

**COUNTY OF EL DORADO**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2011**

**COUNTY OF EL DORADO  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011**

Table of Contents

	<u>Page</u>
Independent Auditor’s Report.....	1-2
Management’s Discussion and Analysis (Required Supplementary Information).....	3-16
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	17
Statement of Activities.....	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	19
Reconciliation of the Governmental Funds Balance Sheet to the Governmental-Wide Statement of Net Assets.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Governmental-Wide Statement of Activities .....	22
Proprietary Funds:	
Statement of Fund Net Assets .....	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	24
Statement of Cash Flows.....	25-26
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	27
Statement of Changes in Fiduciary Net Assets .....	28
Notes to the Basic Financial Statements .....	29-66
Required Supplementary Information:	
Schedules of Funding Progress – Pension and Retiree’s Health Benefit.....	67
Budgetary Comparison Schedule – General Fund.....	68-80
Budgetary Comparison Schedule – Road Fund.....	81-82
Budgetary Comparison Schedule – Mental Health.....	83-84
Budgetary Comparison Schedule – Silva Valley Interchange RIF Fund .....	85-86
Notes to the Budgetary Comparison Schedule .....	87

**COUNTY OF EL DORADO  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011**

Table of Contents

	<u>Page</u>
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Internal Service Funds:	
Combining Statement of Fund Net Assets .....	88
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	89
Combining Statement of Cash Flows.....	90-91



**INDEPENDENT AUDITOR’S REPORT**

To the Board of Supervisors of  
the County of El Dorado  
Placerville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California (the County) as of and for the year ended June 30, 2011, which collectively comprise the County’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County’s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the El Dorado County Transportation Commission, the Children and Families Commission, and the El Dorado County Transit Authority as of and for the year ended June 30, 2011, which represents the following percentages of assets, liabilities and revenues of the opinion units as noted below:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>
Discretely Presented Component Units	100%	100%	100%
Aggregate Remaining Funds	1%	1%	--

Those basic financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control over financial reporting. Accordingly we express no such opinion. 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 audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California, as of June 30, 2011, and the

To the Board of Supervisors of  
the County of El Dorado  
Placerville, California

respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover, dated March 28, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Gallina LLP*

Roseville, California  
March 28, 2012



# County of El Dorado

## OFFICE OF AUDITOR-CONTROLLER

360 FAIR LANE  
PLACERVILLE, CALIFORNIA 95667  
(530) 621-5487

**JOE HARN**  
Auditor-Controller

**BOB TOSCANO**  
Assistant Auditor-Controller

March 28, 2012

Members of the Board of Supervisors and  
Citizens of El Dorado County:

This *Management's Discussion and Analysis* and letter of transmittal of the County of El Dorado's (County) financial statements presents a narrative overview and analysis of the County's financial activities during the fiscal year ended June 30, 2011. Please read it in conjunction with the County's financial statements following this section.

### FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$481.4 million (net assets). Of this, \$26.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$109.1 million is restricted for specific purposes (restricted net assets), and \$345.8 million is invested in capital assets, net of depreciation and related debts.
- The total fund balances for the County's governmental funds amounted to \$178.1 million, an increase of \$5.8 million from the prior year. Approximately \$112.1 million of this total, or 62.9 percent, is either nonspendable or restricted for specific uses; and \$66.1 million, or 37.1 percent, is unrestricted to meet the County's current and future spending needs.
- At the end of the fiscal year the County's primary operating fund, the General Fund, had a fund balance of \$36.5 million. Approximately \$4.1 million is either nonspendable or restricted for specific uses. The remaining \$32.4 million, which approximates to 20.3 percent of the General Fund's total expenditures for the year, is unrestricted.
- The County's investment in capital assets as of June 30, 2011 was \$346.0 million. This balance consisted of \$341.9 million for governmental activities and \$4.1 million for business-type activities.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements and

3) Notes to the financial statements. Required Supplementary Information is included in addition to the financial statements.

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

The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator in determining if the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but uncollected revenues and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include Airports and South Lake Tahoe Transit.

Component units are included in our financial statements and consist of legally separate entities for which the County is financially accountable and that have boards that have been substantially appointed by the County Board of Supervisors and/or provide services entirely to the County. Component units of the County include the El Dorado Transit Authority, Children and Families Commission, and the El Dorado County Transportation Commission.

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

**Governmental Funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on current *in-flows and outflows of spendable resources* as well as the *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financial position and the financial resources available in the near future to support the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

In addition to the *General Fund*, the County maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, and permanent funds). Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Major governmental funds include the *General Fund*, the *Road Fund*, the *Mental Health Fund*, and the *Silva Valley Interchange Road Impact Fee (RIF) Fund*. All other non-major governmental funds are presented in aggregate as *Other Governmental Funds*.

***Proprietary funds*** are comprised of *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for South Lake Tahoe Transit and County Airports. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds for its self-insurance (Risk Management Authority), which includes general liability, workers' compensation, employee health benefits, retiree health benefits, and for its fleet operations and maintenance (Fleet Management). Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

*Proprietary fund* financial statements provide similar information as the government-wide financial statements, only in more detail. These statements present the County's *business type activities- enterprise funds* and *governmental activities- internal service funds*. The *proprietary fund statements* present each of the County's *enterprise funds* (South Lake Tahoe Transit and County Airports) separately and in aggregate, along with the aggregate of the *internal service funds* activity. Additional *internal service funds* financial statements have been provided for Fleet Management and the Risk Management Authority, which provide the detail for each of these funds.

***Fiduciary funds*** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The County retains and reports Investment Trust, Private Purpose Trust, and Agency type fiduciary funds.



**Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** consists of *funding progress schedules* for the pension benefits and other post-employment benefits and the *County's General Fund and major fund budgetary comparison schedules* to demonstrate compliance with the County's adopted budget.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets can serve over time as a useful indicator of whether the County's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. The county's assets exceeded its liabilities by \$481.4 million at June 30, 2011. A comparative analysis of government-wide data is presented below.

### Net Assets June 30, (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	\$ 267,385	\$ 264,642	\$ 338	\$ 241	\$ 267,723	\$ 264,883
Capital assets	341,974	369,572	4,075	3,934	346,049	373,506
Total assets	609,359	634,214	4,413	4,175	613,772	638,389
Liabilities:						
Current and other liabilities	38,797	39,660	195	114	38,992	39,774
Long-term liabilities	93,342	78,164	20	25	93,362	78,189
Total liabilities	132,139	117,824	215	139	132,354	117,963
Net Assets:						
Invested in capital assets, net of related debt	341,756	369,045	4,070	3,923	345,826	372,968
Restricted net assets	109,100	143,141	41	41	109,141	143,182
Unrestricted net assets	26,364	4,204	87	72	26,451	4,276
Total net assets	\$ 477,220	\$ 516,390	\$ 4,198	\$ 4,036	\$ 481,418	\$ 520,426

### Analysis of Net Assets

By far the largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, structures and improvements, and equipment), less any related debt

used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these net assets are not available for future spending.

An additional portion of the County's net assets, \$109.1 million or 22.7 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$26.5 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the most current fiscal year, the County is able to report positive balances in all three categories of net assets, for the government as a whole. The following table indicates the changes in net assets for governmental and business-type activities:

**Change in Net Assets  
June 30,  
(in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 39,274	\$ 40,132	\$ 609	\$ 722	\$ 39,883	\$ 40,854
Operating grants and contributions	143,733	147,091	1	-	143,734	147,091
Capital grants and contributions	4,148	14,597	445	362	4,593	14,959
General Revenues:						
Taxes	99,475	104,064	-	-	99,475	104,064
Use of money and property	720	751	1	1	721	752
Other revenues	10,014	5,005	2	-	10,016	5,005
Total revenues	<u>297,364</u>	<u>311,640</u>	<u>1,058</u>	<u>1,085</u>	<u>298,422</u>	<u>312,725</u>
<b>Expenses</b>						
General government	29,672	33,931	-	-	29,672	33,931
Public protection	105,962	108,467	-	-	105,962	108,467
Public ways and facilities	59,386	66,911	-	-	59,386	66,911
Health and sanitation	59,147	51,368	-	-	59,147	51,368
Public assistance	53,089	50,854	-	-	53,089	50,854
Education	4,071	3,805	-	-	4,071	3,805
Recreation and culture	708	728	-	-	708	728
Interest on long-term debt	30	112	-	-	30	112
Airports	-	-	1,004	1,126	1,004	1,126
SLT Transit Program	-	-	60	371	60	371
Total expenses	<u>312,065</u>	<u>316,176</u>	<u>1,064</u>	<u>1,497</u>	<u>313,129</u>	<u>317,673</u>
Excess (deficiency) before special items and transfers	(14,701)	(4,536)	(6)	(412)	(14,707)	(4,948)
Transfers	(168)	(72)	168	72	-	-
Change in net assets	<u>(14,869)</u>	<u>(4,608)</u>	<u>162</u>	<u>(340)</u>	<u>(14,707)</u>	<u>(4,948)</u>
Net assets at beginning of year	516,390	520,998	4,036	4,376	520,426	525,374
Restate net assets, see a)	(24,301)	-	-	-	(24,301)	-
Net assets at beginning of year – restated	<u>492,089</u>	<u>520,998</u>	<u>4,036</u>	<u>4,376</u>	<u>496,125</u>	<u>525,374</u>
Net assets at end of year	<u>\$ 477,220</u>	<u>\$ 516,390</u>	<u>\$ 4,198</u>	<u>\$ 4,036</u>	<u>\$ 481,418</u>	<u>\$ 520,426</u>

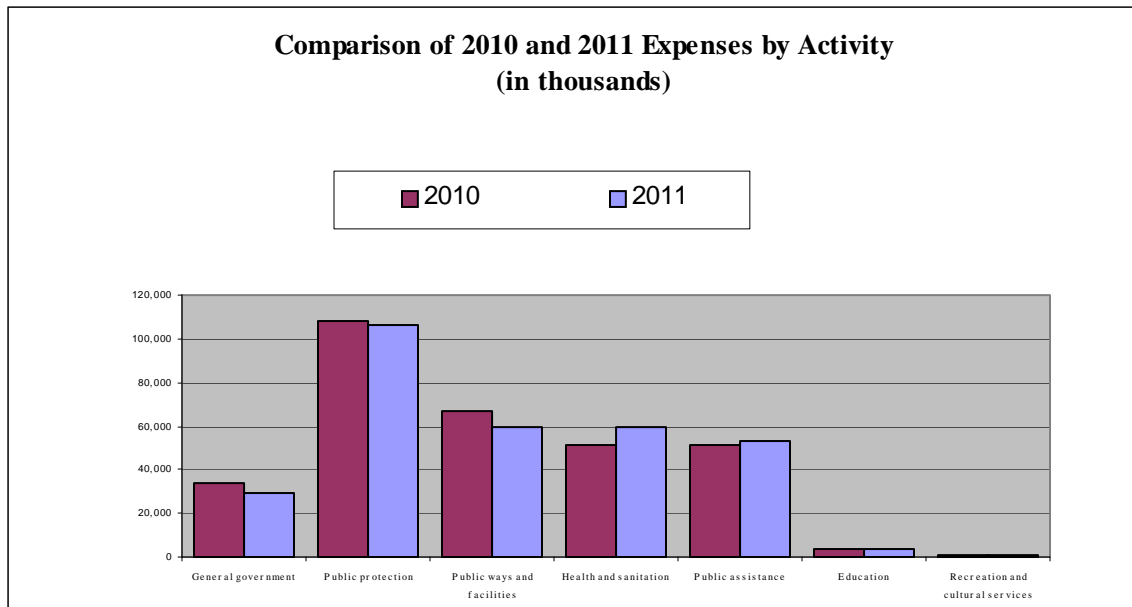
a) The net assets at the beginning of 2011 were reduced by \$24.3 million. This was an adjustment to eliminate \$31.8 State owned road improvements, net of \$7.5 million of accumulated depreciation.

**Governmental activities.** The County experienced an overall decrease in net assets of \$14.7 million in 2011, compared to a \$4.9 million decrease in 2010. This is almost entirely attributable to *governmental activities* and \$9.8 million greater than the prior year’s decrease. This decrease in net assets was the result of a 4.6 percent decrease in revenues accompanied by a lesser (1.4) percent decrease in expenses when compared to the prior year. The largest dollar revenue decrease, \$10.4 million or 69.3 percent, occurred in the capital grants and contributions category. Conversely, other revenues actually doubled when compared to prior year. This \$5.0 million increase was almost entirely attributable to a \$5.8 million increase in other revenues received from insurance, third party settlements and the United States Forest Service for the Meyers Landfill Site.

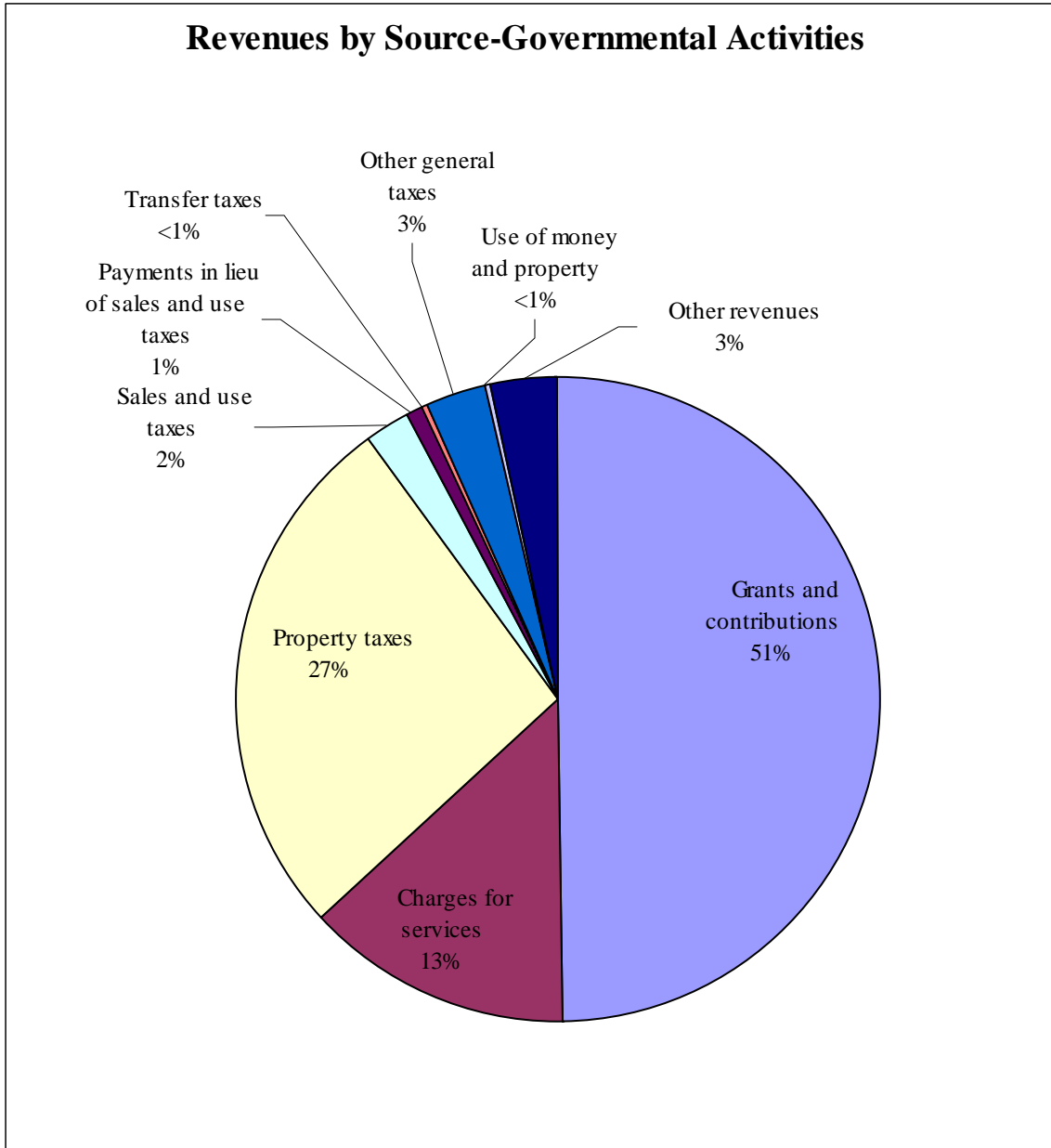
As mentioned, while total revenues decreased by 4.6 percent, total expenses decreased by 1.4 percent in 2011 when compared to 2010. Further, while reductions occurred in most functional areas, a significant increase in expenses occurred under the health and sanitation function (15.1 percent). Again, this increase was almost entirely attributable to a \$7.2 million increase in health and sanitation expenses incurred for the Meyers Landfill Site.

All functional expenses were significantly impacted by the recognition of the OPEB Retiree Health obligation. The annual Retiree Health cost alone increased expenses and reduced the County’s net assets by \$20.8 million and \$19.5 million in 2011 and 2010 respectively. Further, with County Risk Management reverting back to the “pay-as-you-go” basis for the funding of these benefits in 2010, any resulting budget and expenditure reductions realized during the year at the governmental fund level were eliminated at the entity-wide level as the Risk Management Authority’s \$19.1 million operating loss was spread to each function.

Below is a graph that presents a comparison of 2010 and 2011 expenses under each of the governmental activities,



Following is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (51 percent), property taxes (27 percent), and charges for services (13 percent),



**Business-type activities.** Business-type activities increased the County’s net assets by \$162 thousand. This net increase is the result of \$395 thousand in operating losses, reduced by net non-operating revenues of over \$3 thousand, net transfers of \$168 thousand, and net capital grants and contributions of \$385 thousand.

Similar to prior years, the County Airports continue to operate at a loss, \$395 thousand in 2011 compared to \$481 thousand last year. As in prior years, both the Placerville and Georgetown Airports had a loss from operations, whereby operating expenses exceeded operating revenues (charges for services).

To help finance the operations of business-type activities in 2011, County governmental funds contributed \$173 thousand to the County Airports during the year.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

***Governmental funds.*** Governmental activities are accounted for under the General, special revenue, permanent, debt service, and capital project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's short-term financing requirements. In particular, the expendable and unrestricted fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of June 30, 2011 the County's governmental funds reported a combined ending fund balance of \$178.1 million, compared to the \$172.3 million fund balance of the previous year. Approximately 37.1 percent of this fund balance, or \$66.1 million, is unrestricted and thus is available to meet the County's current and future spending needs. The remainder of the fund balance is either not available to spend or restricted for specific uses.

