

COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2007

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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, 2007, 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 South Lake Tahoe Transit Enterprise Fund and the Children and Families Commission as of and for the year ended June 30, 2007, 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>
Business-Type Activities	.94 %	4.47 %	29.97 %
Discretely Presented Component Units	34.35%	6.36%	27.93%

Those basic financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they related 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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.

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

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 respective 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, 2007, and the 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 14, 2008, 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.

The Management's Discussion and Analysis (MD & A), the Budgetary Comparison Schedules – General Fund, Road Fund, and the schedule of funding progress are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted 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 statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

BARTIG, BASLER & RAY, LLP
A GALLINA LLP Company



Roseville, California
March 14, 2008



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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JOE HARN
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

January 24, 2008

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, 2007. 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 \$527.1 million (net assets). Of this, \$33.7 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$176.3 million is restricted for specific purposes (restricted net assets), and \$317.1 million is invested in capital assets, net of depreciation and related debts.
- The County experienced an overall increase in net assets of \$56.4 million. This is almost entirely attributable to governmental activities and is \$17.5 million more than that of the prior year's increase of \$38.9 million.
- As of June 30, 2007, the County's governmental funds reported combined fund balances of \$211.9 million. Approximately 87% of this amount, or \$185 million, is available to meet the County's current and future needs.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$26.4 million or 26.4 percent of the General Fund expenditures during the year.

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 and Children and Families Commission (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 available resources* 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 *government funds* with similar information presented for *government 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 *government 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*, and the *Debt Service Fund*. All other governmental fund types 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, and for its fleet operations and maintenance (Fleet Management). Because these services predominantly benefit government rather than business-type functions, they have been included within *government 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 *government 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 fund* activity. Additional *internal service fund* 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 both Investment 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 regarding the County's budgetary process has been provided along with budgetary comparison schedules for the General Fund and Road Fund. This budgetary information is in addition to and follows the supplementary schedule concerning the County's progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Since prior-year information is available, a comparative analysis of government-wide data is presented.

Net Assets
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and other assets	\$ 295,394	\$ 256,341	\$ 1,396	\$ 283	\$ 296,790	\$ 256,624
Capital assets	323,819	295,885	2,702	2,704	326,521	298,589
Total assets	<u>619,213</u>	<u>552,226</u>	<u>4,098</u>	<u>2,987</u>	<u>623,311</u>	<u>555,213</u>
Liabilities:						
Current and other liabilities	42,515	35,448	402	79	42,917	35,527
Long-term liabilities	53,239	48,754	60	65	53,299	48,819
Total liabilities	<u>95,754</u>	<u>84,202</u>	<u>462</u>	<u>144</u>	<u>96,216</u>	<u>84,346</u>
Net Assets:						
Invested in capital assets, net of related debt	314,422	284,420	2,666	2,658	317,088	287,078
Restricted net assets	176,318	148,175	16	15	176,334	148,190
Unrestricted net assets	32,719	35,429	954	170	33,673	35,599
Total net assets	<u>\$ 523,459</u>	<u>\$ 468,024</u>	<u>\$ 3,636</u>	<u>\$ 2,843</u>	<u>\$ 527,095</u>	<u>\$ 470,867</u>

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$527.1 million at the close of the most recent fiscal year.

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, \$176.3 million or 33.4 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$33.7 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)**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues:						
Charges for services	\$ 81,599	\$ 60,109	\$ 756	\$ 754	\$ 82,355	\$ 60,863
Operating grants and contributions	118,120	112,609	300	95	118,420	112,704
Capital grants and contributions	2,832	4,179	1,016	1,283	3,848	5,462
General Revenues:						
Taxes	103,171	94,138	-	-	103,171	94,138
Use of money and property	12,909	9,381	14	1	12,923	9,382
Other revenues	4,772	5,820	4	6	4,776	5,826
Total revenues	<u>323,403</u>	<u>286,236</u>	<u>2,090</u>	<u>2,139</u>	<u>325,493</u>	<u>288,375</u>
Expenses						
General government	38,706	31,389	-	-	38,706	31,389
Public protection	104,298	96,072	-	-	104,298	96,072
Public ways and facilities	29,107	26,961	-	-	29,107	26,961
Health and sanitation	49,749	48,445	-	-	49,749	48,445
Public assistance	40,809	40,238	-	-	40,809	40,238
Education	3,479	3,076	-	-	3,479	3,076
Recreation and culture	989	1,025	-	-	989	1,025
Interest on long-term debt	499	888	-	-	499	888
Airports	-	-	1,012	907	1,012	907
SLT Transit Program	-	-	428	434	428	434
Total expenses	<u>267,636</u>	<u>248,094</u>	<u>1,440</u>	<u>1,341</u>	<u>269,076</u>	<u>249,435</u>
Excess (deficiency) before special items and transfers						
	55,767	38,142	650	798	56,417	38,940
Transfers	(143)	(108)	143	108	-	-
Change in net assets	<u>55,624</u>	<u>38,034</u>	<u>793</u>	<u>906</u>	<u>56,417</u>	<u>38,940</u>
Net assets at beginning of year	468,024	434,079	2,843	1,937	470,867	436,016
Restate net assets, see a) b) below	(189)	(4,089)	-	-	(189)	(4,089)
Net assets at beginning of year – restated	<u>467,835</u>	<u>429,990</u>	<u>2,843</u>	<u>1,937</u>	<u>470,678</u>	<u>431,927</u>
Net assets at end of year	<u>\$ 523,459</u>	<u>\$ 468,024</u>	<u>\$ 3,636</u>	<u>\$ 2,843</u>	<u>\$ 527,095</u>	<u>\$ 470,867</u>

- a) Net assets at the beginning of 2007 were restated by a net decrease of \$189 thousand. This negative adjustment was due to an increase of the Risk Management Internal Service Fund's self-insurance liability (\$2 million), reduced by a restatement of the permanent fund balances' for revenues previously deferred (\$1.8 million).
- b) Net assets at the beginning of 2006 were restated by a net decrease of \$4.1 million. This negative adjustment was due mostly to an understatement of long-term liabilities including County Water Agency deferred revenues (\$3.4 million) and California Energy Commission Loan notes payable of (\$655 thousand). The remaining adjustment consisted of the reclassification of a Governmental Fund to a Fiduciary Fund types.

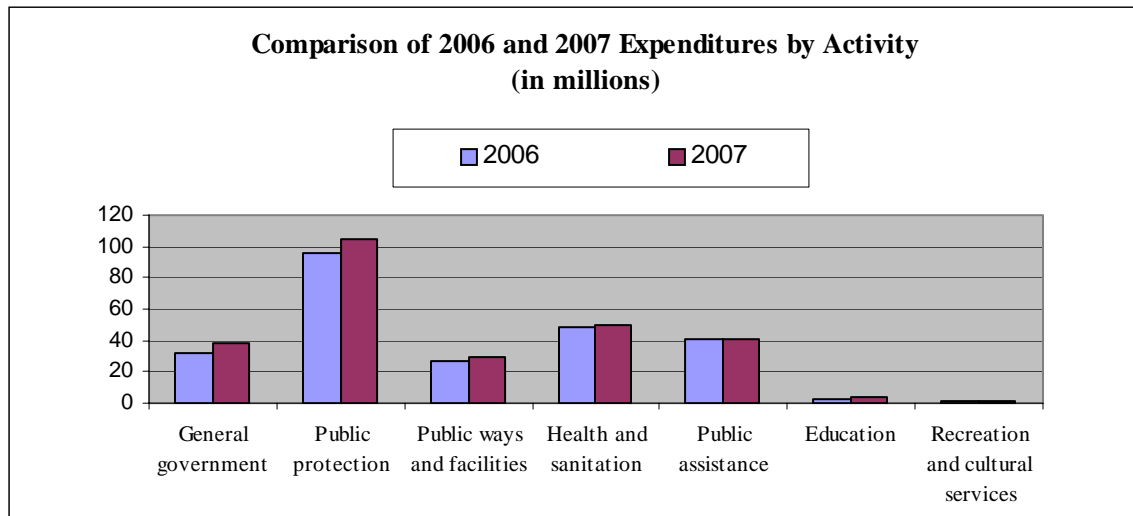
Governmental activities. The County experienced an overall increase in net assets of \$56.4 million. This is almost entirely attributable to *governmental activities* and \$17.5 million more than the prior year's increase of \$38.9 million. This increase in excess revenues was the result of a 13.0% increase in revenues accompanied by just an 8.0% increase in expenditures

when compared to the prior year. The most significant revenue increase (35.5%) occurred in the charges for services category and included:

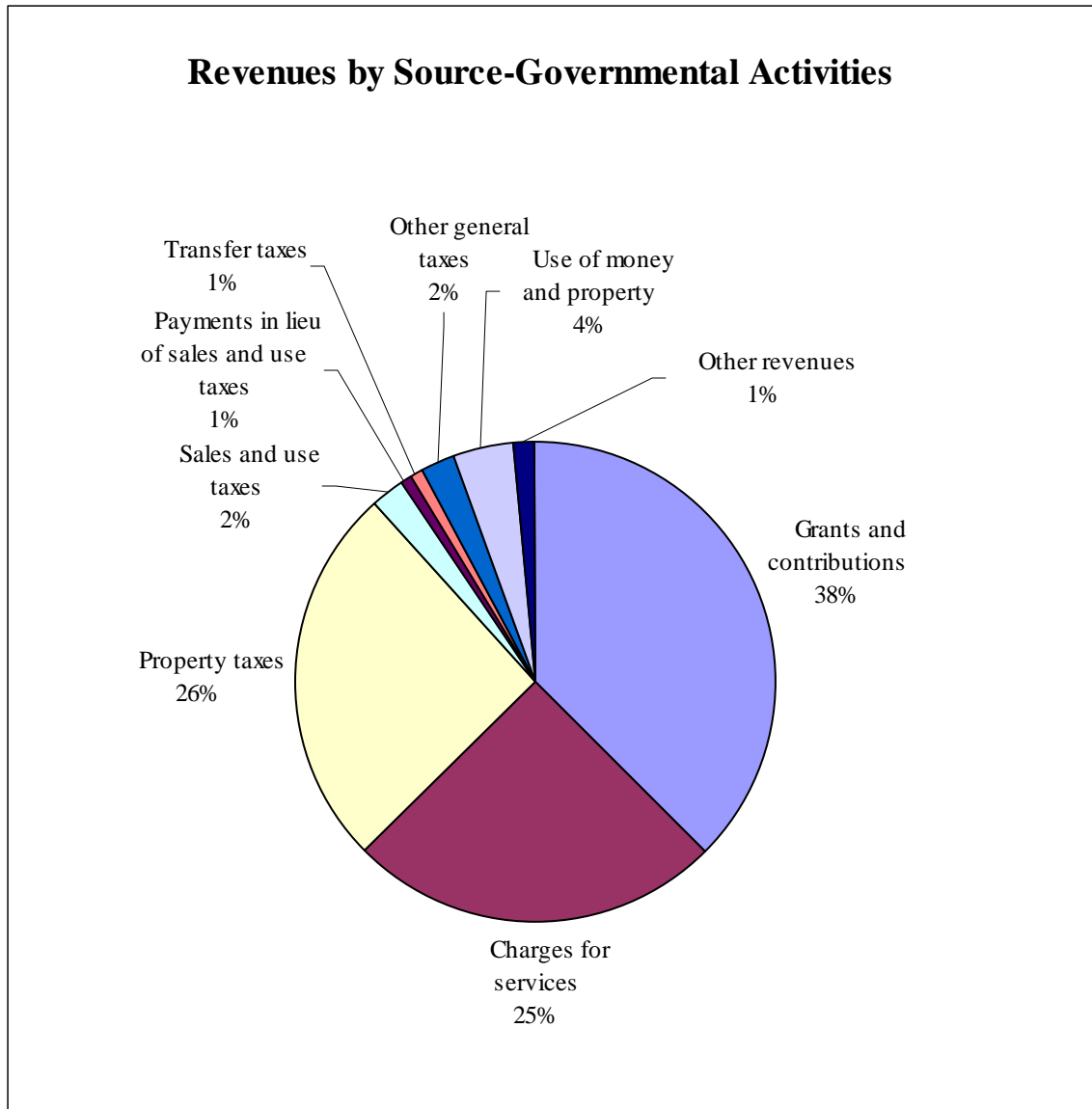
- Additional \$23.3 million of special tax proceeds from the 2004 Blackstone (West Valley Village) Mello Roos District for road improvements related to Latrobe and White Rock Roads.
- \$1 million increase, from \$527 thousand in 2006 to \$1.6 million in 2007, in road impact mitigation fees generated from the 2004 Silva Valley Interchange special revenue fund,
- \$957 thousand increase, from \$3 million in 2006 to \$3.9 million in 2007, in road impact mitigation fees generated from the 2004 El Dorado Hills road improvement special revenue fund,

