-	3,241,347	-
Machinery & equipment	533,738	1,281,311	488,713	-	2,303,762	-
Construction in progress	-	-	-	-	-	-
Less accumulated depreciation	(3,149,855)	(5,427,530)	(8,185,217)	-	(16,762,602)	-
Capital assets, net	8,405,217	36,809,329	3,584,005	-	48,798,551	-
Total assets	21,422,336	50,370,059	5,604,673	800,258	78,197,326	15,414,731

LIABILITIES

Current liabilities:

Accounts payable	589,553	956,545	77,801	155,517	1,779,416	458,576
Accrued liabilities	18,991	1,111	602	-	20,704	-
Due to other funds	79,739	19,848	44,217	89,440	233,244	61,628
Claims and judgments	-	-	-	-	-	2,099,572
Deferred revenues	4,273,616	-	207,482	316,655	4,797,753	-
Total current liabilities	4,961,899	977,504	330,102	561,612	6,831,117	2,619,776

Noncurrent liabilities:

Accrued liabilities	391,215	18,872	46,996	-	457,083	-
Landfill postclosure costs	-	21,459,448	-	-	21,459,448	-
Claims and judgments	-	-	-	-	-	8,226,035
Total noncurrent liabilities	391,215	21,478,320	46,996	-	21,916,531	8,226,035
Total liabilities	5,353,114	22,455,824	377,098	561,612	28,747,648	10,845,811

NET ASSETS

Invested in capital assets	8,405,217	36,809,329	3,584,005	-	48,798,551	-
Unrestricted	7,664,005	(8,895,094)	1,643,570	238,646	651,127	4,568,920
Total net assets	\$ 16,069,222	\$ 27,914,235	\$ 5,227,575	\$ 238,646	49,449,678	\$ 4,568,920

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net assets of business-type activities

229,218
\$ 49,678,896

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

Additional details on capital assets and infrastructure can be found in the Notes to the Financial Statements (CAFR pages 46 and 51-52).

Additional details on noncurrent (long-term) liabilities can be found in the Notes to the Financial Statements (CAFR page 55).

Internal service funds are included with governmental activities in the government-wide statements. To see greater detail of the individual funds included in this column, turn to the combining financial statements (CAFR page 91-94).

As a general rule, current assets and liabilities on the proprietary fund statements are those assets and liabilities expected to mature within one year of the end of the fiscal period (Sept 30). Noncurrent assets and liabilities are those assets and liabilities expected to mature in more than one year from the end of the fiscal period.

This total net assets amount is the same as that found for business-type activities in the government-wide Statement of Net Assets (CAFR page 26). The total net assets amount also agrees with the ending net assets shown on the Statement of Activities (CAFR page 27).

Ada County
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2011

Proprietary funds report the finances of activities the County operates like a business. Proprietary activities charge a fee to users that covers most of the cost of providing the service. There are two types of proprietary funds -- enterprise and internal service funds.

Enterprise funds account for services or goods provided to those outside of county government.

Internal service funds provide services or goods to other county departments.

Business-Type Activities - Enterprise Funds

	Major Funds			Other Funds		Governmental Activities- Internal Service Funds
	Emergency Medical Services	Solid Waste Management	Western Idaho Fair	Billing Services	Total	
OPERATING REVENUE						
Charges for services	\$ 7,604,668	\$ 10,731,291	\$ -	\$ 1,969,200	\$ 20,305,159	\$ 16,612,920
Concessions	-	-	1,202,066	-	1,202,066	-
Admissions	-	-	955,199	-	955,199	-
Rentals	-	-	841,196	-	841,196	-
Other	68,740	348,312	314,465	-	731,517	-
Total operating revenues	7,673,408	11,079,603	3,312,926	1,969,200	24,035,137	16,612,920
OPERATING EXPENSES						
Personal services	8,085,457	622,281	683,241	-	9,390,979	-
Other services & charges	2,442,666	7,112,411	2,551,661	2,395,015	14,501,753	-
Administration	-	-	-	-	-	3,003,781
Landfill postclosure expense	-	(249,172)	-	-	(249,172)	-
Claims	-	-	-	-	-	20,212,818
Depreciation	386,477	486,017	460,677	-	1,333,171	-
Total operating expenses	10,914,600	7,971,537	3,695,579	2,395,015	24,976,731	23,216,599
Operating income (loss)	(3,241,192)	3,108,066	(382,653)	(425,815)	(941,594)	(6,603,679)
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental	87,584	-	-	-	87,584	-
Donations, gain (loss) on disposition of assets	-	(522,404)	-	-	(522,404)	-
Interest and investment revenue	74,075	122,887	16,429	6,426	219,817	161,927
Net increase (decrease) in the fair value of investments	(939)	6,774	1,071	(1,238)	5,668	2,488
Property & other taxes	4,291,954	-	-	-	4,291,954	-
Total nonoperating revenue (expenses)	4,452,674	(392,743)	17,500	5,188	4,082,619	164,415
Net income (loss) before contributions and transfers	1,211,482	2,715,323	(365,153)	(420,627)	3,141,025	(6,439,264)
Transfers in	-	-	-	-	-	1,440,555
Change in net assets	1,211,482	2,715,323	(365,153)	(420,627)	3,141,025	(4,998,709)
Total net assets - beginning	14,857,740	25,198,912	5,592,728	659,273	21,308,653	9,567,629
Total net assets - ending	\$ 16,069,222	\$ 27,914,235	\$ 5,227,575	\$ 238,646	\$ 22,450,673	\$ 4,568,920