The General Fund is the chief operating fund of the County. As of June 30, 2011, the General Fund's unrestricted fund balance was \$32.4 million; an increase of \$5.3 million from last year's unreserved fund balance of \$27.1 million. This increase is mostly due to a net change (increase) in the General Fund's balance of \$4.7 million during the year, plus a \$592 thousand decrease in the General Fund's restricted fund balance.

The June 30, 2011 unrestricted fund balance, as compared to General Fund expenditures for the year, is approximately 20.3 percent, compared to 17.0 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 74 days, compared to 62 days last year.

In addition to the General Fund, the County maintains three major governmental funds, the Road Fund, the Mental Health Fund, and the Silva Valley Interchange Road Impact Fee (RIF) Fund. The Road Fund accounts for the planning, design, construction, maintenance, and administration of the County's transportation activities (public ways and facilities). The Road Fund recorded revenues of \$33.3 million in 2011, compared to \$42.6 million last year. This \$9.3 million decrease was primarily due to \$8.4 million

decrease in intergovernmental revenues and \$684 thousand decrease in charges for services. Similarly, expenditures decreased from \$58.0 million in 2010 to \$50.8 million in 2011. Thus, the \$9.3 million decline in revenues was offset by a \$7.2 million reduction in expenditures, and resulted in a \$17.5 million deficiency of revenues to expenditures compared to \$15.4 million deficit last year. However, due to a \$10.0 million decrease in the transfers in from other funds, the relative net change in fund balance went from a \$5.2 million increase in fiscal year 2010 to a \$6.8 million decrease in 2011.

The Mental Health Fund accounts for the administration and provision of mental health services to promote mental health and public safety, prevent mental illness, and serve persons with mental illness and severe emotional disorders. In 2011 the Mental Health Fund experienced an operating deficit of \$2.9 million, compared to a \$2.3 million operating deficit in 2010. Specifically, while revenues decreased by \$451 thousand, expenditures increased by \$212 thousand. Similar to prior years, additional transfers in from other funds eliminated the operating deficit and resulted in a net increase in fund balance of \$196 thousand, compared to \$854 thousand last year. Also similar to last year, transfers of \$3.2 million came from the Mental Health Realignment Fund. As of June 30, 2011, the 2008 General Fund advance of \$3.3 million remains outstanding and has not been repaid.

The Silva Valley Interchange Road Impact Fee (RIF) Fund is also a major fund. However, and unlike the Mental Health Fund, this major fund designation is due to the fund's cash or assets rather than its liabilities. Specifically, the Silva Valley Interchange RIF Fund had over \$21.6 million in cash as of June 30, 2011. Further, this fund's cash increased by \$1.1 million during the year. With just \$62 thousand in revenue (interest) and \$357 thousand in transfers out to other funds, this increase in cash is primarily due to the repayment of a \$1.4 million advance to the El Dorado Hills Traffic Impact Mitigation (TIM) fee special revenue fund.

The combined governmental fund balances increased by \$5.8 million during 2011, compared to a \$4.1 million increase last year. This increase in the governmental fund balances was the result of expenditures decreasing by 1.5 percent, \$287.1 million in 2011 compared to \$291.5 million in 2010, accompanied by a slighter decrease (less than one percent) in revenues, \$293.1 million in 2011 compared to \$295.6 million in 2010.

***Proprietary funds.*** As described earlier, when certain activities are performed for which user fees or charges are designed to cover expenditures, proprietary funds are used. The County accounts for both governmental activities (internal service funds) and business-type activities (enterprise funds) using these types of funds.

The internal service funds include the Fleet Management and Risk Management Authority funds. In fiscal year 2011, the Fleet Management realized net operating loss of just over one thousand dollars, the Risk Management Authority a net operating loss of \$19.1 million. The loss by Risk Management is almost entirely attributable to the recognition of the OPEB Retiree Health obligation. In prior fiscal years this obligation

was partially funded in addition to pay-as-you-go via the Retiree Health internal service rates charges to the various County departments and programs. In fiscal year 2010 this practice was discontinued and the County reverted back to a pay-as-you-go basis. Thus, while this pay-as-you-go funding reduced the expenditures incurred at the governmental fund level, the recognition of this liability and expense by the Risk Management Authority has resulted in a deficit fund equity. Further, none of these costs were passed to the other funds, programs, or restricted funding sources via the internal service fund rates.

Similar to last year, and in addition to pay-as-you-go expenses, the Risk Management Authority paid \$2.5 million to individual employee health savings accounts in fiscal year 2011 as part of a retirement incentive. Since the source of this funding was the Retiree Health Plan rates charged to county departments over a several year period, it is uncertain if the General Fund will be required to reimburse the Risk Management Authority for these health savings plan contributions or rebate these funds to the individual departments and programs that contributed these funds through the internal service fund's Retiree Health Plan rates.

Business-type activities are accounted for under enterprise funds and include the South Lake Tahoe Transit Authority and County Airports; see the business-type activities section for a further discussion regarding the County Airports.

## **GENERAL FUND BUDGETARY ANALYSIS**

The original and the final amended budgeted revenues and expenditures increased by \$1.5 million, or less than one percent. The largest of the revenue budget modifications included:

- \$517 thousand increase in other financing sources,
- \$483 thousand increase in Federal intergovernmental revenues,
- \$427 thousand increase in State intergovernmental revenues,

While the largest expenditure budget modifications included:

- \$84 thousand increase to the Sheriff's budgeted services and supplies,
- \$393 thousand increase to the Sheriff's budgeted fixed assets,
- \$80 thousand increase to the Development Services Building Inspector's salaries and benefits.
- \$270 thousand decrease to the Social Services Administration salaries and benefits budget,
- \$248 thousand decrease to the Social Services Administration fixed assets budget,
- \$200 thousand increase to the Social Services Administration services and supplies budget,
- \$260 thousand increase to the Social Service Programs services and supplies budget,
- \$291 thousand increase to the County Library's salaries and benefits budget,

- \$185 thousand increase to the County Library’s services and supplies budget, and
- \$135 thousand increase to the appropriations for contingency,

The overall variance between final revenues budgeted and the actual amounts received were minor, with a negative variance of \$452 thousand or less than one percent. Specifically, compared to a final resource budget of \$183.0 million, actual funding equaled \$182.6 million. However, this relative small net variance consisted of significant budget to actual variances among the estimated and actual resource or revenue classifications, including but not limited to, taxes and assessments (\$2.3 million over budget), State revenues (\$4.7 million over budget), Federal revenues (\$1.7 million under budget), charges for services (\$294 thousand over budget) and other financing sources (\$6.5 million under budget).

The differences between the budgeted (not including contingency) and actual expenditures were significant. Specifically, expenditures fell \$12.4 million or 6.5 percent below the final budget. Variances occurred under each of the governmental activities, whereby departments’ expenditures fell below projections, the most significant of which included:

- General Government – Actual expenditures fell below final budget by \$4.0 million or 8.6 percent. While almost all of the general government operating units had expenditures that fell below their final budget, some showed considerable differences (budget exceeded actual expenditures by over \$200 thousand), including the Auditor-Controller, Buildings and Grounds, Real Property, County Promotion, Information Technologies, and Contributions to Other Funds. There were also departments under general government that exceeded their final budget. Those that exceeded their final budget were the Elections Department and contributions to the County Airports.
- Public Protection – Actual expenditures fell below final budget by \$7.1 million or 7.3 percent. Similar to the general government function, most of the departments under public protection fell below their budgets, with many departments falling significantly below budget (budget exceeded actual expenditures by over \$200 thousand) including District Attorney, Sheriff, Sheriff Central Dispatch, Jail, Juvenile Hall, Probation, Building Inspector, and Emergency Services.
- Health and Sanitation Environmental Management – Actual expenditures fell below final budget by \$271 thousand or 11.7 percent with salaries and benefits making up the majority, falling below budget by \$146 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$738 thousand or 1.9 percent under budget, mostly due to the Social Services Administration and Programs Unit falling below budget by \$1.0 million and \$255 thousand respectively. Public Assistance’s Categorical Aids, however, exceeded its budget by \$632 thousand.

In general, County management’s practice of over budgeting both General Fund inflows and outflows continues. Further, while budget amendments and adjustments lessened the gap between budgeted and actual revenues, the opposite was true of the amendments to



budgeted expenditures. Specifically, the budgeted expenditures, not including contingency, increased from \$188.8 million to \$190.2 million. The General Fund's actual expenditures were \$177.8 million in 2011, or \$12.4 million less than was budgeted.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$346.0 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Additions to capital assets totaled \$20.4 million in 2011.

Major capital asset additions during the current fiscal year included the following:

- \$1.6 million in additions to the land and land improvements, consisting of \$1.3 million in land purchases, \$207 thousand in right of way purchases for County roads, and \$106 thousand in land improvements to the Georgetown Airport,
- \$2.2 million in new road construction, including \$600 thousand for the Sophia Parkway and \$404 thousand for the US 50 and Missouri Flat Interchange,
- \$5.6 million in road reconstruction, including the Pioneer Trail (\$651 thousand), Latrobe Road (\$933 thousand), Latrobe Road Suncastr Lane to Golden Foothill South (\$677 thousand) and Green Valley Road at Tennessee Creek Bridge Replacement (\$522 thousand) projects,
- \$1.5 million for signals, safety and lighting,
- \$2.3 million for storm drains,
- \$4.1 million in donated roads – specifically road improvements made by AKT Development Corporation for Promontory Beatty Drive,
- \$2.0 million in equipment, including \$929 thousand in road construction and maintenance equipment, \$75 thousand grounds and building maintenance equipment, \$124 thousand in law enforcement electronic data processing equipment, \$86 thousand in law enforcement officer equipment, and \$600 thousand for 22 new vehicle purchases by Fleet Management.

Additional information on the County's capital assets can be found in note 4 in the notes to the financial statements.

**Debt Administration and Long-Term Debt.** As of June 30, 2011 the County's outstanding long-term debt totaled \$3.5 million. The components of this obligation consist of \$3.2 million notes payable and \$218 thousand in capital lease obligations.

In addition to long-term debt, the County has long-term liabilities of \$95.9 million associated with compensated absences (\$13.1 million), landfill closure (\$8.1 million), self-insurance (\$16.7 million), and other post-employment benefits (\$58.0 million). Additional information on the County's long-term debt can be found in note 6 in the

notes to the financial statements. Additional information on the County's other obligations follows.

**OTHER COUNTY OBLIGATIONS**

**Post Employment Retirement Benefits.**

The County has contractually obligated itself with various labor organizations to provide post employment retirement benefits to its employees and former employees. As a result, the County has assumed significant unfunded obligations to its retirees and future retirees. These obligations are described in the notes to the financial statements, and the Retiree's Health obligation has been partially presented, in year four of a 20-year amortization, as a liability on the County's financial statements.

As of June 30, 2011 the County calculated its unfunded liability at \$411.6 million, based on the market value of assets and actuarial reports dated June 30, 2010. The resulting computation of the unfunded liability as of June 30, 2010 may be summarized as follows:

<b>Post Retirement Benefit Plan</b>	<b>Liability</b>	<b>Market Value of Plan Assets</b>	<b>Unfunded Liability (UL)</b>
CalPERS Safety	\$ 213,403,602	\$ 128,647,899	\$ 84,755,703
CalPERS Misc	463,646,274	304,007,643	159,638,631
Retiree's Health	167,183,000	--	167,183,000
<b>Total</b>	<b>\$ 844,232,876</b>	<b>\$ 432,655,542</b>	<b>\$ 411,577,334</b>

The above Retiree's Health liability of \$167.2 million is based on the assumption that the Board of Supervisors will not enforce a cap on the County's contribution as required by generally accepted accounting principles. Because the Retiree's Health benefit plan is a defined benefit plan, generally accepted accounting principles require the County to recognize its retiree's health obligation without the cap limitation for financial reporting purposes until such cap is enforced and thereby begins to alter the established pattern of shared costs. Further, while employee benefits exceeded the 1.2% cap in fiscal year 2011, the Board did not vote to enforce this cap or modify benefits. The Retiree's Health actuarial value of plan assets is valued at zero because the assets are not held in a qualifying trust. However, the County has charged departments and programs to set aside cash to fund this obligation, which as of June 30, 2011 and 2010 totaled \$13,109,464 and \$16,014,759 respectively.

During the 2011 fiscal year, the County used a portion of the Retiree Health fund's cash for early retirement incentives. In addition, the County continued its practice of pay-as-you-go basis. Since the Retiree Health Plan's internal service rates charged to the County departments in 2011 were designed to recover only the pay-as-you-go costs, there was a \$2,905,296 reduction in the Retiree Health Plan's internal service fund's assets. Further, while this was due in part to the under-funding of pay-as-you-go costs in 2011 (\$2,200,487 actual pay-as-you-go expenses less the \$1,789,995 Retiree Health charges

for services to departments), most of this reduction was due to the \$2,511,616 of early retirement incentives paid by the fund during the fiscal year. It is uncertain at this time whether the State, as the County's federal oversight agency, will require the refund of the early retirement incentives that have been paid from the Retiree Health fund.

### **Meyers Landfill Site.**

The Meyers Landfill Site is located south of Lake Tahoe, about two miles northeast of Meyers, California. The landfill was in operation from 1947 through 1971 under a Special Use Permit from the Forest Service. At the request of the Forest Service, the site was closed in 1973 and covered with a soil cap of sandy material.

In May 1975, complaints regarding the landfill prompted an investigation by the Lahonton Regional Water Quality Control Board (LRWQCB). In June 1975 the LRWQCB issued a Clean-up and Abatement Order No. 75-5 to the Forest Service and the County.

The County did extensive work between 1975 and 1977 to help mitigate some of the problems. Between 1991-1994 the Forest Service began monitoring ground water for contaminants. In August 1996 vinyl chloride was detected. Because of this finding, the Forest Service issued an Action Memorandum, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act to close the site to the public and to continue sampling.

In 2001 the U.S. government initiated a suit against El Dorado County and City of South Lake Tahoe. The County in turn sued the large private users of the landfill and a settlement with those companies was reached in December 2009 that specified a payment of \$1.25 million into an account held by the Court Registry. Those funds have now been transferred to the County and have been reported as other revenues.

Additional revenues associated with the Meyers Landfill Site are from the county's insurance carrier as part of the settlement for \$1,650,000. There was also \$1,612,349 received from the Forest Service for their share of the settlement and \$1,367,152 from a disbursement account held by the Forest Service. The latter funds are from the settlements paid by the City of South Lake Tahoe, \$622,000, and South Tahoe Refuse, \$1,000,000.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the El Dorado County Auditor-Controller, 360 Fair Lane, Placerville, California 95667.

**BASIC FINANCIAL STATEMENTS –  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**COUNTY OF EL DORADO**

Statement of Net Assets  
June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 230,052,260	\$ 62,325	\$ 230,114,585	\$ 6,919,250
Restricted cash and investments	1,727,046	40,759	1,767,805	787,846
Cash with fiscal agents	246,963	--	246,963	--
Accounts receivable	4,731,834	1,410	4,733,244	82,128
Special assessments receivable	145,989	--	145,989	--
Interest receivable	--	--	--	1,390
Due from other governments	22,425,280	182,941	22,608,221	2,581,076
Notes receivable	3,401,322	--	3,401,322	--
Inventory and prepayments	1,621,683	84,022	1,705,705	132,413
Internal balances	33,000	(33,000)	--	--
Notes receivable, long term	3,000,000	--	3,000,000	--
Capital Assets:				
Nondepreciable	50,851,206	715,101	51,566,307	639,659
Depreciable, net	291,122,591	3,359,644	294,482,235	9,876,922
Total Assets	<u>\$ 609,359,174</u>	<u>\$ 4,413,202</u>	<u>\$ 613,772,376</u>	<u>\$ 21,020,684</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,675,956	\$ 177,411	\$ 11,853,367	\$ 251,072
Accrued expenses	--	--	--	112,597
Accrued salaries and benefits	5,287,363	8,425	5,295,788	8,265
Accrued interest payable	644	161	805	--
Due to other governments	3,867,048	2,796	3,869,844	2,327,950
Unearned revenue	11,687,855	--	11,687,855	2,885,229
Other liabilities	189,605	--	189,605	--
Long-term liabilities:				
Liability for other post-employment benefits:				
Due beyond one year	58,034,507	--	58,034,507	--
Liability for self-insurance:				
Due within one year	4,265,789	--	4,265,789	--
Due beyond one year	12,441,925	--	12,441,925	383,505
Liability for landfill closure and post-closure:				
Due beyond one year	8,109,469	--	8,109,469	--
Compensated absences:				
Due within one year	1,719,238	2,905	1,722,143	234,580
Due beyond one year	11,397,900	19,440	11,417,340	158,108
Other liabilities:				
Due within one year	292,834	3,567	296,401	--
Due beyond one year	3,168,578	930	3,169,508	--
Total Liabilities	<u>132,138,711</u>	<u>215,635</u>	<u>132,354,346</u>	<u>6,361,306</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	341,756,186	4,070,248	345,826,434	10,516,581
Restricted for:				
Capital projects	8,721,406	--	8,721,406	--
Debt service	189,605	--	189,605	--
Public safety	11,887,439	--	11,887,439	--
Community resources and public facilities	52,013,552	--	52,013,552	--
Health and public assistance	27,695,694	--	27,695,694	--
General government and support programs	7,636,902	--	7,636,902	--
Other purposes	955,925	40,759	996,684	902,696
Unrestricted	26,363,754	86,560	26,450,314	3,240,101
Total Net Assets	<u>477,220,463</u>	<u>4,197,567</u>	<u>481,418,030</u>	<u>14,659,378</u>
Total Liabilities and Net Assets	<u>\$ 609,359,174</u>	<u>\$ 4,413,202</u>	<u>\$ 613,772,376</u>	<u>\$ 21,020,684</u>

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

**COUNTY OF EL DORADO**

Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 29,671,902	\$ 7,991,863	\$ 6,284,331	\$ --
Public protection	105,961,950	11,142,201	22,605,401	--
Public ways and facilities	59,385,817	4,504,226	37,181,492	4,147,578
Health and sanitation	59,146,765	14,386,352	30,120,930	--
Public assistance	53,088,721	609,969	47,193,719	--
Education	4,071,279	430,864	346,925	--
Recreation and cultural services	708,245	208,245	--	901
Debt Service:				
Interest and fiscal charges	29,700	--	--	--
Total Governmental Activities	<u>312,064,379</u>	<u>39,273,720</u>	<u>143,732,798</u>	<u>4,148,479</u>
Business-Type Activities:				
Airports	1,004,522	608,827	1,341	444,926
South Lake Tahoe Transit Program	59,930	--	--	--
Total Business-Type Activities	<u>1,064,452</u>	<u>608,827</u>	<u>1,341</u>	<u>444,926</u>
<b>Total Primary Government</b>	<u>\$ 313,128,831</u>	<u>\$ 39,882,547</u>	<u>\$ 143,734,139</u>	<u>\$ 4,593,405</u>
<b>Components Units:</b>				
El Dorado Transit Authority	\$ 6,129,351	\$ 1,416,223	\$ 3,625,095	\$ 316,039
Children and Families Commission	2,123,177	--	1,285,784	--
El Dorado County Transportation Commission	<u>1,155,653</u>	<u>--</u>	<u>1,255,116</u>	<u>--</u>
<b>Total Component Units</b>	<u>\$ 9,408,181</u>	<u>\$ 1,416,223</u>	<u>\$ 6,165,995</u>	<u>\$ 316,039</u>