As mentioned, while revenues increased by 13.0%, governmental activity expenditures increased by approximately half that amount, or 8.0% when compared to 2006. The increase in expenditures occurred, for the most part, in the General Government and Public Protection functional areas, whereby expenditures increased by \$7.3 million (23.3%) and \$8.2 million (8.6%) respectively.

Below is a graph that presents a comparison of 2006 and 2007 expenditures 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 (38 percent) and charges for services (25 percent), property taxes (26 percent).



Business-type activities. Business-type activities increased the County’s net assets by \$793 thousand. This net increase is primarily the result of \$1.0 million of federal revenues (capital contributions) received and awarded to County Airports for capital improvements.

Similar to prior years, the County Airports operated at a loss, \$299 thousand in 2007 compared to \$202 thousand last year. As in prior years, both the Placerville and Georgetown Airports had a loss from operations, whereby operating expenditures exceeded operating revenues (charges for services). Unlike last year, however, the County Airports’ operating position did not improve during the year. Specifically, County Airports’ operating expenditures went from \$894 in 2006

to just over a million in 2007, an increase of \$111 thousand. This increase occurred, for the most part, under the Airports' services and supplies category, with the most significant increases occurring in bulk fuel purchases, increase of \$35 thousand, and inter-fund charges from governmental fund types, increase of \$25 thousand.

To help finance the operations of business-type activities in 2007, County governmental funds contributed \$143 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 generally 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 as spendable resources. Such information is useful in assessing the County's short-term financing requirements. In particular, unreserved 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, 2007 the County's governmental funds reported a combined ending fund balance of \$211.9 million, compared to the \$188.2 million restated fund balance of the previous year. Approximately 87 percent of this fund balance, or \$185 million, is unreserved and undesignated and thus is available to meet the County's current and future spending needs. The remainder of the fund balance has either been reserved and is not available for spending, or has been designated for a specific spending purpose in the future.

The General Fund is the chief operating fund of the County. As of June 30, 2007, the General Fund's unreserved undesignated fund balance was \$26.4 million, an increase of \$1.5 million from last year. This increase is due to a net change (decrease) in the General Fund's balance of \$2.9 million during the year, offset by a decrease in reserves and designations of \$4.4 million. The most significant decrease in reserves and designations was the elimination last year's Capital Project designation of \$3.8 million.

The June 30, 2007 unreserved undesignated fund balance, as compared to General Fund expenditures for the year, is approximately 15.3 percent, compared to 15.8 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 56 days, compared 58 days last year.

In addition to the General Fund, the County maintains two major governmental funds, the Road Fund and the Debt Service 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 \$18.3 million in revenues in 2007, compared to \$15.3 million last year. Similarly, expenditures recorded in this fund increased by over \$6.9 million, \$50.8 million in 2007 compared to \$43.9 million in 2006, and may be attributed to increased capital outlays, road maintenance and administration activities during the year.

The Debt Service Fund accounts for the accumulation of resources and payment of general long-term debt principal and interest. The Debt Service Fund's revenues totaled \$609 thousand in 2007, compared to \$181 thousand in 2006. This \$428 thousand increase consisted primarily of assessment penalties associated with the El Dorado Hills Business Park bond issue.

The combined governmental fund balance increased by \$23.8 million during 2007, compared to an \$11 million increase last year. This greater increase in fund balance was the result of expenditures increasing by just 6.0 percent, \$303.1 million in 2007 compared to \$285.9 million in 2006, while revenues increased by 10.8 percent, \$327.5 million in 2007 compared to \$295.7 million in 2006. Thus, the combined governmental funds continue to realize a net increase in fund balance, with the current year's net increase more than double of that of last year.

Proprietary funds. As described earlier, when certain activities are preformed 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.

As discussed earlier, the net assets of enterprise funds increased by \$793 thousand primarily due to non-operating capital improvement revenues received by the County Airports. Also discussed earlier, the County enterprise funds have not been able to generate sufficient operating revenues to cover expenses, which in turn necessitated governmental fund contribution of \$143 thousand in 2007.

Net assets of the internal service funds increased by \$2.5 million. While the majority of the increase, \$1.6 million, is attributable to an increase in net assets realized by the Risk Management Authority, the Fleet Management Internal Service Fund also realized an increase of net assets of \$895 thousand. This latter increase is the result of both a \$294 thousand operating profit and non-operating income and transfers of over \$600 thousand. Further, this increase in Fleet Management's net assets has resulted in the unrestricted net assets exceeding the statutory limit of 60 days working capital (operating cash expenditures). This condition requires corrective action including, but not limited to, a reduction of Fleet Management's rates to eliminate future operating income (profit) and excess unrestricted net assets.

GENERAL FUND BUDGETARY ANALYSIS

The original and the final amended budgeted revenues increased by \$6.7 million or 3.4 percent, while budgeted expenditures increased by \$11 million, or 4.9 percent. The largest of these budget modifications included:

- \$2.5 million increase in the estimated federal intergovernmental revenues,
- \$2.2 million increase in estimated other financing sources,
- \$1.5 million increase in estimated taxes and assessments revenues,
- \$994 thousand increase in the Elections Department estimated fixed assets budget,
- \$802 thousand increase in Sheriff's salaries and employee benefits budget,
- \$701 thousand increase in the Social Services Administration's budgeted salaries and benefits, services and supplies, and other charges budget,
- \$450 thousand increase in Social Services Programs salaries and benefits budget,

- \$436 thousand increase in the County Engineers services, supplies and other charges budget,
- \$395 thousand increase in the Superior Court MOE services and supplies budget,
- \$257 thousand increase in the Probation Department's salaries and employee benefits budget,
- \$233 thousand decrease in County Counsel's services and supplies budget,
- \$195 thousand increase in Child Support Services fixed asset budget,
- \$136 thousand increase in County Promotions services and supplies budget,
- \$115 thousand increase in the Library's services and supplies budget,

The variance between resources budgeted (original and final) and the actual amounts received were significant, \$12.3 million or 6.0 percent. Specifically, compared to a final resource budget of \$202.4 million, actual funding equaled \$190.2 million. This budget shortage of revenues can be attributed to the over-forecasting virtually all revenues sources including state and federal intergovernmental revenues (\$1.1 million and \$2.4 million respectively), charges for services (\$1.6 million), and other financing sources (\$5.9 million), offset by just two inflows that exceeded budget including taxes and assessments (\$828 thousand) and miscellaneous revenues (\$536 thousand).

The difference between the budgeted expenditures and actual were also significant. Specifically, expenditures fell \$34.1 million or 15.0 percent below the final budget. This variance is due to each government activity, and virtually all departments', expenditures falling well below projections as follows:

- General Government – Actual expenditures fell below final budget by \$19.3 million or 24.9 percent. While almost all of the general government operating units had expenditures that fell below their final budget, some units showed considerable differences (budget exceeded actual expenditures by over \$200 thousand), including Treasurer/Tax Collector, County Counsel, Recorder-Elections, Information Technologies, County Engineer, and Chief Administration Office's Contributions to Other Funds.
- Public Protection – Actual expenditures fell below final budget by \$11.2 million or 10.5 percent. Similar to the general government function, virtually all of the departments under public protection fell below their budgets, with many departments fell significantly below budget (budget exceeded actual expenditures by over \$200 thousand) including the District Attorney's Office, Child Support Services, Sheriff, Sheriff-Bailiff, Central Dispatch, Jail, Juvenile Hall, Probation, Building Inspector, Planning and Zoning, and Animal Control Departments.
- Health and Sanitation – Actual expenditures fell below final budget by \$361 thousand or 12.1 percent with salaries and benefits making up the majority, falling below budget by over \$322 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$2.8 million or 7.8 percent as a result of expenditures falling well below budget in the Social Services Administration Unit (\$1.2 million) and Social Services Programs (\$1.4 million thousand).
- Education – Actual expenditures fell below budget by \$152 thousand or 4.46%.
- Recreation and Cultural Services – Actual expenditures feel below budget by \$328 thousand or 23.19%

In general, County management's practice of over budgeting both General Fund inflows and outflows continues. Further, budget amendments increasing budgeted revenues during the year increased rather than decreased revenue budget to actual variances at year-end. Similarly, amendments to increase expenditures also broadened the gap between budget and actual expenditures. As noted, while both the revenue and expenditure budgets were inflated, the expenditure budget was considerably more so (15.0 percent excess budgeted expenditures compared to 6.0 percent excess budgeted revenues). This discrepancy resulted in the use of just \$2.9 million of contingency funds or fund balance, rather than the anticipated increase to contingency or fund balance of \$5 million. Had the actual or authorized expenditures been closer to estimate; this use of contingency or fund balance could have been as great \$37 million (\$227 budgeted expenditures, not including the \$5 million budgeted increase to contingency, less actual revenues of \$190 million). Thus, while management's budget practices meet the legal requirements and renders a "balanced" budget, the resulting inflated budgets are limited in their ability to provide management with a useful tool for monitoring performance and controlling expenditures and, in fact, could have resulted in a General Fund cash deficit at year end.

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, 2007 amounts to \$326.5 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Fixed assets increased by a net of \$27.9 million in 2007.