Operating revenues include fees and charges received from providing goods or services to customers in the course of the fund's principal ongoing activity.

Operating expenses are the costs paid for goods or services in the course of the fund's principal ongoing activity.

This line shows if the operating revenues generated were sufficient to cover expenses.

Nonoperating revenues (expenses) represent nonexchange transactions and those transactions outside the course of the fund's principal ongoing activity.

You can use this line to judge the financial sustainability of the activities. A loss would indicate that an activity is not supporting itself and must use resources accumulated from the past, push costs off to the future, or utilize some other financing method to cover costs.

To see greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR page 91-94).

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in net assets of business-type activities

(606,489)
 \$ 2,534,536

**Ada County
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011**

This statement shows if and how the proprietary funds met their cash needs. It shows whether a proprietary activity raised enough cash to pay its bills.

To see greater detail of the individual funds included in this column, turn to the combining financial statements (CAFR pages 91-94).

Cash flow operating activities relate to money received from providing services and the cash paid to employees and suppliers for services and goods.

Noncapital financing activities relate to grants and property taxes paid to Emergency Medical Services.

Capital and related financing activities relate to receipt and use of cash for purchase or construction of capital assets.

Investing activities relate to the sale, purchase, and earnings from investments.

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Major Funds			Other Funds		
	Emergency Medical Services	Solid Waste Management	Western Idaho Fair	Billing Services	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 6,831,869	\$ 10,829,803	\$ 3,353,603	\$ 1,756,814	\$ 22,772,089	\$ 16,612,921
Cash paid to suppliers for goods and contracted services	(2,626,086)	(8,106,603)	(2,500,930)	(2,437,663)	(15,671,282)	(20,087,346)
Cash paid to employees for services	(8,050,592)	(636,426)	(679,802)	-	(9,366,820)	-
Other operating revenue	68,740	348,312	-	-	417,052	-
Net cash provided by (used for) operating activities	(3,776,069)	2,435,086	172,871	(680,849)	(1,848,961)	(3,474,425)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property taxes and other taxes	4,300,920	-	-	-	4,300,920	-
Subsidy from federal grants	87,584	-	-	-	87,584	-
Transfer in	-	-	-	-	-	1,440,555
Net cash provided by (used for) noncapital financing activities	4,388,504	-	-	-	4,388,504	1,440,555
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(3,828,431)	(2,432,194)	(175,885)	-	(6,436,510)	-
Net cash provided by (used for) capital and related financing activities	(3,828,431)	(2,432,194)	(175,885)	-	(6,436,510)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Net (increase) decrease in investments	(1,458,501)	(4,814,018)	(758,027)	110,677	(6,919,869)	(5,090,683)
Interest income	76,701	119,336	16,139	7,470	219,646	161,649
Net cash provided by (used for) investing activities	(1,381,800)	(4,694,682)	(741,888)	118,147	(6,700,223)	(4,929,034)
Net increase (decrease) in cash	(4,597,796)	(4,691,790)	(744,902)	(562,702)	(10,597,190)	(6,962,904)
Cash, beginning of year	6,690,867	9,035,968	1,416,469	746,984	17,890,288	12,474,531
Cash, end of year	\$ 2,093,071	\$ 4,344,178	\$ 671,567	\$ 184,282	\$ 7,293,098	\$ 5,511,627

The amounts on this line agree with the 'cash and cash equivalents' line on the Proprietary Funds Statement of Net Assets. (CAFR page 34).

This reconciliation should be viewed in connection with the previous document (the 'Statement of Cash Flows').

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities

The amounts on this line agree with the Total Operating income (loss) shown on the 'Statement of Revenues, Expenses, and Changes in fund Net Assets' (CAFR page 35).

The reconciliation explains the differences between the flows of cash and the operating income (loss) reported on an accrual basis on the 'Statement of Revenues, Expenses and Changes in Fund Net Assets' for proprietary funds.