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Payments in lieu of sales and use taxes

Transfer taxes

Other general taxes

Unrestricted interest and investment earnings

Other revenues

Extraordinary items

Transfers

Total General Revenues, Transfers and Extraordinary Items

Change in Net Assets

Net assets - July 1, restated

Net assets - June 30

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

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (15,395,708)	\$ --	\$ (15,395,708)	\$ --
(72,214,348)	--	(72,214,348)	--
(13,552,521)	--	(13,552,521)	--
(14,639,483)	--	(14,639,483)	--
(5,285,033)	--	(5,285,033)	--
(3,293,490)	--	(3,293,490)	--
(499,099)	--	(499,099)	--
(29,700)	--	(29,700)	--
<u>(124,909,382)</u>	<u>--</u>	<u>(124,909,382)</u>	<u>--</u>
--	50,572	50,572	--
<u>--</u>	<u>(59,930)</u>	<u>(59,930)</u>	<u>--</u>
<u>--</u>	<u>(9,358)</u>	<u>(9,358)</u>	<u>--</u>
<u>(124,909,382)</u>	<u>(9,358)</u>	<u>(124,918,740)</u>	<u>--</u>
--	--	--	(771,994)
--	--	--	(837,393)
--	--	--	99,463
<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,509,924)</u>
80,619,434	--	80,619,434	--
6,518,983	--	6,518,983	--
2,107,712	--	2,107,712	--
1,240,679	--	1,240,679	--
8,988,155	--	8,988,155	--
720,431	452	720,883	40,310
10,014,150	2,265	10,016,415	53,116
--	--	--	(2,327,950)
(168,444)	168,444	--	--
<u>110,041,100</u>	<u>171,161</u>	<u>110,212,261</u>	<u>(2,234,524)</u>
(14,868,282)	161,803	(14,706,479)	(3,744,448)
492,088,745	4,035,764	496,124,509	18,403,826
<u>\$ 477,220,463</u>	<u>\$ 4,197,567</u>	<u>\$ 481,418,030</u>	<u>\$ 14,659,378</u>

**BASIC FINANCIAL STATEMENTS –  
FUND FINANCIAL STATEMENTS**



## COUNTY OF EL DORADO

### Balance Sheet Governmental Funds June 30, 2011

	General	Road Fund	Mental Health Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>						
Cash and investments	\$ 27,147,696	\$ 15,973,744	\$ 41,636	\$ 21,621,532	\$ 116,236,263	\$ 181,020,871
Restricted cash and investments	--	--	--	--	1,727,046	1,727,046
Accounts receivable	442,813	31,918	6	--	4,172,070	4,646,807
Special assessments receivable	--	--	--	--	145,989	145,989
Due from other governments	8,089,082	6,181,178	2,392,204	--	5,762,816	22,425,280
Notes receivable	--	--	--	--	3,401,322	3,401,322
Due from other funds	3,358,433	13,614	3,101,010	--	639,324	7,112,381
Advances to other funds	3,749,000	--	--	--	--	3,749,000
Inventories	--	671,013	--	--	57,080	728,093
Prepaid expenses	375,824	35,383	32,285	--	332,679	776,171
	<u>\$ 43,162,848</u>	<u>\$ 22,906,850</u>	<u>\$ 5,567,141</u>	<u>\$ 21,621,532</u>	<u>\$ 132,474,589</u>	<u>\$ 225,732,960</u>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 1,418,623	\$ 4,276,437	\$ 772,282	\$ --	\$ 3,593,412	\$ 10,060,754
Accrued salaries and benefits	3,956,271	612,155	289,183	--	399,917	5,257,526
Due to other governments	938,591	198,509	--	--	2,729,948	3,867,048
Due to other funds	284,481	--	--	--	6,794,900	7,079,381
Advances from other funds	--	--	3,319,000	--	430,000	3,749,000
Deferred revenue	28,157	8,038,696	--	--	9,514,965	17,581,818
Total Liabilities	<u>6,626,123</u>	<u>13,125,797</u>	<u>4,380,465</u>	<u>--</u>	<u>23,463,142</u>	<u>47,595,527</u>
<b><u>FUND BALANCES</u></b>						
Nonspendable	4,124,824	706,396	32,285	--	2,461,414	7,324,919
Restricted	--	9,074,657	--	21,621,532	74,038,021	104,734,210
Committed	1,782,596	--	--	--	17,398,139	19,180,735
Assigned	554,472	--	1,154,391	--	15,964,006	17,672,869
Unassigned	30,074,833	--	--	--	(850,133)	29,224,700
Total Fund Balances	<u>36,536,725</u>	<u>9,781,053</u>	<u>1,186,676</u>	<u>21,621,532</u>	<u>109,011,447</u>	<u>178,137,433</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 43,162,848</u>	<u>\$ 22,906,850</u>	<u>\$ 5,567,141</u>	<u>\$ 21,621,532</u>	<u>\$ 132,474,589</u>	<u>\$ 225,732,960</u>

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

## COUNTY OF EL DORADO

### Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets June 30, 2011

Fund Balance - total governmental funds	\$ 178,137,433
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	3,000,000
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	336,773,094
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	5,893,963
Internal service funds are used by the County to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	(21,768,459)
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(644)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Notes payable	(3,243,801)
Capital leases	(217,611)
Compensated absences	(13,054,438)
Liability for landfill closure and post-closure	(8,109,469)
Other long-term liabilities	<u>(189,605)</u>
Net assets of governmental activities	<u>\$ 477,220,463</u>

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

## COUNTY OF EL DORADO

### Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2011

	General	Road Fund	Mental Health Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 84,911,652	\$ 32,354	\$ --	\$ --	\$ 14,530,971	\$ 99,474,977
Licenses and permits	4,348,849	54,625	--	--	2,555,744	6,959,218
Intergovernmental revenue	61,697,042	31,886,858	5,362,024	--	44,804,824	143,750,748
Use of money or property	126,505	46,669	933	62,448	353,192	589,747
Charges for current services	11,749,231	822,887	391,259	--	17,080,422	30,043,799
Fines, forfeits and penalties	1,073,455	--	--	--	1,727,195	2,800,650
Other revenue	1,293,695	462,305	26,038	--	7,671,065	9,453,103
Total Revenues	<u>165,200,429</u>	<u>33,305,698</u>	<u>5,780,254</u>	<u>62,448</u>	<u>88,723,413</u>	<u>293,072,242</u>
<b>Expenditures:</b>						
Current:						
General government	24,548,538	--	--	--	1,894,722	26,443,260
Public protection	90,170,596	--	--	--	6,020,464	96,191,060
Public ways and facilities	--	47,278,124	--	--	757,725	48,035,849
Health and sanitation	1,520,681	--	8,573,314	--	46,572,909	56,666,904
Public assistance	38,726,302	--	--	--	11,310,883	50,037,185
Education	3,499,069	--	--	--	--	3,499,069
Recreation and cultural services	584,283	--	--	--	--	584,283
Capital outlay	315,922	3,372,197	122,735	--	1,346,848	5,157,702
Debt service:						
Principal	114,857	141,582	--	--	167,646	424,085
Interest and fiscal charges	13,212	6,060	--	--	10,860	30,132
Total Expenditures	<u>159,493,460</u>	<u>50,797,963</u>	<u>8,696,049</u>	<u>--</u>	<u>68,082,057</u>	<u>287,069,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,706,969</u>	<u>(17,492,265)</u>	<u>(2,915,795)</u>	<u>62,448</u>	<u>20,641,356</u>	<u>6,002,713</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	11,959,127	10,719,171	3,184,771	--	11,182,290	37,045,359
Transfers out	<u>(12,922,851)</u>	<u>--</u>	<u>(73,109)</u>	<u>(357,376)</u>	<u>(23,860,467)</u>	<u>(37,213,803)</u>
Total Other Financing Sources (Uses)	<u>(963,724)</u>	<u>10,719,171</u>	<u>3,111,662</u>	<u>(357,376)</u>	<u>(12,678,177)</u>	<u>(168,444)</u>
<b>Net change in fund balances</b>	4,743,245	(6,773,094)	195,867	(294,928)	7,963,179	5,834,269
Fund Balance - Beginning of Year	<u>31,793,480</u>	<u>16,554,147</u>	<u>990,809</u>	<u>21,916,460</u>	<u>101,048,268</u>	<u>172,303,164</u>
Fund Balance - End of Year	<u>\$ 36,536,725</u>	<u>\$ 9,781,053</u>	<u>\$ 1,186,676</u>	<u>\$ 21,621,532</u>	<u>\$ 109,011,447</u>	<u>\$ 178,137,433</u>

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

**COUNTY OF EL DORADO**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2011

Net change to fund balance - total governmental funds	\$	5,834,269
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlay 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.</p>		
Capital outlays	\$ 15,612,075	
Depreciation	<u>(22,254,695)</u>	(6,642,620)
<p>Disposal of capital assets: proceeds from the sale of capital assets are a financial resource in governmental funds, but only the net gain or loss is presented in the statement of activities.</p>		
		(588,879)
<p>Because long-term receivables will not be collected within the year, they are not considered available resources and are deferred in the governmental funds. Deferred revenues increased by this amount this year.</p>		
		(269,504)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		424,085
<p>Donated capital assets reported in the statement of activities do not result in the increase of current financial resources and, therefore, are not reported as revenues in governmental funds.</p>		
		4,130,529
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences		574,241
Change in accrued interest payable		432
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenues (expense) of the internal service funds is reported with governmental activities.</p>		
		<u>(18,330,835)</u>
Change in net assets of governmental activities		<u>\$ (14,868,282)</u>

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

**COUNTY OF EL DORADO**

Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake	Total	Internal
		Tahoe Transit		Service Funds
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and investments	\$ 60,531	\$ 1,794	\$ 62,325	\$ 49,031,389
Cash with fiscal agents	--	--	--	246,963
Accounts receivable	1,410	--	1,410	85,027
Due from other governments	182,941	--	182,941	--
Deposits	27,465	--	27,465	83,100
Inventory	56,557	--	56,557	33,319
Prepaid expenses	--	--	--	1,000
<b>Total Current Assets</b>	<b>328,904</b>	<b>1,794</b>	<b>330,698</b>	<b>49,480,798</b>
Non-current Assets:				
Capital assets:				
Land	319,665	--	319,665	40,000
Construction in progress	395,436	--	395,436	--
Structures and improvements	8,020,063	--	8,020,063	659,905
Equipment	43,703	--	43,703	10,819,975
Accumulated depreciation	(4,704,122)	--	(4,704,122)	(6,319,177)
<b>Total capital assets, net of accumulated depreciation</b>	<b>4,074,745</b>	<b>--</b>	<b>4,074,745</b>	<b>5,200,703</b>
Restricted assets:				
Restricted cash	--	40,759	40,759	--
<b>Total Non-current Assets</b>	<b>4,074,745</b>	<b>40,759</b>	<b>4,115,504</b>	<b>5,200,703</b>
<b>Total Assets</b>	<b>\$ 4,403,649</b>	<b>\$ 42,553</b>	<b>\$ 4,446,202</b>	<b>\$ 54,681,501</b>
<b><u>LIABILITIES</u></b>				
Current Liabilities:				
Accounts payable	\$ 177,411	\$ --	\$ 177,411	\$ 1,615,202
Accrued salaries and benefits	8,425	--	8,425	29,837
Interest payable	161	--	161	--
Due to other governments	2,796	--	2,796	--
Due to other funds	33,000	--	33,000	--
Liability for self-insurance	--	--	--	4,265,789
Compensated absences	2,905	--	2,905	8,151
Notes payable, current portion	3,567	--	3,567	--
<b>Total Current Liabilities</b>	<b>228,265</b>	<b>--</b>	<b>228,265</b>	<b>5,918,979</b>
Noncurrent Liabilities:				
Liability for self-insurance	--	--	--	12,441,925
Liability for other post-employment benefits	--	--	--	58,034,507
Compensated absences	19,440	--	19,440	54,549
Notes payable	930	--	930	--
<b>Total Noncurrent Liabilities</b>	<b>20,370</b>	<b>--</b>	<b>20,370</b>	<b>70,530,981</b>
<b>Total Liabilities</b>	<b>248,635</b>	<b>--</b>	<b>248,635</b>	<b>76,449,960</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	4,070,248	--	4,070,248	5,200,703
Restricted	--	40,759	40,759	2,294,658
Unrestricted	84,766	1,794	86,560	(29,263,820)
<b>Total Net Assets</b>	<b>4,155,014</b>	<b>42,553</b>	<b>4,197,567</b>	<b>(21,768,459)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,403,649</b>	<b>\$ 42,553</b>	<b>\$ 4,446,202</b>	<b>\$ 54,681,501</b>

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

## COUNTY OF EL DORADO

### Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake Tahoe Transit	Total	Internal Service Funds
<b>Operating Revenues:</b>				
Service fees	\$ 608,827	\$ --	\$ 608,827	\$ 34,256,033
<b>Total Operating Revenues</b>	608,827	--	608,827	34,256,033
<b>Operating Expenses:</b>				
Salaries and benefits	179,532	--	179,532	849,622
Services and supplies	528,762	311	529,073	51,744,288
Depreciation	295,453	4	295,457	798,803
<b>Total Operating Expenses</b>	1,003,747	315	1,004,062	53,392,713
<b>Operating Income (Loss)</b>	(394,920)	(315)	(395,235)	(19,136,680)
<b>Non-Operating Revenues (Expenses):</b>				
Other governmental agencies	1,341	--	1,341	--
Interest income	317	135	452	130,684
Interest expense	(561)	--	(561)	--
Gain (loss) on sale of capital assets	--	--	--	2,008
Miscellaneous nonoperating revenue	2,265	--	2,265	630,468
Miscellaneous nonoperating expense	(214)	(59,615)	(59,829)	8,134
<b>Total Non-Operating Revenues (Expenses)</b>	3,148	(59,480)	(56,332)	771,294
Income (Loss) Before Transfers and Capital Contributions	(391,772)	(59,795)	(451,567)	(18,365,386)
Transfers in	172,987	--	172,987	--
Transfers out	(4,543)	--	(4,543)	--
Capital contributions (transfers and retirements)	444,926	--	444,926	34,551
<b>Change in Net Assets</b>	221,598	(59,795)	161,803	(18,330,835)
Net Assets - Beginning of Year	3,933,416	102,348	4,035,764	(3,437,624)
<b>Net Assets - End of Year</b>	\$ 4,155,014	\$ 42,553	\$ 4,197,567	\$ (21,768,459)

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

# COUNTY OF EL DORADO

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities
	County Airports	South Lake Tahoe Transit	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers and users	\$ 633,559	\$ --	\$ 633,559	\$ --
Cash receipts from interfund services provided	--	--	--	34,426,860
Cash paid to suppliers for goods and services	(414,415)	(54,961)	(469,376)	(34,585,500)
Cash paid to employees for salaries and benefits	(175,510)	--	(175,510)	(840,721)
Net cash provided (used) by operating activities	43,634	(54,961)	(11,327)	(999,361)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from (paid to) other governmental agencies	(151,510)	--	(151,510)	--
Non-operating receipts	2,265	--	2,265	638,602
Non-operating payments	(214)	--	(214)	--
Cash received from (paid to) other funds	149,373	--	149,373	--
Net cash provided (used) by noncapital financing activities	(86)	--	(86)	638,602
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal repayments on debt	(6,489)	--	(6,489)	--
Proceeds from sale of capital assets	--	--	--	2,008
Capital contributions	444,926	--	444,926	34,551
Interest paid on debt	(792)	--	(792)	--
Payments related to the acquisition of capital assets	(496,128)	--	(496,128)	(602,272)
Net cash provided (used) by capital and related financing activities	(58,483)	--	(58,483)	(565,713)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received (paid)	317	135	452	130,684
Net cash provided by investing activities	317	135	452	130,684
Net increase (decrease) in cash and cash equivalents	(14,618)	(54,826)	(69,444)	(795,788)
<b>Cash and cash equivalents, beginning of year</b>	75,149	97,379	172,528	50,074,140
<b>Cash and cash equivalents, end of year</b>	<u>\$ 60,531</u>	<u>\$ 42,553</u>	<u>\$ 103,084</u>	<u>\$ 49,278,352</u>

continued

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

## COUNTY OF EL DORADO

### Statement of Cash Flows (continued) Proprietary Funds For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities
	County Airports	South Lake Tahoe Transit	Total	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (394,920)	\$ (315)	\$ (395,235)	\$ (19,136,680)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	295,453	4	295,457	798,803
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	24,732	--	24,732	170,827
Inventory	(9,131)	--	(9,131)	1,422
Prepaid expenses	(7,215)	--	(7,215)	(920)
Increase (decrease) in:				
Accounts payable	130,693	(54,650)	76,043	479,121
Salaries payable	3,026	--	3,026	6,153
Liability for compensated absences	996	--	996	2,748
Liability for self-insurance	--	--	--	(1,151,533)
Liability for other post employment benefits	--	--	--	17,830,698
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 43,634</u></b>	<b><u>\$ (54,961)</u></b>	<b><u>\$ (11,327)</u></b>	<b><u>\$ (999,361)</u></b>

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



**COUNTY OF EL DORADO**

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	<u>Investment Trust</u>	<u>Agency Funds</u>	<u>Component Units' Private Purpose Trust</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 204,566,169	\$ 938,879	\$ 1,593,695
Due from other governments	374,096	1,427	--
Interest receivable	--	--	1,070,559
Taxes receivable	--	30,225,787	--
	<hr/>	<hr/>	<hr/>
Total Assets	204,940,265	31,166,093	2,664,254
	<hr/>	<hr/>	<hr/>
<b><u>LIABILITIES</u></b>			
Accounts payable	1,346,037	1,269,983	--
Accrued salaries and benefits	1,073,558	--	--
Due to other governments	--	--	961,306
Fiduciary liabilities	--	29,896,110	--
	<hr/>	<hr/>	<hr/>
Total Liabilities	2,419,595	31,166,093	961,306
	<hr/>	<hr/>	<hr/>
<b><u>NET ASSETS</u></b>			
Net assets held in trust for investment pool	202,520,670	--	--
Net assets held in trust for investment other purposes -			
Restricted/apportioned:			
Transportation projects	--	--	1,225,536
Pedestrian and bicycle projects	--	--	477,412
Total Net Assets	<u>\$ 202,520,670</u>	<u>\$ --</u>	<u>\$ 1,702,948</u>

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

**COUNTY OF EL DORADO**

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2011

	Investment Trust	Component Units' Private Purpose Trust
<b>Additions:</b>		
Contributions to investment pool	\$ 992,209,813	\$ --
Regional surface transportation	--	1,068,118
Transportation fund allocation	--	54,336
Interest and investment income	661,771	2,403
Total additions	992,871,584	1,124,857
<b>Deductions:</b>		
Distributions from investment pool	988,560,117	--
Road maintenance	--	2,293,391
Total deductions	988,560,117	2,293,391
Change in net assets	4,311,467	(1,168,534)
<b>Net assets - beginning</b>	198,209,203	2,871,482
<b>Net assets - ending</b>	\$ 202,520,670	\$ 1,702,948

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

**BASIC FINANCIAL STATEMENTS –  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

# COUNTY OF EL DORADO

## Notes to the Basic Financial Statements For the Year Ended June 30, 2011

### Note 1: Summary of Significant Accounting Policies

#### A. Description of the Reporting Entity

The County of El Dorado (the “County”) is a political subdivision of the State of California (the “State”). As such, it can exercise the powers specified by the Constitution and statutes of the State. The County’s powers are exercised through a Board of Supervisors (the “Board”), which acts as the governing body of the County. The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County’s financial statements to be misleading or incomplete. Financial responsibility is defined as the appointment of a voting majority of the component unit’s board, and (i) either the County’s ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are in substance, part of the County’s operations and so data from these units are combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. For financial reporting purposes, the County’s basic financial statements include all financial activities that are controlled by or are dependent upon activities taken by the County’s Board. Financial information on these component units may be obtained from the County Auditor/Controller’s Office.