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

- \$3.2 million in additions to land and improvements consisting entirely of right of way purchases for road improvements.
- \$1.7 million in additions to structures and improvements including the construction of the Veteran's Memorial Monument located at the Placerville Government Center (\$781 thousand), improvements to the Veteran's Memorial Building located adjacent to the Fairgrounds (\$285 thousand), improvements to the Placerville Juvenile Hall Facility (\$173 thousand) and improvements to both the Placerville and South Lake Tahoe Jail facilities (\$110 thousand and \$116 thousand respectively).
- \$35.3 million in infrastructure additions and reconstructions (county roads). While a portion of these additions were donated by private parties (\$2.6 million), most were the result of County funded additions and improvements and included the continued construction of the Missouri Flat Interchange (\$5.3 million), road improvements to White Rock Road East Fifth Avenue to Silva Valley Parkway (\$2.2 million), Green Valley Road widening County line to Francisco Road (\$6 million), Pleasant Valley Road two way left turn lane (\$1.4 million), signal and safety improvements to the Green Valley Road / Silva Valley Parkway (\$1.6 million), Apalachee Erosion Control storm drain improvements (\$3.8 million), and storm damage repairs to Mosquito Road (\$1.2 million).

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

Debt Administration. As of June 30, 2007 the County's outstanding long-term debt totaled \$15.0 million. The largest components of this obligation consists of \$7.9 million in bond debt, followed by \$3 million and \$1.8 million in notes payable due to the California Department of Housing and Community Development and the California Housing Finance Agency respectively, and \$1.5 million in capital lease obligations. Additional information on the County's long-term debt can be found in note 5 in the notes to the financial statements.

OTHER COUNTY OBLIGATIONS

The County has contractually obligated itself with various labor organizations to provide post retirement benefits to its employees and former employees. As a result, the County has assumed significant unfunded obligations to its retirees and future retirees. Although these obligations are described in the notes to the financial statements, they are not presented as liabilities on the County's financial statements.

As of June 30, 2007 the County calculated its unfunded or net obligation at \$133.4 million, using actuarial reports dated June 30, 2006 for CalPERS and June 30, 2006 for Retiree's Health plans. The resulting computation of the unfunded or net obligation as of June 30, 2006 may be summarized as follows:

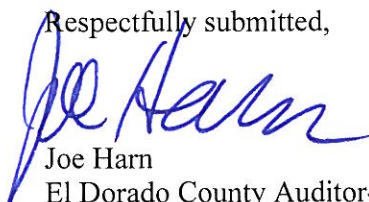
Post Retirement Benefit Plan	Liability	Plan Assets	Net Obligation
CalPERS Safety	\$ 153,493,254	\$ 118,945,127	\$ 34,548,127
CalPERS Misc	343,482,244	285,498,483	57,983,761
Retiree's Health	46,806,000	5,894,357	40,911,643
Total	\$ 543,781,498	\$ 410,337,967	\$ 133,443,531

The above Retiree's Health liability of \$46.8 million is based on the assumption that the Board of Supervisors will enforce a cap on the County's contribution. However, the Retiree's Health benefit plan is a defined benefit rather than contribution plan and, as such, 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 sharing costs. Thus, the County's liability for Retiree's Health, as of June 30, 2007, for financial reporting purposes is \$87.4 million.

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.

Respectfully submitted,



Joe Harn
El Dorado County Auditor-Controller

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

COUNTY OF EL DORADO

Statement of Net Assets
June 30, 2007

Primary Government

	Governmental Activities	Business-Type Activities	Totals	Component Units
ASSETS				
Cash and investments	\$ 252,791,000	\$ 1,194,167	\$ 253,985,167	\$ 8,507,011
Restricted cash and investments	3,380,302	15,845	3,396,147	113,400
Cash with fiscal agents	2,338,537	--	2,338,537	--
Accounts receivable	6,122,624	70,883	6,193,507	36,981
Special assessments receivable	2,247,522	--	2,247,522	--
Interest receivable	--	--	--	27,456
Due from other governments	20,381,512	146,224	20,527,736	2,578,279
Notes receivable	1,813,966	--	1,813,966	--
Inventory and prepayments	1,421,504	66,232	1,487,736	110,583
Internal balances	97,414	(97,414)	--	--
Notes receivable, long term	4,800,000	--	4,800,000	--
Capital Assets:				
Nondepreciable	46,922,669	873,950	47,796,619	602,526
Depreciable, net	276,896,530	1,828,116	278,724,646	4,828,637
Total Assets	<u>\$ 619,213,580</u>	<u>\$ 4,098,003</u>	<u>\$ 623,311,583</u>	<u>\$ 16,804,873</u>
LIABILITIES				
Accounts payable	\$ 18,964,068	\$ 361,582	\$ 19,325,650	\$ 451,967
Accrued salaries and benefits	3,303,977	4,270	3,308,247	43,989
Accrued interest payable	64,405	1,372	65,777	--
Due to other governments	395,718	--	395,718	--
Unearned revenue	10,338,924	23,750	10,362,674	1,828,248
Other liabilities	207,601	--	207,601	--
Long-term liabilities:				
Liability for self-insurance:				
Due within one year	4,586,000	--	4,586,000	--
Due beyond one year	21,233,994	--	21,233,994	496,300
Liability for landfill closure and post-closure:				
Due within one year	1,717,069	--	1,717,069	--
Due beyond one year	6,392,400	--	6,392,400	--
Compensated absences:				
Due within one year	850,426	1,500	851,926	111,466
Due beyond one year	12,737,237	33,045	12,770,282	111,465
Other liabilities:				
Due within one year	2,294,806	9,463	2,304,269	--
Due beyond one year	12,667,933	26,935	12,694,868	--
Total Liabilities	<u>95,754,558</u>	<u>461,917</u>	<u>96,216,475</u>	<u>3,043,435</u>
NET ASSETS				
Invested in capital assets, net of related debt	314,422,074	2,665,668	317,087,742	5,431,163
Restricted for:				
Capital projects	8,489,734	--	8,489,734	--
Debt service	4,095,926	--	4,095,926	--
Public safety	6,660,594	--	6,660,594	--
Community resources and public facilities	125,335,573	--	125,335,573	--
Health and public assistance	17,777,238	--	17,777,238	--
General government and support programs	12,676,132	--	12,676,132	--
Other purposes	1,282,571	15,845	1,298,416	5,577,281
Unrestricted	32,719,180	954,573	33,673,753	2,752,994
Total Net Assets	<u>523,459,022</u>	<u>3,636,086</u>	<u>527,095,108</u>	<u>13,761,438</u>
Total Liabilities and Net Assets	<u>\$ 619,213,580</u>	<u>\$ 4,098,003</u>	<u>\$ 623,311,583</u>	<u>\$ 16,804,873</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, 2007

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 38,705,700	\$ 12,353,958	\$ 7,577,432	\$ 16,427
Public protection	104,298,134	14,214,429	27,298,297	--
Public ways and facilities	29,107,423	41,733,669	14,667,553	2,654,269
Health and sanitation	49,749,369	12,329,856	27,991,777	155,000
Public assistance	40,808,528	259,099	40,410,404	--
Education	3,478,593	456,450	152,797	--
Recreation and cultural services	989,401	251,727	21,608	5,856
Debt Service:				
Interest and fiscal charges	499,251	--	--	--
Total Governmental Activities	267,636,399	81,599,188	118,119,868	2,831,552
Business-Type Activities:				
Airports	1,012,080	706,127	27,190	957,197
South Lake Tahoe Transit Program	428,320	49,733	272,594	59,762
Total Business-Type Activities	1,440,400	755,860	299,784	1,016,959
Total Primary Government	\$ 269,076,799	\$ 82,355,048	\$ 118,419,652	\$ 3,848,511
Components Units:				
El Dorado Transit Authority	\$ 5,883,150	\$ 1,031,091	\$ 3,902,837	\$ 864,554
Children and Families Commission	1,091,901	--	2,059,626	--
Total Component Units	\$ 6,975,051	\$ 1,031,091	\$ 5,962,463	\$ 864,554

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

Transfers

Total General Revenues and Transfers

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
\$ (18,757,883)	\$ --	\$ (18,757,883)	\$ --
(62,785,408)	--	(62,785,408)	--
29,948,068	--	29,948,068	--
(9,272,736)	--	(9,272,736)	--
(139,025)	--	(139,025)	--
(2,869,346)	--	(2,869,346)	--
(710,210)	--	(710,210)	--
			--
(499,251)	--	(499,251)	--
<u>(65,085,791)</u>	<u>--</u>	<u>(65,085,791)</u>	<u>--</u>
--	678,434	678,434	--
--	(46,231)	(46,231)	--
<u>--</u>	<u>632,203</u>	<u>632,203</u>	<u>--</u>
<u>(65,085,791)</u>	<u>632,203</u>	<u>(64,453,588)</u>	<u>--</u>
--	--	--	(84,668)
<u>--</u>	<u>--</u>	<u>--</u>	<u>967,725</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>883,057</u>
82,877,783	--	82,877,783	--
7,457,964	--	7,457,964	--
2,720,107	--	2,720,107	--
2,251,620	--	2,251,620	--
7,863,849	--	7,863,849	--
12,909,262	13,841	12,923,103	344,357
4,772,344	4,052	4,776,396	50,482
(142,887)	142,887	--	--
<u>120,710,042</u>	<u>160,780</u>	<u>120,870,822</u>	<u>394,839</u>
55,624,251	792,983	56,417,234	1,277,896
<u>467,834,771</u>	<u>2,843,103</u>	<u>470,677,874</u>	<u>12,483,542</u>
<u>\$ 523,459,022</u>	<u>\$ 3,636,086</u>	<u>\$ 527,095,108</u>	<u>\$ 13,761,438</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF EL DORADO

Balance Sheet
Governmental Funds
June 30, 2007

	General	Road Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 33,203,412	\$ 11,636,813	\$ 1,764,088	\$ 166,443,403	\$ 213,047,716
Restricted cash and investments	--	--	--	3,380,302	3,380,302
Cash with fiscal agents	--	--	2,172,406	17,490	2,189,896
Accounts receivable	562,880	352,649	14,791	5,083,380	6,013,700
Special assessments receivable	--	--	2,162,171	85,351	2,247,522
Due from other governments	8,639,917	1,499,453	--	10,242,142	20,381,512
Notes receivable	--	--	--	1,813,966	1,813,966
Due from other funds	1,396,864	1,936,512	--	1,630,656	4,964,032
Advances to other funds	210,000	--	--	2,033,614	2,243,614
Inventories	--	504,000	--	44,740	548,740
Prepaid expenses	434,854	36,679	--	236,738	708,271
	<u>44,447,927</u>	<u>15,966,106</u>	<u>6,113,456</u>	<u>191,011,782</u>	<u>257,539,271</u>
Total Assets	<u>\$ 44,447,927</u>	<u>\$ 15,966,106</u>	<u>\$ 6,113,456</u>	<u>\$ 191,011,782</u>	<u>\$ 257,539,271</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 3,277,036	\$ 8,720,278	\$ 62,960	\$ 6,033,759	\$ 18,094,033
Accrued salaries and benefits	2,389,299	395,781	--	497,460	3,282,540
Due to other governments	216,001	--	--	179,717	395,718
Due to other funds	512,781	--	--	4,353,837	4,866,618
Advances from other funds	--	--	--	2,243,614	2,243,614
Unearned revenue	453,407	203,910	2,162,171	13,901,375	16,720,863
Total Liabilities	<u>6,848,524</u>	<u>9,319,969</u>	<u>2,225,131</u>	<u>27,209,762</u>	<u>45,603,386</u>
<u>FUND BALANCES</u>					
Reserved for:					
Debt service	--	--	2,172,406	207,601	2,380,007
Capital projects	--	--	--	84,448	84,448
Encumbrances	1,282,458	105,331	--	5,111,621	6,499,410
Advances	210,000	--	--	2,033,614	2,243,614
Inventory	--	504,000	--	44,740	548,740
Prepaid expenses	434,854	36,679	--	236,738	708,271
Imprest cash	13,640	3,500	--	6,700	23,840
Other	--	--	--	2,897,904	2,897,904
Unreserved:					
Designated for:					
Economic uncertainty	9,270,916	--	--	--	9,270,916
Capital projects	--	--	--	2,237,434	2,237,434
Undesignated and reported in:					
General fund	26,387,535	--	--	--	26,387,535
Special revenue funds	--	5,996,627	--	148,997,143	154,993,770
Permanent funds	--	--	--	346,469	346,469
Debt service funds	--	--	1,715,919	--	1,715,919
Capital projects funds	--	--	--	1,597,608	1,597,608
Total Fund Balances	<u>37,599,403</u>	<u>6,646,137</u>	<u>3,888,325</u>	<u>163,802,020</u>	<u>211,935,885</u>
Total Liabilities and Fund Balances	<u>\$ 44,447,927</u>	<u>\$ 15,966,106</u>	<u>\$ 6,113,456</u>	<u>\$ 191,011,782</u>	<u>\$ 257,539,271</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, 2007