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Major Funds			Other Funds		
	Emergency Medical Services	Solid Waste Management	Western Idaho Fair	Billing Services	Total	
Operating income (loss)	\$ (3,241,192)	\$ 3,108,066	\$ (382,653)	\$ (425,815)	\$ (941,594)	\$ (6,603,679)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	386,477	486,017	460,677	-	1,333,171	-
Landfill postclosure expense	-	(249,172)	-	-	(249,172)	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable, net	(775,352)	(72,897)	(13,743)	(236,779)	(1,098,771)	-
(Increase) decrease in due from other agencies and units of government	2,554	69,492	-	(1,281)	70,765	-
(Increase) decrease in due from other funds	-	101,916	-	(1,333)	100,583	-
Increase (decrease) in accounts payable	(192,541)	(1,002,054)	18,924	84,706	(1,090,965)	(429,613)
Increase (decrease) in accrued liabilities	8,625	(10,695)	2,659	-	589	-
Increase (decrease) in due to other funds	35,360	4,413	32,587	(127,354)	(54,994)	(63,007)
Increase (decrease) in claims and judgements	-	-	-	-	-	3,621,874
Increase (decrease) in deferred revenue	-	-	54,420	27,007	81,427	-
Total adjustments	(534,877)	(672,980)	555,524	(255,034)	(907,367)	3,129,254
Net cash provided by (used for) operating activities	<u>\$ (3,776,069)</u>	<u>\$ 2,435,086</u>	<u>\$ 172,871</u>	<u>\$ (680,849)</u>	<u>\$ (1,848,961)</u>	<u>\$ (3,474,425)</u>

This line agrees with net cash for operating activities shown on the 'Statement of Cash Flows'.

Noncash investing activities for business-type enterprise funds were:
 The net decrease in the fair value of investments for Emergency Medical Services was \$ 939 for the year.
 The net increase in the fair value of investments for Solid Waste Management was \$ 6,774 for the year.
 The net increase in the fair value of investments for the Western Idaho Fair was \$ 1,071 for the year.
 The net decrease in the fair value of investments for Billing Services was \$ 1,238 for the year.

Noncash investing activities for governmental internal service funds were:
 The net decrease in the fair value of investments for Self-Funded Health Insurance was \$ 810 for the year.
 The net increase in the fair value of investments for Liability Insurance was \$ 3,298 for the year.

Noncash transactions are not reported on the 'Statement of Revenues, Expenses, and Changes in Fund Net Assets' as operating income or in the 'Statement of Cash Flows' as a cash transaction. These represent the movement of market value of investments from year to year.

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

ADA COUNTY
Fiduciary Funds
Statement of Fiduciary Net Assets
September 30, 2011

Fiduciary funds account for resources the County manages or holds on behalf of others. Fiduciary funds are not available to support the County's programs.

	Agency Funds
Assets	
Cash	\$ 10,149,227
Accounts receivable	626,860
Total assets	<u>\$ 10,776,087</u>
Liabilities	
Accounts payable	\$ 118,978
Fines and appearance bonds to be remitted	2,815,112
Fiduciary fund liabilities:	
Judgments held in trust	812,158
Tax receipts held in trust	1,649,229
Due to prisoners	115,858
Due to victims	31,451
Due to other agencies and units of government	5,233,301
Total liabilities	<u>\$ 10,776,087</u>

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

Agency funds contain resources held on a temporary, purely custodial basis. Every resource held by these funds is due to be passed along to the individuals or organizations to which it belongs; therefore, assets equal liabilities at all times and there are no net assets.

The information in a budgetary comparison schedule will help you judge the County's compliance with its budget and assess the County's fiscal management capacity.

Ada County

*Required Supplementary Information
Budgetary Comparison Schedule*

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Cash Basis)
For the Year Ended September 30, 2011**

The original budget includes the original adopted budget and legally authorized adjustments made before the beginning of the fiscal year. The final budget includes the original budget with all changes made subsequent to the start of the year.