**Blended Component Units:** The following component units are blended into the County’s financial statements because the governing board members are substantively the same as the County Board of Supervisors.

- The County Service Areas are separate legal entities created to provide services such as water, sewer, lighting and road maintenance throughout the County.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Description of the Reporting Entity** (continued)

**Blended Component Units** (continued):

- The County Water Agency is a separate legal entity formed to provide water service within the County.
- The El Dorado Hills Business Park Light and Landscape District was formed to provide lighting and landscaping to the business park in El Dorado Hills.
- The Air Quality Control District was established as a separate legal entity to maintain and improve the County's air quality.
- The El Dorado Redevelopment Agency was created under the Community Redevelopment Law of the State to address blighted areas within the County.
- The El Dorado County Housing Authority was formed to issue certificates and vouchers for Section 8 housing.
- The El Dorado County Bond Authority was established pursuant to a joint exercise of powers agreement between the County and the El Dorado Redevelopment Agency to obtain financing for public capital improvements.
- The In-Home Supportive Services Public Authority was created for the purpose of collective bargaining for in-home supportive services (IHSS) providers.

**Discretely Presented Component Units:** The following component units are discretely presented because the governing boards are different.

- The El Dorado County Transit Authority (EDCTA) was established pursuant to a joint exercise of powers agreement by and between the County and the City of Placerville to provide transit services. The County Board appoints three of the five EDCTA board members.
- The Children and Families Commission of El Dorado County (the Commission) was established in December 1998, under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The County Board appointed all members of the Commission. The Board can remove appointed members at will. The Commission accounts for receipts and disbursements of California Children and First Families Trust Fund (Proposition 10) allocations and appropriations for the Commission. The Commission is a discretely presented component unit as the Commission's governing body is not substantively the same as that of the County.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Description of the Reporting Entity** (continued)

**Discretely Presented Component Units** (continued):

- The El Dorado County Transportation Commission (EDCTC) was created pursuant to Section 29532 and 29535 of the California Government Code as a local transportation commission for the western slope of the County in 1975 to administer transportation planning and allocate the funds in accordance with the Transportation Development Act. Provided by the law change through California Assembly Bill No. 1204 during the fiscal year 2010-2011, the County Board appoints four of the seven EDCTC board members.

The reporting entity excludes certain separate legal entities which may have “El Dorado” in their title, or which are required to keep their funds in the County Treasury or receive their tax apportionment from the County. Examples are school districts and a variety of special purpose districts for fire protection, recreation and parks, etc. These entities are autonomous organizations with their own governmental powers and constituencies over which the County Board has no oversight responsibility. Accordingly, they are not included in the accompanying combined financial statements, except as to their assets held by the County (principally cash and investments held by the County Treasurer) as discussed under “Fiduciary Funds.”

Also, excluded from the reporting entity are the following Joint Power Authorities (JPA):

- American River Authority. The County participates with Placer County, Placer County Water Agency, El Dorado County Water Agency, and San Joaquin County in this Joint Powers Authority that was created to facilitate construction of a dam, reservoir and hydroelectric power facilities at the Auburn Dam Site. The participants share the costs of operating the JPA equally. The governing board consists of one member from each of the participants and a public resident who alternates among El Dorado, Placer and San Joaquin County.
- El Dorado County-Folsom Joint Powers Agreement. The County participates with the City of Folsom in this JPA, the purpose of which is to manage growth toward the goal of achieving an improved quality of life for the citizens of both political jurisdictions. The governing board consists of two members from each of the participating entities.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

**A. Description of the Reporting Entity** (continued)

- Sacramento-Placerville Transportation Corridor Joint Powers Agreement. The County participates with Sacramento County, the City of Folsom and Regional Transit in this JPA. The agency was formed to acquire the Placerville Branch of the Southern Pacific Railroad Right of Way. The participants share the costs of operating the Joint Powers Authority equally. The board is made up of one member from each participant and one public member at large.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down, are included in the program expenses reported for individual functions and activities. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used just before the unrestricted resources are used.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

**B. Basis of Presentation** (continued)

*Fund Financial Statements*

The fund financial statements provide information about the County's funds, including blended component units and fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating* revenues, such as charges for services, result from exchange transactions associated with the principal activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. *Operating* expenses include costs of providing services and delivering goods. All other expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance, education and recreation and cultural services.
- The Road Fund is a special revenue fund used to account for funds allocated for the planning, design, construction, maintenance and administration of County transportation activities (public ways and facilities). The Road Fund's revenues primarily come from intergovernmental sources. The State provides the allocation to the Road Fund from sources such as gas taxes, transportation planning funds and Proposition 1B. The federal government also provides funding through various federal construction funds. In addition, Road Fund receives operating transfers of local revenues generated from road improvement fees and traffic impact mitigations fees charged on new development.



## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

*Fund Financial Statements* (continued)

- The Mental Health Fund is a special revenue fund used to account for the administration and provision of mental health services to promote mental health and public safety, prevent mental illness, and serve persons with mental illness and severe emotional disorders. The Mental Health Fund's revenues primarily come from intergovernmental sources. The State provides funding from state mental health funds and realignment funds. In addition, the State and the federal government jointly provide Medi-Cal (federal Medicaid program of California) funding.
- The Silva Valley Interchange Road Impact Fee (RIF) Fund is a special revenue fund used to account for road impact fees received from individual property owners in the El Dorado Hills area to mitigate traffic impacts and to fund the future construction of the Silva Valley interchange. The road impact fees are the primary revenues of the Silva Valley Interchange RIF Fund.

The County reports the following nonmajor enterprise funds:

- The South Lake Tahoe Transit Fund accounts for the costs of providing transit services throughout the unincorporated area in the Tahoe Basin.
- The County Airports Fund accounts for the activities of the County airports.

In addition, the County reports the following additional fund types:

- Internal Service Funds – Fleet Management and Risk Management Authority are internal service funds used to account for the County's fleet maintenance provided to other departments and self-insurance programs including workers' compensation, employee and retiree health benefits, and personal injury and property damage on a cost-reimbursement basis.
- Investment Trust Funds – Investment Trust Funds account for the assets, primarily cash and investments, of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in an investment portfolio for the benefit of all participants. These participants include school and community college districts, other special districts governed by local boards, regional boards and authorities.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

**B. Basis of Presentation** (continued)

*Fund Financial Statements* (continued)

- Agency Funds – Agency Funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County as an agent for individuals and other government units.

Further, EDCTC, the County's Discretely Presented Component Unit, reports the following fiduciary fund type (Private Purpose Trust Funds). The portion of these funds held in the County Treasurer investment pool is included in the County's Investment Trust Funds. The funds not held in the County Treasurer are reported in a separate column as "Component Units' Private Purpose Trust" in the County's Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets.

- Private Purpose Trust Funds – Private Purpose Trust Funds account for assets held by EDCTC as a Regional Transportation Planning Agency in a trustee capacity for individuals, private organizations and other governments. EDCTC maintains five private purpose trust funds. Among these five funds, Local Transportation Fund and State Transit Assistance Fund participate in the County Treasurer investment pool while Bikeway Fund, Regional Surface Transportation Program Fund, and Transportation Enhancement Act Fund do not.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County does not give (or receive) equal value in exchange, includes property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year for which all eligibility requirements have been satisfied.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Accounting** (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within 180 days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the County has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as, any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codifications of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for governmental units.

D. **Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. The State of California (State) statutes authorize the County to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund.

Investments are reported at fair value. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. The fair value of investments is obtained by using quotations obtained from independent published sources.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

**D. Cash and Investments** (continued)

Participants' equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accredited discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every month. This method differs from the fair value method used to value investments in these financial statements, on an annual basis, as unrealized gains or losses are not apportioned to pool participants.

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participants' average daily cash balance at month end in relation to the total pool investments.

**E. Cash and Cash Equivalents**

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

**F. Mortgages Receivable**

Governmental fund expenditures relating to long-term mortgage receivables arising from mortgage subsidiary programs are charged to operations upon funding. Mortgage receivables are recorded with an offset to deferred revenue.

**G. Inventories**

Inventories of expendable supplies are valued at the lower of cost (first-in, first-out) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventory is equally offset by the nonspendable fund balance to indicate that portion of fund balance is not in spendable form.

**H. Capital Assets and Depreciation**

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines infrastructure and building and improvements as purchases or improvements with an aggregate cost of more than \$10,000 and equipment with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

# COUNTY OF EL DORADO

## Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

### H. **Capital Assets and Depreciation** (continued)

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	15 to 25 years
Structures and improvements	8 to 50 years
Equipment	3 to 20 years

Governmental Funds – Capital assets that the County acquires through the use of resources from a governmental fund are recorded as an outflow/expenditure for the period. Further, since the governmental fund balance sheet presents only those assets that represent financial resources available for current appropriation and expenditure, capital assets are not reported in a specific governmental fund but, rather, are reported in the government-wide statement of net assets. Capital assets of governmental funds are depreciated or amortized (assets under capital leases) in the government-wide statements using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

Proprietary Funds – Capital assets are capitalized and depreciated using the straight-line method over the lesser of the capital lease period or their estimated useful lives; however, the Fleet Management Fund uses the “per mile” depreciation method, which approximates the straight-line method.

### I. **Property Tax Levy, Collection and Maximum Rates**

The State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2010-2011 net assessed valuation of the County was \$25,978,462,491.

Secured property taxes are recorded as revenues when levied under the alternate plan described in Division I, Part 8, Chapter 3 of the Revenue and Taxation Code of the State so that fund balances include property taxes apportioned but not collected. Unsecured taxes are recorded as revenues when collected. The County’s property tax calendar is as follows:

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

**I. Property Tax Levy, Collection and Maximum Rates** (continued)

	<u>Secured</u>	<u>Unsecured</u>
Lien date	January 1	January 1
Levy date	July 1	July 1
Due dates:		
First installment	November 1	January 1
Second installment	February 1	
Delinquent dates:		
First installment	December 10	August 31
Second installment	April 10	

**J. Compensated Absences (Accrued Vacation, Sick Leave and Compensatory Items)**

The County’s policy allows employees to accumulate earned but unused vacation, sick leave, and compensatory time-off. Vacation pay may be accumulated to a maximum of six to eight weeks depending on the employee’s years of service and is payable upon termination. Employees with at least five years of service receive a percentage of their unused sick leave upon termination ranging from 20% at five years to 100% at twenty years up to a maximum cap between 500-504 hours. Compensated time off may be accumulated up to a maximum of 150 hours and, similar to vacation pay, is payable upon termination.

Governmental Funds – Because vacation and sick leave balances do not require the use of expendable financial resources, no liability is recorded within the governmental funds. However, this liability is reflected in the government-wide statement of net assets.

Proprietary Funds – Vacation, sick leave and compensatory time-off are recorded as an expense and the related salaries and benefits liability in the year earned. Accrued but unpaid liabilities at year-end are recorded in the respective funds.

**K. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due from/to other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the government-wide financial statements as “internal balances”. Advances to other funds reported in the General Fund financial statement, are offset by the nonspendable fund balance to indicate that they are not in spendable form.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies** (continued)

**K. Interfund Transactions** (continued)

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**L. Self-Insurance**

The County self-insures for property damage, liability, workers' compensation, employees' health care benefits and unemployment claims. Self-insurance programs are accounted for in an internal service fund and interfund charges are treated as quasi-external transactions.

**M. Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates and the differences may be material.

**N. Implementation of GASB Statement No. 54**

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the year ending June 30, 2011. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement was implemented by the County during fiscal year ended June 30, 2011.

Note 2: **Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 2: **Cash and Investments** (continued)

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, public trust, and yield. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2011, total County cash and investments were as follows:

	Pooled Treasury	External to Pool	Total
Cash:			
Imprest cash	\$ --	\$ 15,354	\$ 15,354
Cash on hand	500	--	500
Deposits	76,053,737	5,587,150	81,640,887
Total Cash	<u>76,054,237</u>	<u>5,602,504</u>	<u>81,656,741</u>
Investments	<u>364,107,506</u>	<u>1,170,945</u>	<u>365,278,451</u>
Total Cash and Investments	<u>\$ 440,161,743</u>	<u>\$ 6,773,449</u>	<u>\$ 446,935,192</u>

Total cash and investments at June 30, 2011 were presented on the County's financial statements as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
County Investment Pool:				
Unrestricted	\$ 230,099,645	\$ 205,352,287	\$ 2,942,006	\$ 438,393,938
Restricted	1,767,805	--	--	1,767,805
Total in County Investment Pool	<u>231,867,450</u>	<u>205,352,287</u>	<u>2,942,006</u>	<u>440,161,743</u>
External to Pool:				
Cash with fiscal agents	246,963	--	--	246,963
Other restricted cash and investments	--	--	787,846	787,846
Other unrestricted cash and investments	--	152,761	3,976,830	4,129,591
Other unrestricted cash and investments - held by Component Units	--	1,593,695	--	1,593,695
Imprest cash	14,940	--	414	15,354
Total External to Pool	<u>261,903</u>	<u>1,746,456</u>	<u>4,765,090</u>	<u>6,773,449</u>
Total Cash and Investments	<u>\$ 232,129,353</u>	<u>\$ 207,098,743</u>	<u>\$ 7,707,096</u>	<u>\$ 446,935,192</u>



**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 2: **Cash and Investments** (continued)

In the Statement of Fiduciary Net Assets, the total cash and investments balance for Investment Trust and Agency Funds in the amount of \$205,505,048 includes, and is decreased by the negative cash balances maintained in certain agency funds used to allocate property taxes under the alternate method of tax apportionment (Teeter Plan). The total cash deficits of these Teeter Plan funds of \$16,928,119 is entirely offset by, and is significantly less than, the total \$23,677,623 that has been recorded by these funds as taxes receivable.

Cash and investments were restricted at June 30, 2011, for the following purposes:

	Primary Government	Component Units	Total
Closure and post-closure costs	\$ 1,727,046	\$ --	\$ 1,727,046
Transit and transportation grant expenditures	40,759	743,999	784,758
Risk financing	--	43,847	43,847
	<u>\$ 1,767,805</u>	<u>\$ 787,846</u>	<u>\$ 2,555,651</u>

**Investments**

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
Bankers Acceptances	180 days	40%	5% *
Domestic Commercial Paper	31 days	20%	5% *
Certificates of Deposit, Negotiable	5 years	30%	5% *
Certificates of Deposit, Non-negotiable	5 years	None	None
Repurchase Agreements	1 year	None	5% *
U.S. Agency Obligations	3 years	None	5% *
Demand Deposit Savings Accounts	5 years	None	None
State Warrants	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Medium-Term Notes U.S. Corporations under the Temporary Liquidity Guarantee Program (TLGP)	3 years	30%	None
Commercial Paper under TLGP	270 days	40%	None
Money Market Account	N/A	None	5% *

\*Limitations apply only at the time an investment is purchased.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 2: **Cash and Investments** (continued)

**Investments** (continued)

At June 30, 2011, the County had the following investments:

	Interest Rates	Maturities	Par Value	Book Value	Fair Value	WAM (Years)
<b>Investments in Investment Pool</b>						
Treasury Securities - Coupon	0.375%-1.375%	07/31/11-10/15/13	\$ 121,300,000	\$ 121,376,365	\$ 121,897,129	0.94
Treasury Securities - Discount	0.020%-0.240%	07/14/11-11/17/11	96,600,000	96,559,517	96,595,278	0.17
Bankers Acceptances	0.200%-0.340%	07/06/11-11/23/11	18,168,000	18,151,638	18,159,763	0.18
California Local Agency Investment Fund	0.413%	On Demand	50,000,000	50,000,000	50,000,000	0.00
Money Market Account	0.120%-0.513%	On Demand	73,003,000	73,003,000	73,003,000	0.00
Medium Term Notes under TLGP	3.125%	12/01/11	4,978,000	5,016,986	5,039,030	0.42
<b>Total Investments in Investment Pool</b>			<b>\$ 364,049,000</b>	<b>\$ 364,107,506</b>	<b>\$ 364,694,201</b>	<b>0.37</b>
<b>Investments Outside Investment Pool</b>						
<b>Component Units:</b>						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	0.413%	On Demand	\$ 1,170,945	\$ 1,170,945	\$ 1,170,945	--
<b>Total Investments Outside Investment Pool</b>			<b>\$ 1,170,945</b>	<b>\$ 1,170,945</b>	<b>\$ 1,170,945</b>	<b>--</b>

At June 30, 2011, the difference between the carrying value and fair value of cash and investments was not material (fair value was 100.16% of carrying value). No adjustment has been recorded on the financial statements.

#### Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2011, the investment pool had a weighted average maturity of 0.37 years.