Fund Balance - total governmental funds	\$ 211,935,885
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.	4,800,000
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	317,762,167
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	6,381,939
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:	19,410,128
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.	(64,405)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(7,880,000)
Notes payable	(5,565,614)
Capital leases	(1,517,125)
Compensated absences	(13,486,883)
Liability for landfill closure and post-closure	(8,109,469)
Other long-term liabilities	<u>(207,601)</u>
Net assets of governmental activities	<u>\$ 523,459,022</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 Fiscal Year Ended June 30, 2007

	General	Road Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 87,979,962	\$ 20,941	\$ --	\$ 15,158,117	\$ 103,159,020
Licenses and permits	6,943,067	99,075	--	2,827,682	9,869,824
Intergovernmental revenue	54,858,954	13,565,386	--	49,726,291	118,150,631
Use of money or property	2,762,956	202,790	214,201	7,898,416	11,078,363
Charges for current services	17,937,113	3,845,572	8,000	55,834,915	77,625,600
Fines, forfeits and penalties	1,042,970	--	386,414	1,819,569	3,248,953
Other revenue	2,091,487	572,512	--	1,745,013	4,409,012
Total Revenues	<u>173,616,509</u>	<u>18,306,276</u>	<u>608,615</u>	<u>135,010,003</u>	<u>327,541,403</u>
Expenditures:					
Current:					
General government	35,733,099	--	84,128	183,045	36,000,272
Public protection	93,750,722	--	--	10,495,982	104,246,704
Public ways and facilities	--	47,279,510	--	898,775	48,178,285
Health and sanitation	2,624,198	--	--	49,646,006	52,270,204
Public assistance	32,667,502	--	--	11,867,660	44,535,162
Education	3,238,263	--	--	15	3,238,278
Recreation and cultural services	1,046,788	--	--	--	1,046,788
Capital outlay	3,051,149	3,327,193	--	4,508,711	10,887,053
Debt service:					
Principal	138,586	119,731	1,740,000	208,064	2,206,381
Interest and fiscal charges	37,065	27,911	409,790	38,075	512,841
Total Expenditures	<u>172,287,372</u>	<u>50,754,345</u>	<u>2,233,918</u>	<u>77,846,333</u>	<u>303,121,968</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,329,137</u>	<u>(32,448,069)</u>	<u>(1,625,303)</u>	<u>57,163,670</u>	<u>24,419,435</u>
Other Financing Sources (Uses):					
Transfers in	16,567,340	34,125,223	2,098,340	16,315,645	69,106,548
Transfers out	<u>(20,839,396)</u>	<u>(270,116)</u>	<u>--</u>	<u>(48,657,073)</u>	<u>(69,766,585)</u>
Total Other Financing Sources (Uses)	<u>(4,272,056)</u>	<u>33,855,107</u>	<u>2,098,340</u>	<u>(32,341,428)</u>	<u>(660,037)</u>
Net change in fund balances	(2,942,919)	1,407,038	473,037	24,822,242	23,759,398
Fund Balance - beginning of Fiscal Year	40,614,445	5,239,099	3,415,288	137,109,322	186,378,154
Prior period adjustments	<u>(72,123)</u>	<u>--</u>	<u>--</u>	<u>1,870,456</u>	<u>1,798,333</u>
Fund Balance, End of Fiscal Year	<u>\$ 37,599,403</u>	<u>\$ 6,646,137</u>	<u>\$ 3,888,325</u>	<u>\$ 163,802,020</u>	<u>\$ 211,935,885</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, 2007

Net change to fund balance - total governmental funds \$ 23,759,398

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

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.

Capital outlays	\$ 43,446,892	
Depreciation	(19,094,849)	24,352,043

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 net assets. 240,478

Because long-term receivables will not be collected within the year,
they are not considered available resources and are deferred in the
governmental funds. 1,024,569

Repayment of debt principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net assets. 2,206,381

Some revenues reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
revenues in the governmental funds. 2,645,789

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.

Change in compensated absences	(1,536,791)
Change in accrued interest payable	13,590
Change in liability for postclosure landfill costs	379,951

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. 2,538,843

Change in net assets of governmental activities \$ 55,624,251

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

COUNTY OF EL DORADO

Statement of Fund Net Assets Proprietary Funds June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities
	South Lake Tahoe Transit	County Airports	Total	Internal Service Funds
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 2,623	\$ 1,191,544	\$ 1,194,167	\$ 39,743,284
Cash with fiscal agents	--	--	--	148,641
Accounts receivable	--	70,883	70,883	108,924
Due from other governments	--	146,224	146,224	--
Deposits	--	--	--	83,100
Inventory	--	66,232	66,232	81,393
Total Current Assets	2,623	1,474,883	1,477,506	40,165,342
Non-current Assets:				
Capital assets:				
Land	--	213,711	213,711	40,000
Construction in progress	--	660,239	660,239	--
Structures and improvements	--	5,293,013	5,293,013	659,905
Equipment	109,504	37,869	147,373	10,869,832
Accumulated depreciation	(88,672)	(3,523,598)	(3,612,270)	(5,512,705)
Total capital assets, net of accumulated depreciation	20,832	2,681,234	2,702,066	6,057,032
Restricted assets:				
Restricted cash	15,845	--	15,845	--
Total Non-current assets	36,677	2,681,234	2,717,911	6,057,032
Total Assets	\$ 39,300	\$ 4,156,117	\$ 4,195,417	\$ 46,222,374
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	\$ 25,000	\$ 336,582	\$ 361,582	\$ 870,035
Accrued salaries and benefits	--	4,270	4,270	21,437
Interest payable	--	1,372	1,372	--
Due to other funds	--	97,414	97,414	--
Liability for self-insurance	--	--	--	4,586,000
Compensated absences, current portion	--	1,500	1,500	--
Notes payable, current portion	--	9,463	9,463	--
Deferred Revenues	--	23,750	23,750	--
Total Current Liabilities	25,000	474,351	499,351	5,477,472
Long-Term Liabilities:				
Liability for self-insurance	--	--	--	21,233,994
Compensated absences	--	33,045	33,045	100,780
Notes payable	--	26,935	26,935	--
Total Noncurrent Liabilities	--	59,980	59,980	21,334,774
Total Liabilities	25,000	534,331	559,331	26,812,246
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	20,832	2,644,836	2,665,668	6,057,032
Restricted	15,845	--	15,845	2,327,755
Unrestricted	(22,377)	976,950	954,573	11,025,341
Total Net Assets	14,300	3,621,786	3,636,086	19,410,128
Total Liabilities and Net Assets	\$ 39,300	\$ 4,156,117	\$ 4,195,417	\$ 46,222,374

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 Fiscal Year Ended June 30, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>South Lake Tahoe Transit</u>	<u>County Airports</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues:				
Fares	\$ 49,733	\$ --	\$ 49,733	\$ --
Service fees	--	706,127	706,127	32,345,575
Fuel sales	--	--	--	58,299
Total Operating Revenues	<u>49,733</u>	<u>706,127</u>	<u>755,860</u>	<u>32,403,874</u>
Operating Expenses:				
Salaries and benefits	--	189,002	189,002	1,086,980
Services and supplies	395,023	583,004	978,027	30,773,600
Depreciation	31,483	233,389	264,872	934,428
Total Operating Expenses	<u>426,506</u>	<u>1,005,395</u>	<u>1,431,901</u>	<u>32,795,008</u>
Operating Income (Loss)	<u>(376,773)</u>	<u>(299,268)</u>	<u>(676,041)</u>	<u>(391,134)</u>
Non-Operating Revenues (Expenses):				
Intergovernmental revenues	272,594	27,190	299,784	--
Interest income	--	13,841	13,841	1,830,899
Interest expense	(1,814)	(5,969)	(7,783)	--
Gain (loss) on sale of capital assets	--	--	--	(81,581)
Miscellaneous nonoperating revenue	1,186	2,866	4,052	663,509
Miscellaneous nonoperating expenses	--	(716)	(716)	--
Total Non-Operating Revenues (Expenses)	<u>271,966</u>	<u>37,212</u>	<u>309,178</u>	<u>2,412,827</u>
Income (Loss) Before Transfers and Capital Contributions	(104,807)	(262,056)	(366,863)	2,021,693
Transfers in	--	142,887	142,887	517,150
Capital contributions	59,762	957,197	1,016,959	--
Change in Net Assets	(45,045)	838,028	792,983	2,538,843
Net Assets - Beginning of Year	59,345	2,783,758	2,843,103	18,858,757
Prior period adjustment	--	--	--	(1,987,472)
Net Assets - End of Year	<u>\$ 14,300</u>	<u>\$ 3,621,786</u>	<u>\$ 3,636,086</u>	<u>\$ 19,410,128</u>