General Fund and Major Special Revenue Funds

GENERAL FUND	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	65,560,668	65,560,668	66,243,304	682,636
Sales tax allocation	10,025,000	10,025,000	12,302,138	2,277,138
State shared	3,249,035	3,431,193	5,368,295	1,937,102
Payments in lieu of taxes	681,900	681,900	727,273	45,373
Licenses and permits	1,139,425	1,152,010	1,197,342	45,332
Charges for services	19,927,128	20,004,422	20,202,849	198,427
Grants	566,972	3,455,915	3,028,890	(427,025)
Interest income	681,200	681,200	875,678	194,478
Miscellaneous	1,524,939	1,614,870	3,269,958	1,655,088
Total general fund revenues	\$ 103,356,267	\$ 106,607,178	\$ 113,215,727	\$ 6,608,549
Expenditures:				
<u>General Government</u>				
Total clerk of the district court	7,462,140	7,462,140	7,195,695	266,445
Total treasurer	933,390	933,390	906,839	26,551
Total assessor	677,637	677,637	652,309	25,328
Total assessor motor vehicle	2,308,920	2,308,920	1,975,222	333,698
Total prosecuting attorney	11,037,123	11,329,017	10,859,937	469,080
Total operations	7,700,808	7,818,145	6,320,616	1,497,529
Total development services	1,582,796	1,668,752	1,350,899	317,853
Total information technology	5,124,507	5,124,507	4,966,822	157,685
Total public defender	6,493,117	6,493,117	6,157,085	336,032
Total administrative services	3,694,272	3,694,272	3,546,181	148,091
Total general	943,300	943,300	785,621	157,679
Total general government (including capital outlays)	47,958,010	48,453,197	44,717,225	3,735,972
<u>Public Safety</u>				
Total sheriff	49,050,761	50,782,123	49,362,808	1,419,315
Total coroner	1,280,097	1,280,097	1,238,048	42,049
Total juvenile	7,637,485	9,277,340	7,103,450	2,173,890
Total public safety (including capital outlays)	57,968,343	61,339,560	57,704,306	3,635,254
Total general fund expenditures (including capital outlays)	\$ 105,926,353	\$ 109,792,757	\$ 102,421,531	\$ 7,371,226
Revenue Over (Under) Expenditures			10,794,196	
OTHER FINANCING SOURCES (USES)				
Transfers In			146,842	
Transfers Out			(3,738,198)	
Total Other Financing Sources (Uses)			(3,591,356)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			7,202,840	
Reconciling Items				
Changes Affected by Accrued Revenues			172,653	
Changes Affected by Accrued Expenditures			92,525	
Fund Balances - Beginning of Year			49,421,841	
Fund Balances - End of Year			\$ 56,889,859	

Notice that the final budget is more than the original budget. The final budget amounts include the original budget plus grant appropriations, transfers, and other legally adopted adjustments to the original budget - such as unanticipated revenues. See CAFR pages 22-23 for additional details.

This section reconciles the above cash basis revenue and expenditures with the modified accrual basis used in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances (CAFR page 31).

The Idaho Constitution prohibits expenditures exceeding the final approved budget. This last column is obtained by subtracting actual expenditures from the final budget amount. A positive figure indicates the program stayed within its budget.

Ada County
Required Supplementary Information
Budgetary Comparison Schedule

The information in a budgetary comparison schedule will help you judge the County's compliance with its budget and assess the County's fiscal management capacity.

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Cash Basis)
For the Year Ended September 30, 2011

The original budget includes the original adopted budget and legally authorized adjustments made before the beginning of the fiscal year. The final budget includes the original budget with all changes made subsequent to the start of the year.

CHARITIES AND WELFARE MAJOR SPECIAL REVENUE FUND	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 8,943,673	\$ 8,943,673	\$ 8,914,801	\$ (28,872)
Intergovernmental	-	-	3,610	3,610
Charges for services	100,000	100,000	304,853	204,853
Miscellaneous	-	-	3,717	3,717
Total revenues	<u>9,043,673</u>	<u>9,043,673</u>	<u>9,226,981</u>	<u>183,308</u>
Expenditures:				
Current-				
Health and welfare				
Personal services	1,193,887	1,193,887	1,149,898	43,989
Other services and charges	7,849,786	8,529,786	8,528,445	1,341
Total expenditures	<u>9,043,673</u>	<u>9,723,673</u>	<u>9,678,343</u>	<u>45,330</u>
Excess (deficiency) of revenues over expenditures and other uses, cash basis			<u>(451,362)</u>	
OTHER FINANCING SOURCES (USES)				
Transfers In			1,647,643	
Transfers Out			<u>(29,391)</u>	
Total Other Financing Sources (Uses)			<u>1,618,252</u>	
Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses			1,166,890	
Reconciling Items				
Changes Affected by Accrued Revenues			29,391	
Changes Affected by Accrued Expenditures			<u>(1,249,248)</u>	
Fund Balances - Beginning of Year			<u>680,698</u>	
Fund Balance - End of Year			<u>\$ 627,731</u>	

Notice that the final budget is more than the original budget. The final budget amounts include the original budget plus any grant appropriations, transfers, and other legally adopted adjustments to the original budget - such as unanticipated revenues.

The Idaho Constitution prohibits expenditures exceeding the final approved budget. This last column is obtained by subtracting actual expenditures from the final budget amount. A positive figure indicates the program stayed within its budget.

This section reconciles the above cash basis revenue and expenditures with the modified accrual basis used in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances (CAFR page 31).

The note to the required supplementary information - basis of budgeting - is an integral part of this schedule.