#### Credit Risk

State law and the County's investment policy limit investments in commercial paper to the rating of A-1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 2: **Cash and Investments** (continued)

Credit Risk (continued)

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County investment pool's fair value at June 30, 2011.

	<u>Standard &amp; Poor's Rating</u>	<u>% of Portfolio</u>
Treasury Securities - Coupon	AAA	33.42%
Treasury Securities - Discount	AAA	26.49%
Bankers Acceptances	A-1	4.98%
Local Agency Investment Fund	Unrated	13.71%
Money Market Account	A-1	20.02%
Medium Term Notes under TLGP	A-1	1.38%
Total		<u>100.00%</u>

The Federal Deposit Insurance Corporation (FDIC) sponsored a Temporary Liquidity Guarantee Program (TLGP), which took effect October 14, 2008 and will not extend beyond June 30, 2012. This program established that senior unsecured debt, clearly identified as "guaranteed by the FDIC" would be guaranteed up to 125 percent of the par or face value. The Medium Term Notes held by the County are considered to be senior unsecured debt and therefore guaranteed by the program. Another component to the TLGP is that all funds in non-interest bearing transaction deposit accounts held in domestic offices of FDIC insured financial institutions are fully guaranteed, provided the financial institution did not withdraw from the program.

Custodial Credit Risk

For all investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At yearend, the County had no securities exposed to custodial credit risk.

The custodial credit risk pertaining specifically to deposits is the risk that the County will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The County's bank deposits are insured by FDIC, which serves to mitigate the County's risk.

# COUNTY OF EL DORADO

## Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 2: **Cash and Investments** (continued)

### Local Agency Investment Fund

The County Treasurer's pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LIAB consists of five members as designated by State Statute.

At June 30, 2011, the County's investment position in LAIF was \$50 million, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$24.0 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA), whose balance at June 30, 2011 was \$66.4 billion. Of that amount, 5.01% was invested in structured notes and asset-backed securities.

### County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2011:

#### **Statement of Net Assets**

Net assets held for pool participants	\$ 440,161,743
Equity of internal pool participants	235,595,574
Equity of external pool participants	204,566,169
Total net assets	<u><u>\$ 440,161,743</u></u>

#### **Statement of Changes in Net Assets**

Net assets at July 1, 2010	\$ 422,514,003
Investment income	1,745,172
Investment expenses	(516,310)
Net contributions (withdrawals) by pool participants	16,418,878
Net assets at June 30, 2011	<u><u>\$ 440,161,743</u></u>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 3: **Long-Term Notes and Assessment Receivables**

The governmental funds include notes receivable of \$3,401,322 and special assessment receivables of \$145,989 (net of uncollectible amounts of \$1,737,171), which are not expected to be fully collected in the next fiscal year. The accounts receivable balances reported in other governmental funds include an allowance for uncollectible amounts of \$3,555,827. The governmental activities include a long-term note receivable of \$3,000,000, which is offset by a long-term note payable.

Note 4: **Capital Assets**

Capital assets activity for the year ended June 30, 2011 was as follows:

	<u>Restated Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &amp; Adjustments</u>	<u>Balance June 30, 2011</u>
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land and improvements	\$ 47,974,050	\$ 1,459,379	\$ --	\$ (408,343)	\$ 49,025,086
Construction in progress	1,924,699	540,805		(639,384)	1,826,120
Total capital assets not being depreciated	<u>49,898,749</u>	<u>2,000,184</u>	<u>--</u>	<u>(1,047,727)</u>	<u>50,851,206</u>
Capital assets, being depreciated					
Infrastructure	381,708,650	15,799,805			397,508,455
Structures and improvements	102,367,442	182,740	(13,166)	988,933	103,525,949
Equipment	46,295,598	1,953,804	(1,023,853)	58,794	47,284,343
Total capital assets being depreciated	<u>530,371,690</u>	<u>17,936,349</u>	<u>(1,037,019)</u>	<u>1,047,727</u>	<u>548,318,747</u>
Less accumulated depreciation for					
Infrastructure	(172,245,421)	(18,069,272)			(190,314,693)
Structures and improvements	(33,259,930)	(2,166,426)	16,948		(35,409,408)
Equipment	(29,493,790)	(2,817,800)	839,535	--	(31,472,055)
Total accumulated depreciation	<u>(234,999,141)</u>	<u>(23,053,498)</u>	<u>856,483</u>	<u>--</u>	<u>(257,196,156)</u>
Total capital assets being depreciated, net	<u>295,372,549</u>	<u>(5,117,149)</u>	<u>(180,536)</u>	<u>1,047,727</u>	<u>291,122,591</u>
Governmental activities capital assets, net	<u>\$ 345,271,298</u>	<u>\$ (3,116,965)</u>	<u>\$ (180,536)</u>	<u>\$ --</u>	<u>\$ 341,973,797</u>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 4: **Capital Assets** (continued)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &amp;</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Business Type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 213,711	\$ --	\$ --	\$ 105,954	\$ 319,665
Construction in progress	<u>25,294</u>	<u>477,725</u>		<u>(107,583)</u>	<u>395,436</u>
Total capital assets not being depreciated	<u>239,005</u>	<u>477,725</u>	<u>--</u>	<u>(1,629)</u>	<u>715,101</u>
Capital assets, being depreciated					
Structures and improvements	8,018,434	--	--	1,629	8,020,063
Equipment	<u>145,833</u>	<u>18,403</u>	<u>(120,533)</u>	<u>--</u>	<u>43,703</u>
Total capital assets being depreciated	<u>8,164,267</u>	<u>18,403</u>	<u>(120,533)</u>	<u>1,629</u>	<u>8,063,766</u>
Less accumulated depreciation for					
Structures and improvements	(4,384,268)	(295,453)	--	--	(4,679,721)
Equipment	<u>(85,315)</u>	<u>(4)</u>	<u>60,918</u>	<u>--</u>	<u>(24,401)</u>
Total accumulated depreciation	<u>(4,469,583)</u>	<u>(295,457)</u>	<u>60,918</u>	<u>--</u>	<u>(4,704,122)</u>
Total capital assets being depreciated, net	<u>3,694,684</u>	<u>(277,054)</u>	<u>(59,615)</u>	<u>1,629</u>	<u>3,359,644</u>
Business type activities capital assets, net	<u>\$ 3,933,689</u>	<u>\$ 200,671</u>	<u>\$ (59,615)</u>	<u>\$ --</u>	<u>\$ 4,074,745</u>

**Depreciation**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 643,097
Public protection	1,688,582
Public ways and facilities	18,910,932
Health and sanitation	380,928
Public assistance	267,874
Education	238,683
Recreation and cultural services	124,599
Internal Service Funds - depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of service	798,803
Total depreciation expense governmental activities	<u>\$ 23,053,498</u>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 4: **Capital Assets** (continued)

Depreciation expense was charged to the business-type functions as follows:

Airports	\$ 295,453
Other	4
Total depreciation expense business-type activities	<u>\$ 295,457</u>

Note 5: **Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues considered unavailable to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2011, the various components of deferred revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental Funds:			
General Fund:			
Various grants and charges	\$ --	\$ 28,157	\$ 28,157
Road Fund:			
Various grants and charges	--	8,038,696	8,038,696
Other Governmental Funds:			
Various grants, charges, special assessments and loans	<u>5,893,963</u>	<u>3,621,002</u>	<u>9,514,965</u>
	<u>\$ 5,893,963</u>	<u>\$ 11,687,855</u>	<u>\$ 17,581,818</u>

Note 6: **Long-Term Liabilities**

Long-term debt at June 30, 2011 consisted of the following:

	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2011</u>
<b><u>Governmental Activities</u></b>						
Notes Payable:						
California Energy Commission	2005	2013	4.00%	\$24,880 - \$124,324	\$ 800,000	\$ 243,801
HUD HOME Program <sup>1)</sup>	2003	2058	0.00%	2)	3,000,000	<u>3,000,000</u>
						<u>3,243,801</u>
Capital Leases:						
Banc of America (motor graders)	2006	2012	3.36%	\$106,788 - \$173,357	1,109,188	<u>217,611</u>
Total Governmental Activities						<u>\$ 3,461,412</u>

<sup>1)</sup>Note payable is offset by a long-term note receivable that is secured by a deed of trust.

<sup>2)</sup>Principal payment is due in total at the end of note maturity.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 6: **Long-Term Liabilities** (continued)

	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2011</u>
<b><u>Business-Type Activities</u></b>						
Notes Payable:						
Loan #ED-1-86-L-2	9/16/86	2012	6.94%	\$1,577	\$ 39,426	\$ 1,577
Loan #ED-5-86-L-1	9/16/86	2012	6.94%	\$1,060	26,503	1,060
Loan #ED-1-87-L-3	10/6/87	2012	6.94%	\$930	23,251	1,860
						<u>\$ 4,497</u>

The following is a summary of long-term liabilities transactions for the year ended June 30, 2011:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Notes payable:					
California Energy Commission II	\$ 358,658	\$ --	\$ 114,857	\$ 243,801	\$ 119,477
HUD Home Program	3,000,000	--	--	3,000,000	--
Compensated absences	13,688,631	1,147,745	1,719,238	13,117,138	1,719,238
Capital lease obligation	526,839	--	309,228	217,611	173,357
Landfill closure / post-closure liability	8,109,469	--	--	8,109,469	--
Liability for self-insurance claims	17,859,247	33,141,237	34,292,770	16,707,714	4,265,789
Other postemployment benefits	40,203,809	20,837,185	3,006,487	58,034,507	--
	<u>\$ 83,746,653</u>	<u>\$ 55,126,167</u>	<u>\$ 39,442,580</u>	<u>\$ 99,430,240</u>	<u>\$ 6,277,861</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 21,349	\$ 3,901	\$ 2,905	\$ 22,345	\$ 2,905
Notes payable	10,986	--	6,489	4,497	3,567
	<u>\$ 32,335</u>	<u>\$ 3,901</u>	<u>\$ 9,394</u>	<u>\$ 26,842</u>	<u>\$ 6,472</u>

The liability for self-insurance claims is liquidated by the cumulative charge for services recorded in the internal service fund. Compensated absences are generally liquidated by the General Fund and related special revenue funds. Landfill closure / post-closure liability is liquidated from special revenue funds.

As of June 30, 2011, annual debt service requirements of governmental activities having fixed maturities are shown below. The \$3,000,000 HUD Home Program note payable is not included in the schedule.

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Notes Payables</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 119,477	\$ 8,593
2013	124,324	3,746
	<u>\$ 243,801</u>	<u>\$ 12,339</u>



**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 6: **Long-Term Liabilities** (continued)

As of June 30, 2011, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities	
	Notes Payables	
	Principal	Interest
2012	\$ 3,567	\$ 312
2013	930	65
	<u>\$ 4,497</u>	<u>\$ 377</u>

Note 7: **Leases**

**Operating Lease Obligations**

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$3.4 million for the year ended June 30, 2011.

Future minimum operating lease commitments are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 2,188,015
2013	1,123,978
2014	402,970
2015	165,844
2016	60,453
2017	<u>2,333</u>
	<u>\$ 3,943,593</u>

**Capital Lease Obligations**

The County accounts for capital leases in the governmental fund types in accordance with the provisions of National Council on Governmental Accounting (NCGA) Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a capital asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. The total lease payments for the fiscal year were \$326,148 for which \$16,920 represented interest cost.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 7: **Leases** (continued)

**Capital Lease Obligations** (continued)

These assets are included in the County's capital assets. Future minimum lease payments relating to these assets are as follows:

Year Ending June 30:		
2012	\$	178,506
2013		44,626
Total minimum lease payments		223,132
Less amount representing interest		(5,521)
Total	\$	217,611

Capital assets and accumulated depreciation held under capital leases are as follows:

	Governmental Activities
Road equipment	\$ 2,025,339
Less: accumulated depreciation	(751,109)
Net Value	\$ 1,274,230

Note 8: **Liability for Closure and Post-Closure Costs**

State and federal laws and regulations require the County to place a final cover on its Union Mine landfill site and perform certain maintenance and monitoring functions at the site for thirty years after final closure. In addition to operating expenditures related to current activities of the landfill, an estimated liability is being recognized based on the future closure and postclosure maintenance costs that will be incurred near or after the date the landfill no longer accepts waste.

The County ceased accepting waste from the public in 1997 and 8.2 acres or 19.4 percent of the landfill's 42.3 acres remain open to waste generated onsite. The estimated landfill closure care liability of \$1,717,069 reported as of June 30, 2011, is the current cost estimate of closing the remaining 8.2 acres. Because the landfill is no longer accepting

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 8: **Liability for Closure and Post-Closure Costs** (continued)

waste from the public, the additional liability of \$6,392,400 representing postclosure costs for the entire 42.3 acres has been recognized and is a cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes.

State and federal laws require the County to make contributions to a special fund in order to finance closure care. At June 30, 2011, cash and investments held of \$1,727,046 are part of the pooled funds held by the County treasurer and are reported as restricted assets on the Statement of Net Assets. Currently, the amount held as restricted cash is sufficient to cover the entire closure liability.

The County has filed a Pledge of Revenue with the California Integrated Waste Management Board that waives the requirement to make contributions to a special fund to finance postclosure costs. The estimated postclosure costs of \$6,392,400, to be paid over a 30-year period upon final closure, may need to be funded by charges to future landfill users and/or from future tax revenue.

Note 9: **Interfund Transactions**

The composition of interfund balances as of June 30, 2011 is as follows:

**Due From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise Fund - County Airports	\$ 33,000	Advance for cash flow
	Other Governmental Funds	466,285	Realignment funds
	Other Governmental Funds	303,000	Advance to Community Services funds to cover cash shortfall
	Other Governmental Funds	3,000	Advance to Health funds to cover cash shortfall
	Other Governmental Funds	2,425,000	Advance to Meyers Landfill Site to cover cash shortfall
	Other Governmental Funds	128,148	Reimbursement for Insurance Fraud program expenditures
		<u>3,358,433</u>	
Road Fund	Other Governmental Funds	13,614	Billing for road improvements
		<u>13,614</u>	
Mental Health Fund	Other Governmental Funds	211,863	Mental Health Sales Tax Realignment Funds
	Other Governmental Funds	39,995	Mental Health Vehicle License Fees
	Other Governmental Funds	2,849,152	Labor and program costs due from MHSA fund
		<u>3,101,010</u>	
Other Governmental Funds	Other Governmental Funds	120,827	Sales Tax Realignment funds for Health programs
	Other Governmental Funds	234,016	Vehicle License Fees for Health programs
	General Fund	234,016	Vehicle License Fees Match Health
	General Fund	39,995	Vehicle License Fees Match Mental Health
	General Fund	10,470	Vehicle License Fees Match Social Services
		<u>639,324</u>	
	Total	<u>\$ 7,112,381</u>	

# COUNTY OF EL DORADO

## Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 9: **Interfund Transactions** (continued)

**Advance To/From Other Funds:**

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 100,000	Advance to Housing Authority
	Other Governmental Funds	330,000	Advance to Public Authority
	Mental Health Fund	<u>3,319,000</u>	Advance to Mental Health
		<u>3,749,000</u>	
	Total	<u><b>\$ 3,749,000</b></u>	

### Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfer to	Transfer from	Amount	Purpose
General Fund	Other Governmental Funds	\$ 132,337	Timber Tax to Sheriff's Office Patrol, Search and Rescue
	Other Governmental Funds	198,123	Community Enhancement Designated Contributions to Library / Fund Interest to General Fund Misc Revenue
	Other Governmental Funds	1,157,636	County Service Area #10 Special Tax Revenues to Library General Fund Operating
	Other Governmental Funds	51,511	State Off-Highway Vehicle Funds to Sheriff Operating
	Other Governmental Funds	1,420,154	Tobacco Settlement
	Other Governmental Funds	514,549	Time Share and Redemption Fees to Auditor / TTC / Assessor
	Other Governmental Funds	2,770	Overages Treasurer Tax Collector Operating
	Other Governmental Funds	19,269	Treasurer Tax Collector Accumulated Interest Earnings
	Other Governmental Funds	49,294	Assessor AB1653 Reimbursement to General Fund
	Other Governmental Funds	28,974	SPTC Land Leases Revenue to Operating
	Other Governmental Funds	24,336	Cameron Park CSD Community Enhancement Accumulated Interest Earnings
	Other Governmental Funds	858,183	Grant Revenues to District Attorney General Fund Operating
	Other Governmental Funds	225,967	Grant Revenues to Sheriff's Operating
	Other Governmental Funds	444,381	Grant Revenues to Probation Operating
	Other Governmental Funds	131,725	Commercial Grading to Building Operating
	Other Governmental Funds	716,364	Micro, Computer System, Vital Health Statistics to Recorder Operating
	Other Governmental Funds	326,059	Planning Projects Revenues to Planning; Ecological Preserve Fee Distribution to Building and Planning
	Other Governmental Funds	202,315	Engineer Time and Materials to DOT County Engineer
	Other Governmental Funds	8,136	Health Accumulated Interest Earnings
	Other Governmental Funds	213,992	Park Fees to Parks and Grounds General Fund Operating
	Other Governmental Funds	10,502	Mountain Democrat Kincade Commuter/Bookmobile Funds to Library Operating
	Other Governmental Funds	213,571	Realignment funds to Animal Services
	Other Governmental Funds	180,735	Realignment funds to Environmental Health
	Other Governmental Funds	4,085,067	Realignment funds to Social Services
	Other Governmental Funds	156,756	Realignment funds to Probation
	Other Governmental Funds	448,902	Supplemental Law Enforcement Services Fund (SLESF) to Sheriff/DA/Probation Operating
	Other Governmental Funds	<u>137,519</u>	Bond Authority Residual Transfer to General Fund
		<u>11,959,127</u>	
Road Fund	General Fund	1,852,740	General Fund Billing and Contribution
	Silva Valley Interchange RIF Fund	357,376	Road Impact Fee to Road Fund Operating
	Other Governmental Funds	<u>8,509,055</u>	Road District Tax, Public Utility Franchise Fees, HOV Project, and Traffic Impact Fees to Road Fund Operating
		<u>10,719,171</u>	
Mental Health Fund	Other Governmental Funds	<u>3,184,771</u>	Realignment Funds to Mental Health
		<u>3,184,771</u>	

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 9: **Interfund Transactions** (continued)

**Transfers** (continued)

Transfer to	Transfer from	Amount	Purpose
Enterprise Fund - Airports	General Fund	132,858	General Fund Contribution
	Other Governmental Funds	40,129	Special Aviation, Community Enhancement Funding, and ACO Fund Match
		<u>172,987</u>	
Other Governmental Funds	General Fund	1,146,654	General Fund Contribution to Community Services
	General Fund	6,482,979	General Fund Contribution to Public Health
	General Fund	44,401	General Fund Contribution to IHSS Public Authority Fund
	General Fund	3,072	General Fund Transfer to Change Difference Shortage
	General Fund	8,622	General Fund Return DA Grants
	General Fund	25,000	General Fund Contribution to Human Services
	General Fund	3,226,525	General Fund Contribution to Health and Welfare
	Mental Health Fund	73,109	Mental Health to Public Health Fund
	Other Governmental Funds	167,385	Criminal Justice Facility/Courthouse Construction Fund Contribution to ACO Fund
	Enterprise Fund - Airports	4,543	Returning Match to ACO Fund
		<u>11,182,290</u>	
Total		<u>\$ 37,218,346</u>	

Note 10: **Pension Plan**

The County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Copies of PERS' annual financial report may be obtained from their headquarters office located at 400 Q Street, Sacramento, California 95811.