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

COUNTY OF EL DORADO

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>South Lake Tahoe Transit</u>	<u>County Airports</u>	<u>Total</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers and users	\$ 49,733	\$ 673,392	\$ 723,125	\$ 32,381,146
Cash paid to suppliers for goods and services	(395,023)	(306,786)	(701,809)	(26,551,015)
Cash paid to employees for salaries and benefits	--	(183,088)	(183,088)	(1,061,913)
Net cash provided (used) by operating activities	<u>(345,290)</u>	<u>183,518</u>	<u>(161,772)</u>	<u>4,768,218</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other governmental agencies	272,594	186,265	458,859	--
Non-operating receipts	1,186	2,866	4,052	663,509
Non-operating expenses	--	(716)	(716)	--
Cash received from or paid to other funds	--	(152,572)	(152,572)	517,150
Net cash provided (used) by noncapital financing activities	<u>273,780</u>	<u>35,843</u>	<u>309,623</u>	<u>1,180,659</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal repayments on debt	--	(9,463)	(9,463)	--
Proceeds from sale of capital assets	--	--	--	64,440
Capital contributions	59,762	957,197	1,016,959	--
Interest paid on debt	--	(6,311)	(6,311)	--
Payments related to the acquisition of capital assets	--	(262,733)	(262,733)	(1,775,983)
Net cash provided (used) by capital and related financing activities	<u>59,762</u>	<u>678,690</u>	<u>738,452</u>	<u>(1,711,543)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>(1,814)</u>	<u>13,841</u>	<u>12,027</u>	<u>1,830,899</u>
Net cash provided by investing activities	<u>(1,814)</u>	<u>13,841</u>	<u>12,027</u>	<u>1,830,899</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,562)	911,892	898,330	6,068,233
Cash and cash equivalents, beginning of year	<u>32,030</u>	<u>279,652</u>	<u>311,682</u>	<u>33,823,692</u>
Cash and cash equivalents, end of year	<u>\$ 18,468</u>	<u>\$ 1,191,544</u>	<u>\$ 1,210,012</u>	<u>\$ 39,891,925</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, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>South Lake Tahoe Transit</u>	<u>County Airports</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (376,773)	\$ (299,268)	\$ (676,041)	\$ (391,134)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	31,483	233,389	264,872	934,428
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	--	(32,735)	(32,735)	(22,728)
Inventory	--	(21,772)	(21,772)	(34,241)
Prepaid expenses	--	--	--	2,498
Increase (decrease) in:				
Accounts payable	--	297,990	297,990	455,675
Salaries payable	--	372	372	3,652
Liability for compensated absences	--	5,542	5,542	21,415
Liability for self-insurance	--	--	--	3,798,653
Net Cash Provided (Used) by Operating Activities	<u>\$ (345,290)</u>	<u>\$ 183,518</u>	<u>\$ (161,772)</u>	<u>\$ 4,768,218</u>

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

COUNTY OF EL DORADO

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	<u>Investment Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and investments	\$ 143,021,100	\$ 4,509,420
Interest receivable	--	2,304,225
Taxes receivable	--	<u>21,984,927</u>
Total Assets	<u>\$ 143,021,100</u>	<u>\$ 28,798,572</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 1,752,125	\$ 2,013,421
Accrued salaries and benefits	496,010	--
Fiduciary liabilities	--	<u>26,785,151</u>
Total Liabilities	<u>2,248,135</u>	<u>28,798,572</u>
<u>NET ASSETS</u>		
Net assets held in trust for investment pool participants	<u>140,772,965</u>	<u>--</u>
Total Net Assets	<u>140,772,965</u>	<u>--</u>
Total Liabilities and Net Assets	<u>\$ 143,021,100</u>	<u>\$ 28,798,572</u>

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

COUNTY OF EL DORADO

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2007

	<u>Investment Trust</u>
Additions:	
Contributions to investment pool	\$ 902,599,660
Interest and investment income	<u>9,651,194</u>
Total additions	<u>912,250,854</u>
Deductions:	
Distributions from investment pool	<u>929,242,847</u>
Total deductions	<u>929,242,847</u>
Change in net assets	(16,991,993)
Net assets - beginning	<u>157,764,958</u>
Net assets - ending	<u><u>\$ 140,772,965</u></u>

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

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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. 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 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 Financial Statements
For the Year Ended June 30, 2007

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 of Supervisors appoints three of 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 substantially the same as that of the County.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

A. Description of the Reporting Entity (continued)

Discretely Presented Component Units (continued):

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 Board of Supervisors 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 and the Placer County Water Agency 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 two members from the County, one member from each of the other participants and a public resident who alternates between El Dorado and Placer 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.
- 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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

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.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. 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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

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

Fund Financial Statements (continued)

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 County 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 Debt Service Fund – The debt service fund is used to account for the accumulation of resources and payment of general long-term debt principal and interest.

The County reports the following major 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 benefits and personal injury and property damage on a cost-reimbursement basis.
- Investment Trust Fund – The Investment Trust Fund accounts 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 Financial Statements
For the Year Ended June 30, 2007

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.

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 eligible requirements have been satisfied.

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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for services where the amounts are reasonably equivalent in value to the interfund services provided and other charges between County's funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions.

For its business-type activities and enterprise funds, the County has elected under 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), constitutes 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.

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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

D. Cash and Investments (continued)

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 unearned 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 a fund balance reservation that indicates that a portion of fund balance is not available for future appropriation.

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 fixed 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.

The estimated useful lives are as follows:

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

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

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 of California’s (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 2006/2007 net assessed valuation of the County was \$25,049,474,790.

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 of California 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:

	<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	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

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 to/from 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 between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

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 expenses during the reporting period. Actual results could differ from these estimates and the differences may be material.

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.

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 of Supervisors 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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

At June 30, 2007, total County cash and investments were as follows:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Cash:			
Imprest cash	\$ --	\$ 24,140	\$ 24,140
Cash on hand	500	--	500
Deposits	197,926,602	1,066,013	198,992,615
Total Cash	<u>197,927,102</u>	<u>1,090,153</u>	<u>199,017,255</u>
Investments	<u>212,291,094</u>	<u>4,562,433</u>	<u>216,853,527</u>
Total Cash and Investments	<u>\$ 410,218,196</u>	<u>\$ 5,652,586</u>	<u>\$ 415,870,782</u>

Total cash and investments at June 30, 2007 were presented on the County's financial statements as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
County Investment Pool:			
Unrestricted	\$ 253,961,227	\$ 147,428,848	\$ 5,431,974
Restricted	3,396,147	--	--
Total in County Investment Pool	<u>257,357,374</u>	<u>147,428,848</u>	<u>5,431,974</u>
External to Pool:			
Cash with fiscal agents	2,338,537	--	--
Other restricted cash and investments	--	--	113,400
Other unrestricted cash and investments	--	101,672	3,074,837
Imprest cash	23,940	--	200
Total External to Pool	<u>2,362,477</u>	<u>101,672</u>	<u>3,188,437</u>
Total Cash and Investments	<u>\$ 259,719,851</u>	<u>\$ 147,530,520</u>	<u>\$ 8,620,411</u>

Cash and investments were restricted at June 30, 2007, for the following purposes:

	<u>Primary Government</u>	<u>Component Units</u>
Closure and Post-closure costs	\$ 3,380,302	\$ --
Transit grant expenditures	15,845	--
Risk financing	--	113,400
	<u>\$ 3,396,147</u>	<u>\$ 113,400</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

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
U.S. Agency Obligations	3 years	None	5%
State Warrants	1 year	None	None
Banker's Acceptances	180	40%	5%
Domestic Commercial Paper	31 days	15%	4%
Negotiable Certificates of Deposit	5 years	30%	5%
Non-negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	5%
Local Agency Investment Fund (LAIF)	N/A	None	None

At June 30, 2007, the County had the following investments:

	Interest Rates	Maturities	Par	Carrying Value	Fair Value	WAM (Years)
Investments in Investment Pool						
Commercial Paper - Discount	5.2%-5.265%	07/02/07 - 07/20/07	\$ 73,790,000	\$ 73,470,641	\$ 73,470,641	0.04
Federal Agencies - Discount	4.775%-4.86%	07/05/07 - 08/23/07	47,706,000	47,107,494	47,376,782	0.07
Bankers Acceptance	5.06%-5.18%	07/10/07 08/15/07	52,314,000	51,712,959	51,916,488	0.07
California Local Agency Investment Fund	5.25%	On Demand	40,000,000	40,000,000	39,981,801	--
Total Investments in Investment Pool			\$ 213,810,000	\$ 212,291,094	\$ 212,745,712	0.05
Investments Outside Investment Pool						
Primary Government:						
<i>Cash held with Fiscal Agents</i>						
Money Market Mutual Funds	Variable	On Demand	\$ 981,186	\$ 981,186	\$ 981,186	--
Investment Contracts	Variable	On Demand	1,191,190	1,191,190	1,191,190	--
			2,172,376	2,172,376	2,172,376	
Component Units:						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	5.25%	On Demand	2,390,057	2,390,057	2,388,970	--
Total Investments Outside Investment Pool			\$ 4,562,433	\$ 4,562,433	\$ 4,561,346	--

COUNTY OF EL DORADO

Notes to the Financial Statements For the Year Ended June 30, 2007

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

Investments (continued)

At June 30, 2007, the difference between the carrying value and fair value of cash and investments was not material (fair value was 99.79% of carrying value). Therefore, an adjustment to fair value was not required.

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, 2007, the investment pool had a weighted average maturity of 0.05 years.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 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.

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, 2007.

	<u>Standard & Poor's</u> <u>Rating</u>	<u>Moody's</u>	<u>% of</u> <u>Portfolio</u>
Federal Agencies - Discount	AAA	Aaa	22.19%
Bankers Acceptance	A-1+	P-1	24.36%
Commercial Paper - Discount	A-1+	P-1	34.61%
California Local Agency Investment Fund	Unrated	Unrated	18.84%
Total			<u>100.00%</u>

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 year end, the County had no securities exposed to custodial credit risk.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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 State 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 Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2007, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40 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 \$63.5 billion. Of that amount, 97.43% was invested in non-derivative financial products and 2.57% in derivative type products consisting of structured notes and asset-backed securities. Fair value is based on information provided by the State for the Local Agency Investment Fund.

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, 2007:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 410,218,196</u>
Equity of internal pool participants	267,197,096
Equity of external pool participants	<u>143,021,100</u>
Total net assets	<u>\$ 410,218,196</u>

Statement of Changes in Net Assets

Net assets at July 1, 1006	\$ 389,932,149
Investment income	21,992,555
Investment expenses	(480,020)
Net contributions by pool participants	<u>(1,226,488)</u>
Net assets at June 30, 2007	<u>\$ 410,218,196</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

The Governmental funds include notes receivable of \$1,813,966 and special assessment receivables of \$2,162,171, which are not expected to be fully collected in the next fiscal year. The accounts receivable balances reported in other governmental funds includes an allowance for uncollectible amounts of \$1,121,000.