**Funding Policy**

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County made the contributions required of its employees on their behalf and for their account in 2010-2011. The County is required to contribute at an actuarially determined rate; the current rate is 12.899% for non-safety employees and 23.309% for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

**Annual Pension Cost**

For fiscal year 2010-2011, the County's annual pension cost of \$15,602,775 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial. Assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary ranging from 3.25% to 14.45% for miscellaneous members and 3.25% to 13.15% for safety members depending on age, service and type of employment. An inflation component of 3.0% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 10: **Pension Plan** (continued)

**Annual Pension Cost** (continued)

value of investments over a fifteen year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 17,268	100%	--
6/30/10	16,181	100%	--
6/30/11	15,603	100%	--

**Funded Status and funding Progress**

The following is the funded status information for each plan as of June 30, 2010, the most recent actuarial valuation date:

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Market Value Of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
Miscellaneous	\$ 463,646,274	\$ 304,007,643	\$ 159,638,631	65.6%	\$ 81,538,638	195.8%
Safety	213,403,602	128,647,899	84,755,703	60.3%	26,755,342	316.8%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the market value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 11: **Other Post-Employment Benefits (OPEB)**

**Plan Description.** The County of El Dorado (County) Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to employees who retire from active service after the age of 50 and are eligible to commence pension benefits.

- **County Contribution Subsidy** – The County pays a monthly amount up to a percentage of the premium for the County sponsored Blue Shield Plan plus dental coverage. The applicable percentage is based on the retiree’s years of service with the County.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 11: **Other Post-Employment Benefits (OPEB)** (continued)

***Plan Description*** (continued)

- Implicit Subsidy – For coverage prior to age 65, the retiree pays premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the “true cost” of coverage for retirees.

New hires were no longer eligible for the County Contribution Subsidy. The new hire cut off dates ranged from May 2009 to January 2010, depending on the bargaining unit. While not eligible for the County Contribution Subsidy, new hires are allowed to participate in the plan with payment of premiums and, as a result, benefit from the Implicit Subsidy. The County’s Retiree Health Plan agreement places a cap on the County’s contribution so that the amount paid to each individual retiree will be limited such that total County contributions do not exceed 1.2% of total payroll. This 1.2% payroll cap applies to the County’s Contribution Subsidy only, and because this cap is a limitation on the employer’s contribution, and not a limitation of retiree benefits, it cannot be considered to reduce the County’s liability until the cap is enforced and thereby begins to alter the established pattern of shared costs. In fiscal year 2010-2011, the County contribution exceeded 1.2% of total payroll. However, in June 2011, the Board decided to fund the County contribution that exceeded the 1.2% cap for 2010-2011. The Board also decided that, effective July 1, 2011, the County contribution cap (1.2%) will be enforced and the rate will be adjusted to meet the cap.

***Funding Policy.*** The contribution requirements of the plan members and the County are established and may be amended by the County. The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The 2010-2011 ARC is \$22,032,000.

***Annual OPEB Cost and Net OPEB Obligation.***

For 2010-2011, the County’s annual OPEB cost (expense) was \$20,837,185 and the Net OPEB Obligation was \$58,034,507. Actual contributions made during the year were \$3,006,487.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 11: **Other Post-Employment Benefits (OPEB)** (continued)

***Annual OPEB Cost and Net OPEB Obligation.*** (continued)

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for the past three fiscal years are as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$13,224	10.6%	\$23,067
6/30/10	19,467	12.0%	40,204
6/30/11	20,837	14.4%	58,035

***Funded Status and Funding Progress.*** The funded status of the plan as of June 30, 2010, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$167,183
Market value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	\$167,183
Funded ratio (market value of plan assets/AAL)	0%
Covered payroll (active Plan members)	\$134,540
UAAL as a percentage of covered payroll	124.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts 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 as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the market value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions.*** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques



## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 11: **Other Post-Employment Benefits (OPEB)** (continued)

*Actuarial Methods and Assumptions.* (continued)

that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return based on the assumption that benefits will be paid from general County assets earmarked for purposes of County Postretirement Benefits, and not invested in a separate trust. This rate includes a 3.0% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 20 years on a closed basis. The remaining amortization period at June 30, 2011 was 16 years.

Note 12: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim and up to a maximum lifetime benefit of \$2 million in health insurance benefits through its Blue Shield health insurance program. The County's self-insured retention (Stop Loss Coverage) for its health insurance program is \$200,000 per employee. The County also offers two other health insurance programs to its employees which are not self-insured. Health benefits through Kaiser and Pacificare are based on monthly premiums with no lifetime maximums per employee. The County purchases general liability commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. The amount of general liability settlements did not exceed coverage provided by the Risk Management Fund in each of the last three years.

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$16,707,714 reported in the Risk Management Fund at June 30, 2011 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the County's claims liability for the fiscal years ended June 30, 2011 and 2010 were as follows:

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 12: **Risk Management** (continued)

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of year	\$ 17,859,247	\$ 18,312,064
Plus estimated claims incurred	33,141,237	32,419,769
Less claims payments	<u>(34,292,770)</u>	<u>(32,872,586)</u>
Unpaid claims, end of year	<u>\$ 16,707,714</u>	<u>\$ 17,859,247</u>

Nonincremental claims adjustment expenses have not been included as part of the unpaid claims liability.

Note 13: **Commitments and Contingencies**

#### **Grants**

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

#### **Pending Litigation**

The County is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, such loss has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued. The outcome of the remaining claims cannot be determined at this time.

#### **Encumbrances**

The County uses an encumbrances system to control expenditures for the year and to enhance cash management. Under this system, purchase orders and contracts are recorded in order to reserve that portion of applicable appropriations. Encumbrances still open at the end of the year are not accounted for as expenditures and liabilities but rather as part of the fund balances. As of June 30, 2011, the County's General Fund had a total of \$554,472 in encumbrances, which were reported as part of the assigned fund balances on the governmental fund balance sheet. Similarly, the County's other (nonmajor) governmental funds had a total of \$680,735 in encumbrances, which were reported as part of the restricted or assigned fund balances.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 13: **Commitments and Contingencies** (continued)

#### **Construction Commitments and Other Significant Commitments**

At June 30, 2011, the County has on going construction commitments that totaled approximately \$20.5 million and other significant commitments that totaled \$4.8 million.

Note 14: **Net Assets/Fund Balances**

#### **A. Net Assets**

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

- *Invested in Capital Assets, Net of Related Debt:* This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. Included in governmental activities restricted net assets at June 30, 2011, are net assets restricted by enabling legislation of \$103.8 million.
- *Unrestricted Net Assets:* This category represents net assets of the County, not restricted for any project or other project.

#### **B. Fund Balances**

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in those funds. As of June 30, 2011, fund balances for governmental funds comprise the followings based on the relative strength of the constraints that control how specific amounts can be spent:

- *Nonspendable Fund Balance:* This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories, and prepaid amounts.

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 14: **Net Assets/Fund Balances** (continued)

**B. Fund Balances** (continued)

- *Restricted Fund Balance:* This category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance:* This category includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority (resolution by the County's Board). Commitments may be changed or lifted only by the County's Board taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance:* This category comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. *Intent* is expressed by (a) the County's Board or (b) a body (a budget or finance committee, for example) or official to which the County's Board has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance:* This category is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification was used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

In circumstances when an expenditure is incurred for purposes for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 14: **Net Assets/Fund Balances** (continued)

**B. Fund Balances** (continued)

Fund balances for all the major and nonmajor governmental funds as of June 30, 2011, were presented as follows:

	General	Road Fund	Mental Health Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>						
Advances	\$ 3,749,000	\$ --	\$ --	\$ --	\$ --	\$ 3,749,000
Inventory	--	671,013	--	--	57,080	728,093
Prepaid expenses	375,824	35,383	32,285	--	332,679	776,171
Permanent fund principal	--	--	--	--	2,071,655	2,071,655
Subtotal	<u>4,124,824</u>	<u>706,396</u>	<u>32,285</u>	<u>--</u>	<u>2,461,414</u>	<u>7,324,919</u>
<b>Restricted for:</b>						
Capital projects	--	--	--	--	8,721,406	8,721,406
Debt service	--	--	--	--	189,605	189,605
Public protection	--	--	--	--	11,831,784	11,831,784
Public ways and facilities	--	9,074,657	--	21,621,532	21,317,363	52,013,552
Health and sanitation	--	--	--	--	26,755,149	26,755,149
Public assistance	--	--	--	--	940,545	940,545
General government	--	--	--	--	3,342,244	3,342,244
Education	--	--	--	--	910,135	910,135
Recreation & Cultural Services	--	--	--	--	29,790	29,790
Subtotal	<u>--</u>	<u>9,074,657</u>	<u>--</u>	<u>21,621,532</u>	<u>74,038,021</u>	<u>104,734,210</u>
<b>Committed to:</b>						
Capital projects	1,782,596	--	--	--	7,734,194	9,516,790
Public protection	--	--	--	--	130,668	130,668
Public ways and facilities	--	--	--	--	9,480,817	9,480,817
General government	--	--	--	--	13,890	13,890
Recreation & Cultural Services	--	--	--	--	38,570	38,570
Subtotal	<u>1,782,596</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>17,398,139</u>	<u>19,180,735</u>
<b>Assigned to:</b>						
Debt service	--	--	--	--	1,788,523	1,788,523
Public protection	--	--	--	--	2,499,198	2,499,198
Public ways and facilities	--	--	--	--	30	30
Health and sanitation	--	--	1,154,391	--	4,119,272	5,273,663
Public assistance	--	--	--	--	1,024,496	1,024,496
General government	554,472	--	--	--	6,218,326	6,772,798
Education	--	--	--	--	32,004	32,004
Recreation & Cultural Services	--	--	--	--	282,157	282,157
Subtotal	<u>554,472</u>	<u>--</u>	<u>1,154,391</u>	<u>--</u>	<u>15,964,006</u>	<u>17,672,869</u>
<b>Unassigned</b>	<u>30,074,833</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(850,133)</u>	<u>29,224,700</u>
<b>Total</b>	<u>\$ 36,536,725</u>	<u>\$ 9,781,053</u>	<u>\$ 1,186,676</u>	<u>\$ 21,621,532</u>	<u>\$ 109,011,447</u>	<u>\$ 178,137,433</u>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 14: **Net Assets/Fund Balances** (continued)

**C. Prior Period Adjustments**

Adjustments resulting from errors or changes to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund balances/net assets.

The impact of the restatements on the fund balances/net assets as previously reported is presented below:

	Primary Government Governmental Activities	Component Units
	Government-Wide Statement of Net Assets	Statement of Net Assets
	Total Governmental Activities	Total Component Units
Net assets, June 30, 2010, as previously reported	\$ 516,389,772	\$ 18,262,209
Restatements:		
Adjust infrastructure	(31,770,741)	--
Adjust accumulated depreciation - infrastructure	7,469,714	--
Add beginning net assets of El Dorado County Transportation Commission	--	141,617
Total restatements	(24,301,027)	141,617
Net assets, June 30, 2010, as restated	\$ 492,088,745	\$ 18,403,826

**D. Deficit Fund Balances**

The following funds had fund balance deficits as of June 30, 2011:

Nonmajor Governmental Funds:

Erosion Control	\$ 36,028
Health: Tobacco Use Prevention Program	121
Health: HPP H1N1	4,333
Health: CDC PHER H1N1 Phase 3	3,196
Environmental Management: Meyers Landfill Site	749,261

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 14: **Net Assets/Fund Balances** (continued)

D. Deficit Fund Balances (continued)

Internal Service Fund:	
Risk Management Authority	30,185,216

The deficits in the nonmajor governmental funds are expected to be eliminated in future years through future revenues and/or transfers from other funds. The deficit in the internal service fund is expected to be eliminated in future years through either a reduction of the benefits or an increase in charges to other funds.

Note 15: **Condensed Segment Information on Component Units**

The County has three Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2011, is as follows:

Component Units Statement of Net Assets  
June 30, 2011

	Children and Families Commission	El Dorado County Transit Authority	El Dorado County Transportation Commission	Total
<b><u>ASSETS</u></b>				
Current and other assets	\$ 3,291,958	\$ 5,781,921	\$ 642,378	\$ 9,716,257
Capital assets	715,754	9,755,903	44,924	10,516,581
Restricted cash	--	698,579	89,267	787,846
<b>Total Assets</b>	<b><u>\$ 4,007,712</u></b>	<b><u>\$ 16,236,403</u></b>	<b><u>\$ 776,569</u></b>	<b><u>\$ 21,020,684</u></b>
<b><u>LIABILITIES</u></b>				
Current liabilities	\$ 2,389,262	\$ 2,928,663	\$ 501,768	\$ 5,819,693
Long-term liabilities	--	521,753	19,860	541,613
<b>Total Liabilities</b>	<b><u>2,389,262</u></b>	<b><u>3,450,416</u></b>	<b><u>521,628</u></b>	<b><u>6,361,306</u></b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	715,754	9,755,903	44,924	10,516,581
Restricted	902,696	--	--	902,696
Unrestricted	--	3,030,084	210,017	3,240,101
<b>Total Net Assets</b>	<b><u>1,618,450</u></b>	<b><u>12,785,987</u></b>	<b><u>254,941</u></b>	<b><u>14,659,378</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 4,007,712</u></b>	<b><u>\$ 16,236,403</u></b>	<b><u>\$ 776,569</u></b>	<b><u>\$ 21,020,684</u></b>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011

Note 15: **Condensed Segment Information on Component Units** (continued)

Component Units Statement of Activities  
For the Year Ended June 30, 2011

	Children and Families Commission	El Dorado County Transit Authority	El Dorado County Transportation Commission	Total
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for current services	\$ --	\$ 1,416,223	\$ --	\$ 1,416,223
Operating grants and contributions	1,285,784	3,625,095	1,255,116	6,165,995
Capital grants and contributions	--	316,039	--	316,039
<b>General Revenues:</b>				
Interest and investment earnings	10,925	15,524	13,861	40,310
Other revenues	--	53,116	--	53,116
<b>Total Revenues</b>	<u>1,296,709</u>	<u>5,425,997</u>	<u>1,268,977</u>	<u>7,991,683</u>
<b>Expenses:</b>				
Health and sanitation	2,123,177	--	--	2,123,177
Public ways and facilities	--	6,129,351	1,155,653	7,285,004
<b>Total Expenses</b>	<u>2,123,177</u>	<u>6,129,351</u>	<u>1,155,653</u>	<u>9,408,181</u>
<b>Extraordinary items:</b>				
Amounts to be paid to State of CA per AB99	<u>2,327,950</u>	--	--	<u>2,327,950</u>
<b>Change in net assets</b>	(3,154,418)	(703,354)	113,324	(3,744,448)
Net Assets - Beginning of Year, Restated	<u>4,772,868</u>	<u>13,489,341</u>	<u>141,617</u>	<u>18,403,826</u>
<b>Net Assets - End of Year</b>	<u>\$ 1,618,450</u>	<u>\$ 12,785,987</u>	<u>\$ 254,941</u>	<u>\$ 14,659,378</u>

Note 16: **Subsequent Events**

**A. Required Employees' PERS Contribution**

Currently the County pays the entire portion of the required employees' contribution (7% and 9% of the covered compensation for miscellaneous and safety members respectively) to PERS on the employees' behalf. Effective 2011-2012, the employees will pay a portion of their required PERS contribution to PERS and the County will pay the remaining portion. Specifically, effective the first full pay period of July 2011, both miscellaneous and safety employees will pay 3% of their covered compensation. Further, effective the first full pay period of January 2012, safety employees will pay 6% of their covered compensation. Finally, effective the first full pay period of January 2013, safety employees will pay the full 9% of their covered compensation.



## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2011

Note 16: **Subsequent Events** (continued)

#### **B. PERS for New Hires**

The County Board of Supervisors adopted Resolution 128-2011 on July 19, 2011 that changes the retirement formula for the County employees hired after the effective date of the County's amendment to its PERS contracts. Specifically, the new formula will be 2% @ 60, and 2% @ 50, with average of three-year final compensation for miscellaneous and safety employees, respectively. Employees hired prior to the effective date of the PERS contract amendments will still maintain the 2% @ 55, and 3% @ 50 retirement formula, with one-year final compensation for miscellaneous and safety employees, respectively.

The amendments to the PERS contracts for both miscellaneous and safety employees have not yet been completed.

#### **C. Meyers Landfill Cap System Project**

In August 2010, in order to settle litigation with the US Forest Service, the County agreed to construct the Meyers Landfill Cap System. A contract was awarded for this project, but subsequent contract amendments have significantly increased the cost of this project. In order to comply with this agreement, between July 1, 2011, and February 29, 2012, the County has expended \$3,200,000 on this project. It is currently estimated that an additional \$3,000,000 will be necessary in order to complete this project. The County is seeking various legal remedies to compel the US Forest Service and other parties to reimburse the County for the additional costs. The amount of any reimbursements that the County may receive related to the \$6.2 million of additional costs is not determinable at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF EL DORADO**

Required Supplementary Information  
For the Year Ended June 30, 2011

**SCHEDULES OF FUNDING PROGRESS**

The tables below show a three-year comparison of the market value of plan assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the County Employee's Retirement Pension Plans as of the actuarial valuation date. Similar to the prior year, as of June 30, 2010 CALPERS reported the actuarial value of plan assets greater than the market value of plan assets. Because the actuarial value of plan assets was significantly greater than the market value in the past two valuations, the market value of plan assets was used in the below schedules of funding progress for each respective year.

Miscellaneous Plan

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Market Value of Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
6/30/08	\$ 408,587,433	\$ 350,332,594	\$ 58,254,839	85.7%	\$ 93,261,130	62.5%
6/30/09	442,335,224	266,973,539	175,361,685	60.4%	85,641,930	204.8%
6/30/10	463,646,274	304,007,643	159,638,631	65.6%	81,538,638	195.8%

Safety Plan

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Market Value of Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
6/30/08	\$ 180,264,741	\$ 146,226,743	\$ 34,037,998	81.1%	\$ 26,230,636	129.8%
6/30/09	201,019,662	112,044,378	88,975,284	55.7%	27,574,676	322.7%
6/30/10	213,403,602	128,647,899	84,755,703	60.3%	26,755,342	316.8%

The table below shows actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the County Retiree's Health Benefit Plan as of the actuarial valuation date for the past two valuations.

Retiree's Health

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Market Value of Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
7/1/08	\$ 112,218,000	\$ -	\$ 112,218,000	0.0%	\$ 129,300,000	86.8%
6/30/10	167,183,000	-	167,183,000	0.0%	134,540,000	124.3%

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 17,445,840	\$ 17,445,840	\$ 17,445,840	\$ --
Resources (inflows):				
Taxes	82,581,729	82,581,729	84,911,652	2,329,923
Licenses, permits and franchises	4,336,665	4,336,665	4,348,849	12,184
Fines, forfeits and penalties	868,211	938,211	1,073,455	135,244
Use of money or property	109,561	109,561	126,505	16,944
Intergovernmental revenue - State	28,391,332	28,817,917	33,484,092	4,666,175
Intergovernmental revenue - Federal	24,888,178	25,371,592	23,667,354	(1,704,238)
Revenue other governmental agencies	4,390,958	4,390,958	4,545,596	154,638
Charges for services	16,844,747	16,822,658	17,117,033	294,375
Miscellaneous revenue	1,053,953	1,120,915	1,293,695	172,780
Other financing sources	17,971,894	18,489,177	11,959,127	(6,530,050)
	<u>181,437,228</u>	<u>182,979,383</u>	<u>182,527,358</u>	<u>(452,025)</u>
Amounts available for appropriation	<u>198,883,068</u>	<u>200,425,223</u>	<u>199,973,198</u>	<u>(452,025)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and employee benefits	1,257,434	1,274,799	1,265,847	8,952
Services and supplies	103,869	67,784	58,536	9,248
Capital assets	--	1,558	1,558	--
Intrafund transfers	56,595	51,668	50,933	735
Intrafund abatement	(668)	(668)	(668)	--
	<u>1,417,230</u>	<u>1,395,141</u>	<u>1,376,206</u>	<u>18,935</u>
County Administrative Office				
Salaries and employee benefits	1,735,752	1,735,752	1,623,758	111,994
Services and supplies	96,529	96,529	67,341	29,188
Capital assets	3,500	3,500	3,376	124
Intrafund transfers	38,907	38,907	35,460	3,447
Intrafund abatement	(113,495)	(113,495)	(70,532)	(42,963)
	<u>1,761,193</u>	<u>1,761,193</u>	<u>1,659,403</u>	<u>101,790</u>
Annual Audit				
Services and supplies	95,000	91,300	75,000	16,300
	<u>95,000</u>	<u>91,300</u>	<u>75,000</u>	<u>16,300</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Auditor/Controller</b>				
Salaries and employee benefits	\$ 2,674,159	\$ 2,674,159	\$ 2,481,547	\$ 192,612
Services and supplies	111,555	111,555	86,951	24,604
Intrafund transfers	298,134	298,134	287,021	11,113
Intrafund abatement	(85,200)	(85,200)	(77,317)	(7,883)
	<u>2,998,648</u>	<u>2,998,648</u>	<u>2,778,202</u>	<u>220,446</u>
<b>Treasurer/Tax Collector</b>				
Salaries and employee benefits	1,834,910	1,795,510	1,795,469	41
Services and supplies	486,369	486,369	433,959	52,410
Capital assets	--	39,400	5,233	34,167
Other financing uses	3,600	3,600	3,072	528
Intrafund transfers	342,219	342,219	299,782	42,437
Intrafund abatement	(7,550)	(7,550)	(4,898)	(2,652)
	<u>2,659,548</u>	<u>2,659,548</u>	<u>2,532,617</u>	<u>126,931</u>
<b>Assessor</b>				
Salaries and employee benefits	3,391,752	3,391,752	3,279,849	111,903
Services and supplies	199,714	196,606	153,935	42,671
Capital assets	--	3,108	3,101	7
Intrafund transfers	278,277	278,277	276,453	1,824
	<u>3,869,743</u>	<u>3,869,743</u>	<u>3,713,338</u>	<u>156,405</u>
<b>Purchasing</b>				
Salaries and employee benefits	301,151	301,151	301,352	(201)
Services and supplies	16,519	16,519	11,563	4,956
Intrafund transfers	24,190	24,190	18,555	5,635
	<u>341,860</u>	<u>341,860</u>	<u>331,470</u>	<u>10,390</u>
<b>Revenue Recovery</b>				
Salaries and employee benefits	402,703	402,703	371,064	31,639
Services and supplies	86,103	86,103	67,945	18,158
Intrafund transfers	20,395	20,395	22,993	(2,598)
Intrafund abatement	(16,500)	(16,500)	(12,906)	(3,594)
	<u>492,701</u>	<u>492,701</u>	<u>449,096</u>	<u>43,605</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>County Counsel</b>				
Salaries and employee benefits	\$ 2,337,256	\$ 2,337,256	\$ 2,266,117	\$ 71,139
Services and supplies	238,929	238,929	204,933	33,996
Intrafund transfers	39,693	39,693	37,471	2,222
Intrafund abatement	(20,000)	(20,000)	(13,244)	(6,756)
	<u>2,595,878</u>	<u>2,595,878</u>	<u>2,495,277</u>	<u>100,601</u>
<b>Human Resources</b>				
Salaries and employee benefits	638,843	638,843	562,832	76,011
Services and supplies	79,252	79,252	76,201	3,051
Intrafund transfers	33,974	33,974	30,563	3,411
	<u>752,069</u>	<u>752,069</u>	<u>669,596</u>	<u>82,473</u>
<b>Recorder - Elections</b>				
Salaries and employee benefits	833,541	902,856	863,731	39,125
Services and supplies	389,857	389,857	477,323	(87,466)
Capital assets	--	--	6,329	(6,329)
Intrafund transfers	40,868	40,868	42,170	(1,302)
	<u>1,264,266</u>	<u>1,333,581</u>	<u>1,389,553</u>	<u>(55,972)</u>
<b>Communications</b>				
Salaries and employee benefits	543,819	543,819	576,473	(32,654)
Services and supplies	1,490,650	1,488,650	1,148,717	339,933
Services and supplies abatements	(406,200)	(406,200)	(263,732)	(142,468)
Intrafund transfers	2,866	2,866	2,120	746
Intrafund abatement	(795,000)	(795,000)	(717,778)	(77,222)
	<u>836,135</u>	<u>834,135</u>	<u>745,800</u>	<u>88,335</u>
<b>Mail and Courier</b>				
Salaries and employee benefits	78,543	78,543	78,469	74
Services and supplies	22,728	22,728	22,796	(68)
Intrafund transfers	1,770	1,770	184	1,586
Intrafund abatement	(79,483)	(79,483)	(82,997)	3,514
	<u>23,558</u>	<u>23,558</u>	<u>18,452</u>	<u>5,106</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Buildings and Grounds</b>				
Salaries and employee benefits	\$ 3,028,847	\$ 3,028,847	\$ 2,691,918	\$ 336,929
Services and supplies	1,866,777	1,866,777	1,780,982	85,795
Other charges	940,593	940,593	812,062	128,531
Capital assets	28,431	28,431	16,353	12,078
Intrafund transfers	64,901	64,901	66,919	(2,018)
Intrafund abatement	(522,131)	(522,131)	(192,798)	(329,333)
	<u>5,407,418</u>	<u>5,407,418</u>	<u>5,175,436</u>	<u>231,982</u>
<b>Property Management</b>				
Salaries and employee benefits	35,510	35,510	5,958	29,552
Other charges	56,501	56,501	77,475	(20,974)
Intrafund transfers	273,700	273,700	129	273,571
	<u>365,711</u>	<u>365,711</u>	<u>83,562</u>	<u>282,149</u>
<b>County Promotion</b>				
Services and supplies	762,825	759,488	518,962	240,526
Other charges	--	8,587	8,587	--
Intrafund transfers	113,166	113,166	70,532	42,634
	<u>875,991</u>	<u>881,241</u>	<u>598,081</u>	<u>283,160</u>
<b>Information Technologies</b>				
Salaries and employee benefits	4,194,879	4,194,879	3,985,775	209,104
Services and supplies	1,752,503	1,680,303	1,377,551	302,752
Capital assets	115,500	187,700	8,011	179,689
Intrafund transfers	131,338	133,338	132,516	822
Intrafund abatement	(3,062,974)	(3,062,974)	(2,939,888)	(123,086)
	<u>3,131,246</u>	<u>3,133,246</u>	<u>2,563,965</u>	<u>569,281</u>
<b>Surveyor</b>				
Salaries and employee benefits	1,552,200	1,552,200	1,447,781	104,419
Services and supplies	99,336	99,236	71,480	27,756
Other charges	--	100	57	43
Capital assets	7,095	7,095	1,810	5,285
Intrafund transfers	135,470	135,470	99,238	36,232
Intrafund abatement	(6,000)	(6,000)	(1,244)	(4,756)
	<u>1,788,101</u>	<u>1,788,101</u>	<u>1,619,122</u>	<u>168,979</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Employee Benefits				
Salaries and employee benefits	\$ 15,000	\$ 18,700	\$ 18,673	\$ 27
	<u>15,000</u>	<u>18,700</u>	<u>18,673</u>	<u>27</u>
Engineer				
Services and supplies	108,000	108,000	38,024	69,976
Other charges	769,947	769,947	788,701	(18,754)
Intrafund transfers	20,000	20,000	13,977	6,023
	<u>897,947</u>	<u>897,947</u>	<u>840,702</u>	<u>57,245</u>
Contribution to Other Funds				
Services and supplies	350,000	350,000	153,957	196,043
Other charges	153,691	153,691	153,690	1
Other financing uses	13,761,973	13,761,973	12,533,866	1,228,107
	<u>14,265,664</u>	<u>14,265,664</u>	<u>12,841,513</u>	<u>1,424,151</u>
Contribution to Other Agencies				
Other charges	157,715	157,715	157,715	--
	<u>157,715</u>	<u>157,715</u>	<u>157,715</u>	<u>--</u>
Contribution to Airports				
Other financing uses	104,579	104,579	132,858	(28,279)
	<u>104,579</u>	<u>104,579</u>	<u>132,858</u>	<u>(28,279)</u>
Other General				
Services and supplies	30,000	30,000	12,680	17,320
Other financing uses	237,083	237,083	219,433	17,650
Intrafund abatement	(136,501)	(136,501)	(133,206)	(3,295)
	<u>130,582</u>	<u>130,582</u>	<u>98,907</u>	<u>31,675</u>

continued



**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Central Services				
Salaries and employee benefits	\$ 102,160	\$ 102,160	\$ 102,510	\$ (350)
Services and supplies	321,378	321,128	209,863	111,265
Services and supplies abatements	(298,000)	(298,000)	(200,622)	(97,378)
Other charges	--	250	246	4
Intrafund transfers	4,238	4,238	2,684	1,554
Intrafund abatement	(78,428)	(78,428)	(92,363)	13,935
	<u>51,348</u>	<u>51,348</u>	<u>22,318</u>	<u>29,030</u>
General Government	<u>46,299,131</u>	<u>46,351,607</u>	<u>42,386,862</u>	<u>3,964,745</u>
<u>Public Protection</u>				
Superior Court MOE				
Services and supplies	1,205,583	1,255,583	1,240,406	15,177
Other charges	1,666,283	1,793,283	1,793,061	222
	<u>2,871,866</u>	<u>3,048,866</u>	<u>3,033,467</u>	<u>15,399</u>
Grand Jury				
Salaries and employee benefits	209	209	209	--
Services and supplies	86,587	86,587	84,856	1,731
Intrafund transfers	6,126	8,126	7,974	152
	<u>92,922</u>	<u>94,922</u>	<u>93,039</u>	<u>1,883</u>
District Attorney				
Salaries and employee benefits	7,258,972	7,295,540	6,932,565	362,975
Services and supplies	592,435	666,192	645,219	20,973
Other charges	6,946	6,946	2,423	4,523
Capital assets	8,500	--	--	--
Other financing uses	--	8,622	8,622	--
Intrafund transfers	185,223	186,223	185,574	649
Intrafund abatement	(250,000)	(250,000)	(172,602)	(77,398)
	<u>7,802,076</u>	<u>7,913,523</u>	<u>7,601,801</u>	<u>311,722</u>
Child Support Services				
Salaries and employee benefits	4,060,893	4,010,893	3,923,180	87,713
Services and supplies	567,998	607,998	552,968	55,030
Intrafund transfers	313,268	323,268	305,413	17,855
	<u>4,942,159</u>	<u>4,942,159</u>	<u>4,781,561</u>	<u>160,598</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
<b>Public Defender</b>				
Salaries and employee benefits	\$ 2,514,045	\$ 2,514,045	\$ 2,499,130	\$ 14,915
Services and supplies	373,053	373,053	254,283	118,770
Intrafund transfers	63,868	63,868	62,836	1,032
	<u>2,950,966</u>	<u>2,950,966</u>	<u>2,816,249</u>	<u>134,717</u>
<b>Sheriff-Bailiff</b>				
Salaries and employee benefits	2,670,468	2,670,468	2,582,505	87,963
Services and supplies	207,806	207,806	174,222	33,584
Other charges	--	--	450	(450)
Capital assets	18,210	18,210	--	18,210
Intrafund transfers	564	564	2,195	(1,631)
Intrafund abatement	--	--	(2,745)	2,745
	<u>2,897,048</u>	<u>2,897,048</u>	<u>2,756,627</u>	<u>140,421</u>
<b>Sheriff</b>				
Salaries and employee benefits	25,338,696	25,387,835	25,255,491	132,344
Services and supplies	5,184,195	5,268,588	4,108,583	1,160,005
Other charges	305,821	310,821	66,792	244,029
Capital assets	469,028	862,486	227,406	635,080
Intrafund transfers	350,042	350,042	275,262	74,780
Intrafund abatement	--	--	(3,180)	3,180
	<u>31,647,782</u>	<u>32,179,772</u>	<u>29,930,354</u>	<u>2,249,418</u>
<b>Central Dispatch</b>				
Salaries and employee benefits	2,276,178	2,276,178	1,980,716	295,462
Services and supplies	41,992	41,992	36,647	5,345
Intrafund transfers	16,760	16,760	12,901	3,859
	<u>2,334,930</u>	<u>2,334,930</u>	<u>2,030,264</u>	<u>304,666</u>
<b>Jail</b>				
Salaries and employee benefits	11,681,721	11,681,721	10,941,208	740,513
Services and supplies	2,022,719	2,018,142	1,752,089	266,053
Other charges	8,319	8,319	--	8,319
Capital assets	86,200	90,777	20,041	70,736
Intrafund transfers	151,326	151,326	57,259	94,067
	<u>13,950,285</u>	<u>13,950,285</u>	<u>12,770,597</u>	<u>1,179,688</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Juvenile Hall</b>				
Salaries and employee benefits	\$ 4,650,030	\$ 4,650,030	\$ 4,492,814	\$ 157,216
Services and supplies	695,606	695,606	634,954	60,652
Other charges	118,125	118,125	6,015	112,110
Intrafund transfers	57,430	57,430	15,733	41,697
	<u>5,521,191</u>	<u>5,521,191</u>	<u>5,149,516</u>	<u>371,675</u>
<b>Probation Department</b>				
Salaries and employee benefits	6,079,670	6,079,670	5,502,906	576,764
Services and supplies	956,245	964,727	752,658	212,069
Other charges	6,875	6,875	--	6,875
Capital assets	8,500	8,500	4,894	3,606
Intrafund transfers	282,869	282,869	266,073	16,796
	<u>7,334,159</u>	<u>7,342,641</u>	<u>6,526,531</u>	<u>816,110</u>
<b>Agricultural Commission</b>				
Salaries and employee benefits	1,141,352	1,141,352	1,111,528	29,824
Services and supplies	287,961	286,649	255,322	31,327
Other charges	3,000	4,312	4,312	--
Intrafund transfers	52,859	52,859	42,514	10,345
	<u>1,485,172</u>	<u>1,485,172</u>	<u>1,413,676</u>	<u>71,496</u>
<b>Building Inspector</b>				
Salaries and employee benefits	3,016,939	3,096,939	3,004,830	92,109
Services and supplies	335,188	355,188	251,419	103,769
Other charges	1,000	1,000	--	1,000
Intrafund transfers	621,930	621,930	583,645	38,285
	<u>3,975,057</u>	<u>4,075,057</u>	<u>3,839,894</u>	<u>235,163</u>
<b>Coroner</b>				
Salaries and employee benefits	780,033	780,033	810,115	(30,082)
Services and supplies	247,962	247,962	224,029	23,933
Intrafund transfers	2,358	2,358	1,868	490
	<u>1,030,353</u>	<u>1,030,353</u>	<u>1,036,012</u>	<u>(5,659)</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Emergency Services</b>				
Salaries and employee benefits	\$ 774,260	\$ 774,260	\$ 422,468	\$ 351,792
Services and supplies	63,671	63,671	45,112	18,559
Other charges	--	--	1,535	(1,535)
Intrafund transfers	3,930	3,930	7,432	(3,502)
	<u>841,861</u>	<u>841,861</u>	<u>476,547</u>	<u>365,314</u>
<b>Recorder/Clerk</b>				
Salaries and employee benefits	1,117,331	1,117,331	1,104,871	12,460
Services and supplies	450,994	381,679	240,307	141,372
Capital assets	7,500	7,500	--	7,500
Intrafund transfers	129,651	129,651	116,553	13,098
Intrafund abatement	(12,837)	(12,837)	--	(12,837)
	<u>1,692,639</u>	<u>1,623,324</u>	<u>1,461,731</u>	<u>161,593</u>
<b>Planning and Zoning</b>				
Salaries and employee benefits	1,443,212	1,443,212	1,323,656	119,556
Services and supplies	62,583	62,583	33,617	28,966
Intrafund transfers	--	--	9,415	(9,415)
	<u>1,505,795</u>	<u>1,505,795</u>	<u>1,366,688</u>	<u>139,107</u>
<b>Animal Services</b>				
Salaries and employee benefits	1,323,730	1,323,730	1,270,231	53,499
Services and supplies	627,102	627,102	517,021	110,081
Other charges	491,051	491,051	468,081	22,970
Capital assets	3,600	3,600	--	3,600
Intrafund transfers	74,975	74,975	70,250	4,725
	<u>2,520,458</u>	<u>2,520,458</u>	<u>2,325,583</u>	<u>194,875</u>
<b>Public Guardian</b>				
Salaries and employee benefits	964,642	964,642	912,052	52,590
Services and supplies	83,280	83,280	86,753	(3,473)
Other charges	130,000	130,000	--	130,000
Intrafund transfers	28,939	28,939	29,245	(306)
	<u>1,206,861</u>	<u>1,206,861</u>	<u>1,028,050</u>	<u>178,811</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Cemeteries				
Services and supplies	\$ 28,251	\$ 28,250	\$ 5,281	\$ 22,969
Other charges	43,059	43,059	45,330	(2,271)
Intrafund transfers	45,742	45,742	--	45,742
	<u>117,052</u>	<u>117,051</u>	<u>50,611</u>	<u>66,440</u>
Public Protection	<u>96,720,632</u>	<u>97,582,235</u>	<u>90,488,798</u>	<u>7,093,437</u>
<u>Health and Sanitation</u>				
Environmental Management				
Salaries and employee benefits	2,190,390	2,184,890	2,038,553	146,337
Services and supplies	281,792	274,540	211,860	62,680
Other charges	1,150	1,150	868	282
Capital assets	9,325	14,825	--	14,825
Intrafund transfers	383,672	413,672	372,933	40,739
Intrafund abatement	(569,780)	(569,780)	(575,723)	5,943
	<u>2,296,549</u>	<u>2,319,297</u>	<u>2,048,491</u>	<u>270,806</u>
Health and Sanitation	<u>2,296,549</u>	<u>2,319,297</u>	<u>2,048,491</u>	<u>270,806</u>
<u>Public Assistance</u>				
Social Services Administration				
Salaries and employee benefits	11,779,088	11,509,088	11,278,244	230,844
Services and supplies	1,670,670	1,870,670	1,510,897	359,773
Other charges	1,308,239	1,336,239	837,480	498,759
Capital assets	259,700	11,700	8,844	2,856
Intrafund transfers	967,496	997,496	815,932	181,564
Intrafund abatement	(268,099)	(268,099)	--	(268,099)
	<u>15,717,094</u>	<u>15,457,094</u>	<u>14,451,397</u>	<u>1,005,697</u>
Social Services Programs				
Salaries and employee benefits	4,086,737	4,086,737	4,093,348	(6,611)
Services and supplies	929,543	1,189,543	1,209,786	(20,243)
Other charges	1,833,247	1,833,247	1,548,276	284,971
Other financing uses	25,000	25,000	25,000	--
Intrafund abatement	--	--	3,005	(3,005)
	<u>6,874,527</u>	<u>7,134,527</u>	<u>6,879,415</u>	<u>255,112</u>
Categorical Aids				
Other charges	<u>16,402,703</u>	<u>16,402,703</u>	<u>17,034,333</u>	<u>(631,630)</u>
	<u>16,402,703</u>	<u>16,402,703</u>	<u>17,034,333</u>	<u>(631,630)</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Aids to Indigents				
Services and supplies	\$ 32,500	\$ 32,500	\$ 40,672	\$ (8,172)
Other charges	119,200	119,200	42,500	76,700
	<u>151,700</u>	<u>151,700</u>	<u>83,172</u>	<u>68,528</u>
Veterans' Services				
Salaries and employee benefits	271,477	269,012	244,614	24,398
Services and supplies	68,008	68,008	54,305	13,703
Other charges	103	103	--	103
Capital assets	--	2,465	2,465	--
Intrafund transfers	22,920	22,920	20,410	2,510
	<u>362,508</u>	<u>362,508</u>	<u>321,794</u>	<u>40,714</u>
Public Assistance	<u>39,508,532</u>	<u>39,508,532</u>	<u>38,770,111</u>	<u>738,421</u>
<u>Education</u>				
County Library				
Salaries and employee benefits	2,247,281	2,538,185	2,309,882	228,303
Services and supplies	683,957	868,919	822,980	45,939
Other charges	2,000	2,000	555	1,445
Capital assets	5,000	5,000	4,432	568
Intrafund transfers	98,390	98,390	86,289	12,101
	<u>3,036,628</u>	<u>3,512,494</u>	<u>3,224,138</u>	<u>288,356</u>
University of California Cooperative Extension				
Salaries and employee benefits	182,610	182,610	180,364	2,246
Services and supplies	21,159	21,159	16,102	5,057
Other charges	70,882	70,882	70,522	360
Intrafund transfers	15,227	15,227	12,375	2,852
	<u>289,878</u>	<u>289,878</u>	<u>279,363</u>	<u>10,515</u>
Education	<u>3,326,506</u>	<u>3,802,372</u>	<u>3,503,501</u>	<u>298,871</u>
<u>Recreation and Cultural Services</u>				
Recreation				
Salaries and employee benefits	187,042	187,042	176,074	10,968
Services and supplies	89,158	83,658	55,734	27,924
Other charges	6,546	6,546	6,108	438
Intrafund transfers	217,731	217,731	237,349	(19,618)
	<u>500,477</u>	<u>494,977</u>	<u>475,265</u>	<u>19,712</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Historical Museum				
Salaries and employee benefits	\$ 86,305	\$ 86,305	\$ 86,079	\$ 226
Services and supplies	25,175	25,175	18,984	6,191
Capital assets	2,400	2,400	2,067	333
Intrafund transfers	4,350	4,350	3,955	395
	<u>118,230</u>	<u>118,230</u>	<u>111,085</u>	<u>7,145</u>
Recreation and Cultural Services	<u>618,707</u>	<u>613,207</u>	<u>586,350</u>	<u>26,857</u>
<u>Contingency</u>				
Appropriation for contingencies	<u>10,113,011</u>	<u>10,247,973</u>	<u>--</u>	<u>10,247,973</u>
	<u>10,113,011</u>	<u>10,247,973</u>	<u>--</u>	<u>10,247,973</u>
Contingency	<u>10,113,011</u>	<u>10,247,973</u>	<u>--</u>	<u>10,247,973</u>
Total Charges to Appropriations	<u>198,883,068</u>	<u>200,425,223</u>	<u>177,784,113</u>	<u>22,641,110</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 22,189,085</u>	<u>\$ 22,189,085</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2011