Note 4: **Capital Assets**

Capital Assets activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2007
Governmental Activities					
Capital assets, not being depreciated					
Land and improvements	\$ 39,557,411	\$ 3,206,766	\$ --	\$ 568,938	\$ 43,333,115
Construction in progress	1,589,189	4,313,105	--	(2,312,740)	3,589,554
Total capital assets not being depreciated	41,146,600	7,519,871	--	(1,743,802)	46,922,669
Capital assets, being depreciated					
Infrastructure	337,902,466	35,280,460	--	--	373,182,926
Structures and improvements	96,063,516	--	(377,168)	1,671,742	97,358,090
Equipment	39,157,585	5,637,271	(2,129,912)	72,060	42,737,004
Total capital assets being depreciated	473,123,567	40,917,731	(2,507,080)	1,743,802	513,278,020
Less accumulated depreciation for					
Infrastructure	(168,427,296)	(14,944,310)	--	--	(183,371,606)
Structures and improvements	(26,911,804)	(1,981,265)	195,262	--	(28,697,807)
Equipment	(23,045,712)	(3,103,702)	1,908,815	(71,478)	(24,312,077)
Total accumulated depreciation	(218,384,812)	(20,029,277)	2,104,077	(71,478)	(236,381,490)
Total capital assets being depreciated, net	254,738,755	20,888,454	(403,003)	1,672,324	276,896,530
Governmental activities capital assets, net	\$ 295,885,355	\$ 28,408,325	\$ (403,003)	\$ (71,478)	\$ 323,819,199

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2007</u>
Business Type Activities					
Capital assets, not being depreciated					
Land	\$ 213,711	\$ --	\$ --	\$ --	\$ 213,711
Construction in progress	<u>397,506</u>	<u>262,733</u>	<u>--</u>	<u>--</u>	<u>660,239</u>
Total capital assets not being depreciated	<u>611,217</u>	<u>262,733</u>	<u>--</u>	<u>--</u>	<u>873,950</u>
Capital assets, being depreciated					
Structures and improvements	5,293,013	--	--	--	5,293,013
Equipment	<u>147,373</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>147,373</u>
Total capital assets being depreciated	<u>5,440,386</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,440,386</u>
Less Accumulated depreciation for					
Structures and improvements	(3,254,646)	(233,030)	--	--	(3,487,676)
Equipment	<u>(92,752)</u>	<u>(31,842)</u>	<u>--</u>	<u>--</u>	<u>(124,594)</u>
Total accumulated depreciation	<u>(3,347,398)</u>	<u>(264,872)</u>	<u>--</u>	<u>--</u>	<u>(3,612,270)</u>
Total capital assets being depreciated, net	<u>2,092,988</u>	<u>(264,872)</u>	<u>--</u>	<u>--</u>	<u>1,828,116</u>
Business type activities capital assets, net	<u>\$ 2,704,205</u>	<u>\$ (2,139)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,702,066</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 791,497
Public protection	1,695,482
Public ways and facilities	15,712,405
Health and sanitation	389,213
Public assistance	137,130
Education	271,349
Recreation and cultural services	97,773
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	934,428
Total depreciation expense governmental activities	<u>\$ 20,029,277</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

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

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

Airports	\$ 233,389
Other	31,483
Total depreciation expense business-type activities	<u>\$ 264,872</u>

Note 5: **Long-Term Debt**

Long-term liabilities at June 30, 2007 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, 2007</u>
<u>Governmental Activities</u>						
Bonds Payable:						
1997 Refunding Lease Revenue Bonds	1997	2009	4.0% - 5.0%	\$225,000 - \$4,180,000	\$ 16,860,000	<u>\$ 7,880,000</u> <u>7,880,000</u>
Notes Payable:						
California Energy Commission	1998	2009	5.90%	\$20,588 - \$45,555	224,032	88,526
California Energy Commission	2005	2013	4.00%	\$24,880 - \$124,324	800,000	677,088
HUD HOME Program ¹⁾	2003	2058	0.00%	²⁾	3,000,000	3,000,000
California Housing Financing Agency HELP Program ¹⁾	2002	2013	3.00%	\$54,000	1,800,000	<u>1,800,000</u> <u>5,565,614</u>
Capital Leases:						
Banc of America (mainframe computer system)	2005	2012	4.28%	\$133,719 - \$171,943	1,065,167	532,408
Banc of America (motor graders)	2006	2012	3.36%	\$106,788 - \$173,357	1,109,188	855,779
SunTrust Leasing (snowblower)	2003	2009	3.25%	\$59,508-\$65,500	430,973	<u>128,938</u> <u>1,517,125</u>
Total Governmental Activities						<u>\$ 14,962,739</u>

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

²⁾ Payments are calculated based on percentage of project completion.

Business-Type Activities

Notes Payable:						
Loan #ED-1-85-L-1	9/23/85	2011	8.03%	\$2,919	\$ 72,987	\$ 11,679
Loan #ED-1-86-L-2	9/16/86	2012	6.94%	\$1,577	39,426	7,885
Loan #ED-5-86-L-1	9/16/86	2012	6.94%	\$1,060	26,503	5,301
Loan #ED-1-87-L-3	10/6/87	2012	6.94%	\$930	23,251	5,580
Loan #ED-5-88-L-2	10/19/88	2009	7.04%	\$2,976	59,527	<u>5,953</u> <u>\$ 36,398</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 5: **Long-Term Debt** (continued)

The following is a summary of long-term liabilities transactions for the year ended June 30, 2007:

	Restated Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Amounts Due Within One Year
Governmental Activities					
Lease revenue bonds	\$ 9,620,000	\$ --	\$ 1,740,000	\$ 7,880,000	\$ 1,810,000
Notes payable:					
California Energy Commission	129,080	--	40,554	88,526	42,971
California Energy Commission II	775,120	--	98,032	677,088	101,924
California Housing Financing Agency	1,800,000	--	--	1,800,000	--
HUD Home Program	3,000,000	--	--	3,000,000	--
Compensated absences	12,029,457	2,408,632	850,426	13,587,663	850,426
Capital lease obligation	1,844,920	--	327,795	1,517,125	339,911
Landfill closure / post-closure liability	8,489,420	--	379,951	8,109,469	1,717,069
Liability for self-insurance claims	20,033,869	30,072,200	24,286,075	25,819,994	4,586,000
	<u>\$ 57,721,866</u>	<u>\$ 32,480,832</u>	<u>\$ 27,722,833</u>	<u>\$ 62,479,865</u>	<u>\$ 9,448,301</u>
Business-Type Activities					
Compensated absences	\$ 29,003	\$ 7,042	\$ 1,500	\$ 34,545	\$ 1,500
Notes payable	45,861	--	9,463	36,398	9,463
	<u>\$ 74,864</u>	<u>\$ 7,042</u>	<u>\$ 10,963</u>	<u>\$ 70,943</u>	<u>\$ 10,963</u>

The liability for self-insurance claims are 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, 2007, 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.

Year Ending June 30:	Governmental Activities			
	Notes Payables		Bonds Payables	
	Principal	Interest	Principal	Interest
2008	\$ 144,895	\$ 84,757	\$ 1,810,000	\$ 329,010
2009	151,664	77,987	1,890,000	242,965
2010	110,397	71,673	4,180,000	99,275
2011	114,857	67,213	--	--
2012	119,477	62,593	--	--
2013	1,924,324	3,746	--	--
	<u>\$ 2,565,614</u>	<u>\$ 367,969</u>	<u>\$ 7,880,000</u>	<u>\$ 671,250</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 5: **Long-Term Debt** (continued)

As of June 30, 2007, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities	
	Notes Payables	
	Principal	Interest
2008	\$ 9,463	\$ 2,686
2009	9,463	1,988
2010	6,487	1,290
2011	6,487	801
2012	3,567	246
2013-2014	931	65
	<u>\$ 36,398</u>	<u>\$ 7,076</u>

Note 6: **Leases**

Operating Lease Obligations

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$3.6 million for the year ended June 30, 2007.

Future minimum operating lease commitments are as follows:

<u>Year Ending June 30,</u>	
2008	\$ 2,214,898
2009	1,626,414
2010	1,334,971
2011	932,566
2012	<u>502,130</u>
	<u>\$ 6,610,979</u>

Capital Lease Obligations

The County accounts for capital leases in the governmental fund types in accordance with the provisions of GASB Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a general fixed 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 \$393,777 for which \$65,982 represented interest cost.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 6: **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:		
2008	\$	393,777
2009		393,777
2010		326,148
2011		326,148
2012		178,506
2013		44,626
Total minimum lease payments		1,662,982
Less amount representing interest		(145,857)
Total	\$	1,517,125

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

	Governmental Activities
Road equipment	\$ 3,483,640
Less: accumulated depreciation	(580,918)
Net Value	\$ 2,902,722

Note 7: **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 when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after 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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 7: **Liability for Closure and Post-Closure Costs** (continued)

The recognition of the estimated liability for closure and postclosure maintenance costs is based on the amount of the landfill used through the end of the fiscal year.

The County ceased accepting waste during 1997. Although the County no longer accepts waste, 8.2 of the landfill's 35.5 acres remain unfilled. The County is currently constructing a methane gas plant which will be used to produce usable energy from disposed solid waste. The estimated landfill closure care liability of \$1,717,069 reported at June 30, 2007, represents the cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes. Because the landfill is no longer accepting waste, the remaining estimated cost of postclosure care of \$6,392,400 has been recognized.

The County is required by state and federal laws and regulations to make annual contributions to a trust fund in order to finance closure and postclosure care. At June 30, 2007, investments of \$3,380,302 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 not sufficient to cover the entire liability. The government expects future inflation costs to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (because of changes in technology or applicable laws and regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 8: **Interfund Transactions**

The composition of interfund balances as of June 30, 2007 is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise Fund - County Airports	\$ 97,414	Advance for fuel tank replacement and provide for cash flow
	Other Governmental Funds	652,625	Realignment funds
	Other Governmental Funds	388,514	Temporary loans for cash flow
	Other Governmental Funds	158,237	Allocated Vehicle License Fees due back to General Fund
	Other Governmental Funds	57,907	Time share assessment distribution
	Other Governmental Funds	260	Excess contribution to park projects due back to General Fund
	Other Governmental Funds	25,309	Advance for Workers Comp Fraud program
	Other Governmental Funds	9,516	Advance for training program
	Other Governmental Funds	7,082	Advance for child support administration
			<u>1,396,864</u>
Road Fund	General Fund	1,523	CSUS National Pollution Discharge Elimination System fees
	Other Governmental Funds	1,523	CSUS National Pollution Discharge Elimination System fees
	Other Governmental Funds	1,933,466	Capital project funds for road improvements
		<u>1,936,512</u>	
Other Governmental Funds	Other Governmental Funds	37,038	Bioterrorism Grant
	Other Governmental Funds	141,605	Realignment funds for Health programs
	Other Governmental Funds	475,092	Mental Health Sales Tax Realignment Funds
	Other Governmental Funds	55,021	Mental Health Vehicle License Fees to Psychiatric Facility
			Community Services - EDBG due to Housing Rehab to correct General Fund Contribution
	Other Governmental Funds	4,488	Community Services - MAA funds due to Senior Day Care
	Other Governmental Funds	30,823	Criminal Justice Facility due to ACO
	Other Governmental Funds	1,561	IHSS Housing Public Authority
	Other Governmental Funds	62,986	Bioterrorism Grant due from Health to Environment
	Other Governmental Funds	37,441	Management
	Other Governmental Funds	38,845	River Use Permit due to Henningson Lotus Park
	Other Governmental Funds	234,497	MAA funds due to Public Health from Community Services
	General Fund	12,469	Double transfer from River Spc Revenue fund
	General Fund	7,524	Double charge project manager time to ACO projects
	General Fund	72,992	Contribution to Affordable Housing Projects Social Services
	General Fund	45,198	General fund match for Health Realignment funds
	General Fund	229,955	Vehicle License Fees Health
	General Fund	55,021	Vehicle License Fees Mental Health
	General Fund	12,210	Vehicle License Fees Social Services
	General Fund	45,907	Double transfer Sales Tax Realignment from Social Services
	General Fund	29,983	Excess transfer from sales tax fund Public Health
		<u>1,630,656</u>	
	Total	<u>\$ 4,964,032</u>	
<u>Advanced from</u>	<u>Advanced to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 210,000	Long term cash advances
Other Governmental Funds	Other Governmental Funds	2,033,614	Cash advance from RIF Silva Valley Interchange to El Dorado Hills TIM
	Total	<u>\$ 2,243,614</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 8: **Interfund Transactions** (continued)

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.