An explanation of the differences between budgetary inflows and outflows, and GAAP revenue and expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 199,973,198
 Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(17,445,840)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(11,959,127)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(5,367,802)</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	 <u><u>\$ 165,200,429</u></u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 177,784,113
 Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	(12,922,851)
Interfund expenditures from other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(5,367,802)</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	 <u><u>\$ 159,493,460</u></u>



**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Road Fund  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 7,406,426	\$ 7,377,426	\$ 7,377,426	\$ --
Resources (inflows):				
Taxes and assessments	500	500	32,354	31,854
Licenses, permits and franchises	50,000	50,000	54,625	4,625
Revenue from use of money or property	39,742	39,742	46,669	6,927
Intergovernmental revenue - State	23,878,664	24,278,664	26,023,526	1,744,862
Intergovernmental revenue - Federal	12,741,167	12,741,167	5,863,332	(6,877,835)
Charges for services	4,191,344	4,191,344	3,050,910	(1,140,434)
Miscellaneous revenues	4,435,351	4,435,351	435,226	(4,000,125)
Other financing sources	29,268,582	29,337,582	10,746,250	(18,591,332)
	<u>74,605,350</u>	<u>75,074,350</u>	<u>46,252,892</u>	<u>(28,821,458)</u>
Amounts available for appropriations	<u>82,011,776</u>	<u>82,451,776</u>	<u>53,630,318</u>	<u>(28,821,458)</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Salaries and employee benefits	21,683,383	21,683,383	20,250,514	1,432,869
Services and supplies	51,674,795	52,114,795	28,511,591	23,603,204
Other charges	5,594,557	5,594,557	2,402,019	3,192,538
Capital assets	4,807,486	4,807,486	3,372,197	1,435,289
Intrafund transfers	6,789,961	6,789,961	6,090,987	698,974
Intrafund abatement	(8,538,406)	(8,538,406)	(7,601,322)	(937,084)
Public Ways and Facilities	<u>82,011,776</u>	<u>82,451,776</u>	<u>53,025,986</u>	<u>29,425,790</u>
Total Charges to Appropriations	<u>82,011,776</u>	<u>82,451,776</u>	<u>53,025,986</u>	<u>29,425,790</u>
Budgetary fund balances, June 30	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 604,332</u></u>	<u><u>\$ 604,332</u></u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
Budgetary Comparison Schedule  
Road Fund (continued)  
For the Year Ended June 30, 2011

An explanation of the differences between budgetary inflows and outflows, and GAAP revenue and expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 53,630,318
Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,377,426)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(10,719,171)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,228,023)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 33,305,698</u></u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 53,025,986
Difference budget to GAAP	
Interfund expenditures from other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,228,023)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 50,797,963</u></u>

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Mental Health Fund  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ (97,945)	\$ (97,945)	\$ (97,945)	\$ --
Resources (inflows):				
Use of money or property	--	--	933	933
Intergovernmental revenue - State	1,922,171	1,854,895	1,167,940	(686,955)
Intergovernmental revenue - Federal	3,925,041	3,925,041	4,194,084	269,043
Charges for services	495,807	495,807	415,809	(79,998)
Miscellaneous revenues	--	--	26,038	26,038
Other financing sources	3,450,672	3,184,774	3,184,771	(3)
	<u>9,793,691</u>	<u>9,460,517</u>	<u>8,989,575</u>	<u>(470,942)</u>
Amounts available for appropriations	<u>9,695,746</u>	<u>9,362,572</u>	<u>8,891,630</u>	<u>(470,942)</u>
Charges to appropriations (outflows):				
<u>Health and Sanitation</u>				
Salaries and employee benefits	9,299,354	9,299,354	8,545,310	754,044
Services and supplies	4,652,847	4,319,673	3,605,694	713,979
Other charges	1,448,379	1,448,379	1,428,595	19,784
Capital assets	122,735	122,735	122,735	--
Other financing uses	--	--	73,109	(73,109)
Intrafund transfers	5,537,133	5,537,133	2,383,155	3,153,978
Intrafund abatement	(11,364,702)	(11,364,702)	(7,364,890)	(3,999,812)
Health and Sanitation	<u>9,695,746</u>	<u>9,362,572</u>	<u>8,793,708</u>	<u>568,864</u>
Total Charges to Appropriations	<u>9,695,746</u>	<u>9,362,572</u>	<u>8,793,708</u>	<u>568,864</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 97,922</u>	<u>\$ 97,922</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Mental Health Fund (continued)  
 For the Year Ended June 30, 2011

An explanation of the differences between budgetary inflows and outflows, and GAAP revenue and expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 8,891,630
Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	97,945
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(3,184,771)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(24,550)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 5,780,254</u></u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 8,793,708
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	(73,109)
Interfund expenditures from other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(24,550)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 8,696,049</u></u>

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Silva Valley Interchange RIF Fund  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 2,145,000	\$ 2,143,000	\$ 21,916,460	\$ 19,773,460
Resources (inflows):				
Revenue from use of money or property	--	2,000	62,448	60,448
	--	2,000	62,448	60,448
Amounts available for appropriations	2,145,000	2,145,000	21,978,908	19,833,908
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Other financing uses	2,145,000	2,145,000	357,376	1,787,624
Public Ways and Facilities	2,145,000	2,145,000	357,376	1,787,624
Total Charges to Appropriations	2,145,000	2,145,000	357,376	1,787,624
Budgetary fund balances, June 30	\$ --	\$ --	\$ 21,621,532	\$ 21,621,532

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
Budgetary Comparison Schedule  
Silva Valley Interchange RIF Fund (continued)  
For the Year Ended June 30, 2011

An explanation of the differences between budgetary inflows and outflows, and GAAP revenue and expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 21,978,908
Difference budget to GAAP The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(21,916,460)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 62,448</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 357,376
Difference budget to GAAP Transfers out to other funds is a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(357,376)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ --</u>

## COUNTY OF EL DORADO

### Required Supplementary Information Notes to the Budgetary Comparison Schedule For the Year Ended June 30, 2011

#### **BUDGETARY BASIS OF ACCOUNTING**

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before October 2. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may legally not exceed appropriations. The County Administrator approves any budget amendments transferring appropriation within object categories such as salaries and benefits or services and supplies. In addition, the County Administrator also approves budget amendments transferring appropriation between object categories. The Board of Supervisors approves budget amendments transferring appropriation between budget units, departments, or funds. The Board of Supervisors also approves appropriations from unappropriated reserves and unanticipated revenues received during the year. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year.

The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are reported as part of the restricted, committed, or assigned fund balances since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

The budgets for the governmental funds may include an object level known as "intrafund transfers" in the charges for appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

The amounts reported in the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures.

**SUPPLEMENTARY INFORMATION**



**COUNTY OF EL DORADO**

Combining Statement of Fund Net Assets  
Internal Service Funds  
June 30, 2011

	Fleet Management	Risk Management Authority	Total
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and investments	\$ 3,312,994	\$ 45,718,395	\$ 49,031,389
Cash with fiscal agent	--	246,963	246,963
Account receivable	--	85,027	85,027
Deposits	--	83,100	83,100
Inventory	33,319	--	33,319
Prepaid expenses	--	1,000	1,000
<b>Total Current Assets</b>	<u>3,346,313</u>	<u>46,134,485</u>	<u>49,480,798</u>
Capital assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	10,768,973	51,002	10,819,975
Accumulated depreciation	<u>(6,292,992)</u>	<u>(26,185)</u>	<u>(6,319,177)</u>
<b>Total Capital Assets, net of     accumulated depreciation</b>	<u>5,175,886</u>	<u>24,817</u>	<u>5,200,703</u>
<b>Total Assets</b>	<u><u>\$ 8,522,199</u></u>	<u><u>\$ 46,159,302</u></u>	<u><u>\$ 54,681,501</u></u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts payable	\$ 87,619	\$ 1,527,583	\$ 1,615,202
Salaries and benefits payable	10,040	19,797	29,837
Compensated absences-due within one year	1,012	7,139	8,151
Liability for self-insurance	--	4,265,789	4,265,789
<b>Total Current Liabilities</b>	<u>98,671</u>	<u>5,820,308</u>	<u>5,918,979</u>
Long-Term Liabilities:			
Liability for self-insurance	--	12,441,925	12,441,925
Liability for other post-employment benefits	--	58,034,507	58,034,507
Compensated absences-due beyond one year	6,771	47,778	54,549
<b>Total Long-Term Liabilities</b>	<u>6,771</u>	<u>70,524,210</u>	<u>70,530,981</u>
<b>Total Liabilities</b>	<u>105,442</u>	<u>76,344,518</u>	<u>76,449,960</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	5,175,886	24,817	5,200,703
Restricted	2,294,658	--	2,294,658
Unrestricted	946,213	(30,210,033)	(29,263,820)
<b>Total Net Assets</b>	<u>8,416,757</u>	<u>(30,185,216)</u>	<u>(21,768,459)</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 8,522,199</u></u>	<u><u>\$ 46,159,302</u></u>	<u><u>\$ 54,681,501</u></u>

**COUNTY OF EL DORADO**

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2011

	Fleet Management	Risk Management Authority	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Operating Revenues:</b>			
Service fees	\$ 1,794,866	\$ 32,461,167	\$ 34,256,033
<b>Operating Expenses:</b>			
Salaries and benefits	227,322	622,300	849,622
Services and supplies	772,353	50,971,935	51,744,288
Depreciation	796,401	2,402	798,803
Total Operating Expenses	<u>1,796,076</u>	<u>51,596,637</u>	<u>53,392,713</u>
Operating Income (Loss)	<u>(1,210)</u>	<u>(19,135,470)</u>	<u>(19,136,680)</u>
<b>Non Operating Revenues (Expenses):</b>			
Interest income	8,743	121,941	130,684
Gain (loss) on sale of capital assets	2,008	--	2,008
Miscellaneous nonoperating revenue	8,134	630,468	638,602
Total Non-Operating Revenues (Expenses)	<u>18,885</u>	<u>752,409</u>	<u>771,294</u>
Income (Loss) Before Contributions	17,675	(18,383,061)	(18,365,386)
Capital Contributions	<u>34,551</u>	<u>--</u>	<u>34,551</u>
<b>Change in Net Assets</b>	52,226	(18,383,061)	(18,330,835)
Net Assets - Beginning of Year	<u>8,364,531</u>	<u>(11,802,155)</u>	<u>(3,437,624)</u>
<b>Net Assets - End of Year</b>	<u>\$ 8,416,757</u>	<u>\$ (30,185,216)</u>	<u>\$ (21,768,459)</u>

**COUNTY OF EL DORADO**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2011

	Fleet Management	Risk Management Authority	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from internal fund services provided	\$ 1,795,197	\$ 32,631,663	\$ 34,426,860
Cash paid to suppliers for goods and services	(704,715)	(33,880,785)	(34,585,500)
Cash paid to employees for salaries and benefits	(229,347)	(611,374)	(840,721)
Net cash provided (used) by operating activities	<u>861,135</u>	<u>(1,860,496)</u>	<u>(999,361)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Non-operating revenues	<u>8,134</u>	<u>630,468</u>	<u>638,602</u>
Net cash provided (used) by noncapital financing activities	<u>8,134</u>	<u>630,468</u>	<u>638,602</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from sale of capital assets	2,008	--	2,008
Payments related to the acquisition of capital assets	(602,272)	--	(602,272)
Capital contributions	34,551	--	34,551
Net cash provided (used) by capital and related financing activities	<u>(565,713)</u>	<u>--</u>	<u>(565,713)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>8,743</u>	<u>121,941</u>	<u>130,684</u>
Net cash provided by investing activities	<u>8,743</u>	<u>121,941</u>	<u>130,684</u>
Net increase (decrease) in cash and cash equivalents	312,299	(1,108,087)	(795,788)
Cash and cash equivalents, beginning of year	<u>3,000,695</u>	<u>47,073,445</u>	<u>50,074,140</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 3,312,994</u></u>	<u><u>\$ 45,965,358</u></u>	<u><u>\$ 49,278,352</u></u>

continued

**COUNTY OF EL DORADO**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2011

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (1,210)	\$ (19,135,470)	\$ (19,136,680)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	796,401	2,402	798,803
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	331	170,496	170,827
Inventory	1,422	--	1,422
Prepaid expenses	--	(920)	(920)
Increase (decrease) in:			
Accounts payable	66,216	412,905	479,121
Salaries payable	2,148	4,005	6,153
Liability for compensated absences	(4,173)	6,921	2,748
Liability for self-insurance	--	(1,151,533)	(1,151,533)
Liability for other post employment benefits	--	17,830,698	17,830,698
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 861,135</u>	<u>\$ (1,860,496)</u>	<u>\$ (999,361)</u>