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 335,252	Timber Tax to Sheriff's Office Patrol, Search and Rescue
	Other Governmental Funds	53,311	Community Enhancement Designated Contributions to Library / Fund Interest to General Fund Misc Revenue
	Other Governmental Funds	910,789	County Service Area #10 Special Tax Revenues to Library General Fund Operating
	Other Governmental Funds	413,853	Time Share and Redemption Fees to Auditor / TTC / Assessor
	Other Governmental Funds	3,216	Overages Treasurer Tax Collector Operating
	Other Governmental Funds	14,657	Reimbursement from Assessor's Loan Program for Internet
	Other Governmental Funds	218,999	Park Fees to Parks and Grounds General Fund Operating
	Other Governmental Funds	199,006	Grant Revenues to District Attorney General Fund Operating
	Other Governmental Funds	239,034	Sheriff's Restricted Revenues (Fingerprint Identification, Grants) to Sheriff's Operating
	Other Governmental Funds	340,149	Grant Funding (TANF Block Grant, Title IV E Grant) and DNA Identification funds to Probation Operating
	Other Governmental Funds	278,993	Faxed in Permits, Code Enforcement Grant Program, Commercial Grading to Building Operating
	Other Governmental Funds	438,260	Micro, Computer System, Notary Public Confidential Marriage, Vital Health Statistics to Recorder Operating
	Other Governmental Funds	651,154	Planning Projects Revenues to Planning; Ecological Preserve Fee distribution to Building and Planning
	Other Governmental Funds	1,365,000	Engineer time and materials to DOT county engineer and FEMA funding to Sheriff operating
	Other Governmental Funds	49,790	Animal Control Community Enhancement funding to Animal Control Operating / current and prior year interest to General Miscellaneous Revenue
	Other Governmental Funds	1,024	License Plate Fees to Veteran Services operating
	Other Governmental Funds	13,915	Purdy Trust/Mountain Democrat Kincade Commuter funds to Library operating
	Other Governmental Funds	499,459	Realignment funds to Health and Welfare: Health
	Other Governmental Funds	5,004,771	Realignment funds to Health and Welfare: Social Services Supplemental Law Enforcement Services Fund (SLESF) to Sheriff/DA/Probation Operating
	Other Governmental Funds	958,517	Sheriff/DA/Probation Operating
	Other Governmental Funds	4,577,191	Child Support Enforcement Administration funding to operating
	Other Governmental Funds	1,000	Jensen Memorial Trust funds to Library operating
			<u>16,567,340</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 8: **Interfund Transactions** (continued)

Transfers (continued)

Transfer to	Transfer from	Amount	Purpose
Road Fund	General Fund	\$ 3,456,767	General Fund Contribution in Lieu of MVLF Measure H
	Other Governmental Funds	<u>30,668,456</u>	Road District Tax, Motor Vehicle Fees and Traffic Impact Fees to Road Fund Operating
		<u>34,125,223</u>	
Debt Service Fund	General Fund	1,778,340	General Fund Contribution
	Other Governmental Funds	<u>320,000</u>	Transfer from Bond Reserve
		<u>2,098,340</u>	
Internal Service Funds	General Fund	247,034	General Fund Contribution
	Road Fund	<u>270,116</u>	Road Fund Contributed Capital
		<u>517,150</u>	
Enterprise Fund - Airports	General Fund	122,887	General Fund Contribution
	Other Governmental Funds	<u>20,000</u>	Special Aviation and Community Enhancement funding
		<u>142,887</u>	
Other Governmental Funds	General Fund	1,516,386	General Fund Contribution to Community Services
	General Fund	5,681,282	General Fund Contribution to Public Health
	General Fund	6,747	Transfer SB-90 Reimbursement AB 3632
	General Fund	162,136	Social Services SB163 Wraparound funding
	General Fund	43,988	General Fund Contribution to EIR Development Projects
	General Fund	68,009	General Fund Contribution to IHSS Public Authority Fund
	General Fund	13,858	General Fund Contribution to Housing Authority
	General Fund	65,228	General Fund Contribution to Ambulance Operating
	General Fund	4,285	General Fund transfer to change difference shortage
	General Fund	22,689	General Fund Contribution to Human Services
	General Fund	5,771,670	General Fund Contribution to Health and Welfare
	General Fund	1,878,090	General Fund Contribution to ACO Fund
	Other Governmental Funds	25,426	Mental Health Psychiatric Facility Fund to ACO Fund
	Other Governmental Funds	5,026	Community Enhancement Contribution to ACO Fund
	Other Governmental Funds	368,060	Criminal Justice Facility Construction Fund Contribution to ACO Fund
	Other Governmental Funds	5,218	Park and Quimby Fees to ACO Fund
Other Governmental Funds	466,622	Animal Control Community Enhancement to ACO Fund	
Other Governmental Funds	<u>210,925</u>	Ecological Preserve Special Revenues to Rare Plant Preserve Permanent Fund	
	<u>16,315,645</u>		
	<u>\$ 69,766,585</u>		

Note 9: **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 executive office located at 400 P Street, Sacramento, California 95814.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 9: **Pension Plan** (continued)

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County makes the contributions required of its employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 12.653% for non-safety employees and 23.988% 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 2006-2007, the County's annual pension cost of \$15,700,544 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial. Assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and 3.25% to 13.15% depending on age, service and type of employment for safety members. 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 value of investments over a two to five 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>
6/30/05	\$ 11,921	100%	\$ --
6/30/06	15,351	100%	--
6/30/07	15,701	100%	--

Other Post-Employment Benefits

In addition to pension benefits described in the preceding paragraph, the County provides post-employment benefits for health care to eligible retirees and their dependants. The benefits are provided in accordance with County resolutions and collective bargaining agreements. The criteria to determine eligibility include: years of service; employee age, disability due to line of duty and whether the employee has vested in the respective retirement plan. The County funds the benefits on a pay-as-you-go basis. Expenses for

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 9: **Pension Plan** (continued)

Other Post-Employment Benefits (continued)

post-retirement health care benefits that are recognized as eligible employee claims are paid. For the current fiscal year the County provided credits to retirees in the total amount of \$1,141,218. There are currently 267 retiree participants.

Note 10: **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 \$1 million in health insurance benefits through its Blue Shield health insurance program. The County's self-insured retention for its health insurance program is \$150,000 per employee. The County also offers two other health insurance programs to its employees which are not self-insured. Health benefits through Kaiser and Pacific Care are based on monthly premiums with no lifetime maximums per employee. The County purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. The amount of settlements did not exceed coverage 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 \$25,819,994 reported in the Risk Management Fund at June 30, 2007 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, 2007 and 2006 were as follows:

	2007	2006
Unpaid claims, beginning of year	\$ 20,033,869	\$ 20,234,869
Plus estimated claims incurred	30,072,200	24,461,301
Less claims payments	<u>(24,286,075)</u>	<u>(24,662,301)</u>
Unpaid claims, end of year	<u>\$ 25,819,994</u>	<u>\$ 20,033,869</u>

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 11: 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.

Note 12: Net Assets/Fund Balances

A. Fund Balances

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, 2007, are net assets restricted by enabling legislation of \$128.5 million.
- *Unrestricted Net Assets:* This category represents net assets of the County, not restricted for any project or other project.

COUNTY OF EL DORADO

Notes to the Financial Statements For the Year Ended June 30, 2007

Note 12: Net Assets/Fund Balances (continued)

A. **Fund Balances** (continued)

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

The County has “reserved” fund balances as follows:

- *Debt Service:* To reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general obligations.
- *Capital Projects:* To reflect resources set aside for capital projects of the County.
- *Encumbrances:* To reflect the outstanding contractual obligations for which goods and services have not been received.
- *Advances:* To reflect the portion of assets set aside for advances to other funds which do not represent available spendable resources.
- *Inventory:* To reflect the portion of assets set aside for inventory which do not represent available spendable resources.
- *Prepaid Expenses:* To reflect the portion of assets set aside for prepaid expenses which do not represent available spendable resources.
- *Imprest Cash:* To reflect the portion of cash that is not an available spendable resource.
- *Other:* To reflect the unexpendable portion of fund balance in the permanent funds which do not represent available spendable resources.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. Fund balance designations include:

- *Economic Uncertainty:* To reflect management’s intent to expend funds during poor economic times or in times when the cost of services rises dramatically.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 12: **Net Assets/Fund Balances** (continued)

A. **Fund Balances** (continued)

- *Capital Projects:* To reflect management's intent to expend certain funds solely for planned capital projects.

B. **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 balance / net assets.

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

	Governmental Activities			Government-Wide Statement of Activities	
	Fund Financial Statements		Internal Service Funds		Total Governmental Activities
	General Fund	Other Governmental Funds			
Fund balances/net assets, June 30, 2006, as previously reported	\$ 40,614,445	\$ 137,109,322	\$ 18,858,757	\$ 468,023,910	
Restatements:					
Correct recognition of prior year revenue	(72,123)	72,123	--	--	
Correct prior year deferral of revenues	--	1,827,954	--	1,827,954	
Cash with fiscal agent for bond payable	--	17,490	--	17,490	
Adjust beginning self-insurance liability	--	--	(1,987,472)	(1,987,472)	
Other miscellaneous restatements	--	(47,111)	--	(47,111)	
Total restatements	(72,123)	1,870,456	(1,987,472)	(189,139)	
Fund balances/net assets, June 30, 2006, as restated	<u>\$ 40,542,322</u>	<u>\$ 138,979,778</u>	<u>\$ 16,871,285</u>	<u>\$ 467,834,771</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 12: **Net Assets/Fund Balances** (continued)

C. Deficit Fund Balances

The following fund had a fund balance deficit as of June 30, 2007:

Nonmajor Governmental Funds:	
Erosion Control	\$ 570,284

Deficit in this fund is expected to be eliminated in future years through future revenues and/or transfers from other funds.

Note 13: **Condensed Segment Information on Component Units**

The County has two Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2007, is as follows:

Component Units Statement of Net Assets
June 30, 2007

	Children and Families Commission	El Dorado Transit Authority	Total
<u>ASSETS</u>			
Current and other assets	\$ 5,770,809	\$ 5,489,501	\$ 11,260,310
Capital assets	1,772	5,429,391	5,431,163
Restricted cash	--	113,400	113,400
Total Assets	\$ 5,772,581	\$ 11,032,292	\$ 16,804,873
<u>LIABILITIES</u>			
Current liabilities	\$ 193,528	\$ 2,242,142	\$ 2,435,670
Long-term liabilities	--	607,765	607,765
Total Liabilities	193,528	2,849,907	3,043,435
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,772	5,429,391	5,431,163
Restricted	5,577,281	--	5,577,281
Unrestricted	--	2,752,994	2,752,994
Total Net Assets	5,579,053	8,182,385	13,761,438
Total Liabilities and Net Assets	\$ 5,772,581	\$ 11,032,292	\$ 16,804,873

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 13: **Condensed Segment Information on Component Units** (continued)

Component Units Statement of Activities
For the Year Ended June 30, 2007

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for current services	\$ --	\$ 1,031,091	\$ 1,031,091
Operating grants and contributions	2,059,626	3,902,837	5,962,463
Capital grants and contributions	--	864,554	864,554
General Revenues:			
Use of money or property	245,452	98,905	344,357
Other revenues	--	50,482	50,482
Total Revenues	<u>2,305,078</u>	<u>5,947,869</u>	<u>8,252,947</u>
Expenses:			
Health and sanitation	1,091,901	--	1,091,901
Public ways and facilities	--	5,883,150	5,883,150
Total Expenses	<u>1,091,901</u>	<u>5,883,150</u>	<u>6,975,051</u>
Change in net assets	1,213,177	64,719	1,277,896
Net Assets - Beginning of Year	<u>4,365,876</u>	<u>8,117,666</u>	<u>12,483,542</u>
Net Assets - End of Year	<u>\$ 5,579,053</u>	<u>\$ 8,182,385</u>	<u>\$ 13,761,438</u>

Note 14: **Subsequent Events**

The \$1,800,000 note payable with the California Housing Financing Agency was paid in full in January 2008.

The County receives significant revenues from the State of California. The State is having significant cash flow problems. During the fiscal year ending June 30, 2008, the State began to delay the disbursement of revenues to the County to help alleviate the State's cash flow problems. Accordingly, this has adversely affected the County's cash flow.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Required Supplementary Information
For the Year Ended June 30, 2007

SCHEDULE OF FUNDING PROGRESS

The tables below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30 (dollar amounts in thousands):

Miscellaneous Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial 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>
6/30/04	\$ 275,006,624	\$ 237,113,231	\$ 37,893,393	86.2%	\$ 63,809,446	59.4%
6/30/05	300,683,309	259,377,379	41,305,930	86.3%	68,268,957	60.5%
6/30/06	343,482,244	285,498,483	57,983,761	83.1%	80,807,657	71.8%

Safety Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial 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>
6/30/04	\$ 123,572,942	\$ 97,406,693	\$ 26,166,249	78.8%	\$ 17,545,980	149.1%
6/30/05	135,837,649	107,793,103	28,044,546	79.4%	18,515,246	151.5%
6/30/06	153,493,254	118,945,127	34,548,127	77.5%	22,211,594	155.5%

COUNTY OF EL DORADO

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balances, July 1	\$ 25,519,422	\$ 29,852,547	\$ 29,852,547	\$ --
Resources (inflows):				
Taxes	85,674,390	87,152,129	87,979,962	827,833
Licenses, permits and franchises	10,605,247	8,896,252	6,943,067	(1,953,185)
Fines, forfeits and penalties	1,090,816	1,113,369	1,042,970	(70,399)
Use of money or property	2,558,696	2,958,696	2,762,956	(195,740)
Intergovernmental revenue - State	35,779,809	36,846,454	35,733,182	(1,113,272)
Intergovernmental revenue - Federal	18,535,193	21,015,175	18,632,863	(2,382,312)
Revenue other governmental agencies	916,527	946,527	492,909	(453,618)
Charges for services	18,939,585	19,499,044	17,937,113	(1,561,931)
Miscellaneous revenue	1,442,013	1,554,573	2,090,528	535,955
Other financing sources	20,213,609	22,453,761	16,568,299	(5,885,462)
	<u>195,755,885</u>	<u>202,435,980</u>	<u>190,183,849</u>	<u>(12,252,131)</u>
Amounts available for appropriation	<u>221,275,307</u>	<u>232,288,527</u>	<u>220,036,396</u>	<u>(12,252,131)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and employee benefits	1,229,772	1,224,423	1,164,577	59,846
Services and supplies	106,429	112,869	95,474	17,395
Other charges	1,076	1,276	279	997
Capital assets	--	1,510	1,508	2
Intrafund transfers	54,543	50,543	48,658	1,885
	<u>1,391,820</u>	<u>1,390,621</u>	<u>1,310,496</u>	<u>80,125</u>
County of Administrative Office				
Salaries and employee benefits	1,510,643	1,510,644	1,420,424	90,220
Services and supplies	362,523	346,644	356,325	(9,681)
Other charges	2,754	2,754	160	2,594
Intrafund transfers	783	783	8,254	(7,471)
	<u>1,876,703</u>	<u>1,860,825</u>	<u>1,785,163</u>	<u>75,662</u>
Annual Audit				
Services and supplies	70,000	139,350	139,350	--
	<u>70,000</u>	<u>139,350</u>	<u>139,350</u>	<u>--</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller				
Salaries and employee benefits	\$ 2,696,767	\$ 2,693,017	\$ 2,617,828	\$ 75,189
Services and supplies	114,877	166,919	131,695	35,224
Other charges	1,769	2,249	640	1,609
Intrafund transfers	272,353	272,353	261,696	10,657
	<u>3,085,766</u>	<u>3,134,538</u>	<u>3,011,859</u>	<u>122,679</u>
Treasurer/Tax Collector				
Salaries and employee benefits	2,188,438	2,188,438	2,087,137	101,301
Services and supplies	519,687	504,585	412,180	92,405
Other charges	2,003	2,303	618	1,685
Capital assets	21,838	45,958	45,886	72
Other financing uses	4,000	4,600	4,285	315
Intrafund transfers	443,460	443,460	342,265	101,195
	<u>3,179,426</u>	<u>3,189,344</u>	<u>2,892,371</u>	<u>296,973</u>
Assessor				
Salaries and employee benefits	3,655,345	3,655,345	3,588,240	67,105
Services and supplies	170,739	168,841	142,983	25,858
Other charges	9,835	9,835	237	9,598
Capital assets	5,000	5,000	1,608	3,392
Other financing uses	7,000	7,000	--	7,000
Intrafund transfers	422,519	422,519	419,097	3,422
	<u>4,270,438</u>	<u>4,268,540</u>	<u>4,152,165</u>	<u>116,375</u>
Purchasing				
Salaries and employee benefits	522,729	567,730	567,001	729
Services and supplies	34,557	34,415	33,457	958
Other charges	393	393	165	228
Capital assets	6,000	6,000	7,949	(1,949)
Intrafund transfers	17,977	17,977	18,122	(145)
	<u>581,656</u>	<u>626,515</u>	<u>626,694</u>	<u>(179)</u>
County Counsel				
Salaries and employee benefits	2,475,295	2,475,295	2,054,696	420,599
Services and supplies	843,725	610,491	554,217	56,274
Other charges	1,998	1,998	240	1,758
Capital assets	4,000	42,000	37,879	4,121
Intrafund transfers	45,388	45,388	17,434	27,954
	<u>3,370,406</u>	<u>3,175,172</u>	<u>2,664,466</u>	<u>510,706</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Human Resources				
Salaries and employee benefits	\$ 836,851	\$ 836,851	\$ 730,558	\$ 106,293
Services and supplies	435,887	420,887	284,655	136,232
Other charges	720	720	379	341
Capital assets	5,500	5,500	--	5,500
Intrafund transfers	(86,312)	(71,312)	(12,955)	(58,357)
	<u>1,192,646</u>	<u>1,192,646</u>	<u>1,002,637</u>	<u>190,009</u>
Recorder - Elections				
Salaries and employee benefits	794,043	794,043	761,319	32,724
Services and supplies	3,115,779	3,254,818	1,914,396	1,340,422
Other charges	891	891	15,050	(14,159)
Capital assets	3,500	997,341	938,970	58,371
Intrafund transfers	37,867	37,867	37,357	510
	<u>3,952,080</u>	<u>5,084,960</u>	<u>3,667,092</u>	<u>1,417,868</u>
Communications				
Salaries and employee benefits	639,171	639,171	596,983	42,188
Services and supplies	1,339,250	1,373,660	1,461,688	(88,028)
Capital assets	353,000	313,000	313,408	(408)
Intrafund transfers	(628,140)	(628,140)	(802,506)	174,366
	<u>1,703,281</u>	<u>1,697,691</u>	<u>1,569,573</u>	<u>128,118</u>
Mail and Courier				
Salaries and employee benefits	96,008	96,008	31,120	64,888
Services and supplies	22,474	22,763	21,506	1,257
Capital assets	--	4,000	3,883	117
Intrafund transfers	(62,317)	(62,317)	(71,934)	9,617
	<u>56,165</u>	<u>60,454</u>	<u>(15,425)</u>	<u>75,879</u>
Buildings and Grounds				
Salaries and employee benefits	2,759,439	2,759,439	2,721,788	37,651
Services and supplies	1,584,637	1,599,059	1,511,794	87,265
Other charges	243,181	243,181	195,927	47,254
Capital assets	29,000	50,308	57,236	(6,928)
Other financing uses	38,350	38,350	35,510	2,840
Intrafund transfers	(254,944)	(254,944)	(118,992)	(135,952)
	<u>4,399,663</u>	<u>4,435,393</u>	<u>4,403,263</u>	<u>32,130</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Property Management				
Salaries and employee benefits	\$ 142,139	\$ 142,139	\$ 26,302	\$ 115,837
Services and supplies	30,709	30,709	3,084	27,625
Other charges	150	150	742	(592)
Intrafund transfers	<u>(5,082)</u>	<u>(5,082)</u>	<u>641</u>	<u>(5,723)</u>
	<u>167,916</u>	<u>167,916</u>	<u>30,769</u>	<u>137,147</u>
County Promotion				
Services and supplies	496,125	632,119	627,607	4,512
Other financing uses	100,000	100,000	100,000	--
Intrafund transfers	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>--</u>
	<u>621,125</u>	<u>757,119</u>	<u>752,607</u>	<u>4,512</u>
Information Technologies				
Salaries and employee benefits	4,023,385	3,931,685	3,880,195	51,490
Services and supplies	2,099,702	2,134,959	1,638,545	496,414
Other charges	--	2,486	807	1,679
Capital assets	566,250	500,023	431,408	68,615
Intrafund transfers	<u>(3,064,247)</u>	<u>(3,022,733)</u>	<u>(2,796,806)</u>	<u>(225,927)</u>
	<u>3,625,090</u>	<u>3,546,420</u>	<u>3,154,149</u>	<u>392,271</u>
Surveyor				
Salaries and employee benefits	1,850,039	1,850,039	1,730,407	119,632
Services and supplies	180,987	181,966	168,625	13,341
Other charges	1,178	1,178	--	1,178
Capital assets	59,203	59,203	32,679	26,524
Intrafund transfers	<u>(353,697)</u>	<u>(353,697)</u>	<u>(276,202)</u>	<u>(77,495)</u>
	<u>1,737,710</u>	<u>1,738,689</u>	<u>1,655,509</u>	<u>83,180</u>
General Services Administration				
Salaries and employee benefits	1,202,429	1,202,429	1,202,378	51
Services and supplies	292,691	314,013	316,345	(2,332)
Other charges	24,556	24,556	27,814	(3,258)
Capital assets	6,200	2,200	--	2,200
Intrafund transfers	<u>(327,065)</u>	<u>(327,065)</u>	<u>(335,514)</u>	<u>8,449</u>
	<u>1,198,811</u>	<u>1,216,133</u>	<u>1,211,023</u>	<u>5,110</u>
Employee Benefits				
Salaries and employee benefits	<u>640,000</u>	<u>140,371</u>	<u>9,878</u>	<u>130,493</u>
	<u>640,000</u>	<u>140,371</u>	<u>9,878</u>	<u>130,493</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Engineer				
Services and supplies	\$ 864,000	\$ 1,034,000	\$ 243,738	\$ 790,262
Other charges	3,224,991	3,491,886	2,298,052	1,193,834
Intrafund transfers	15,000	15,000	19,291	(4,291)
	<u>4,103,991</u>	<u>4,540,886</u>	<u>2,561,081</u>	<u>1,979,805</u>
Tax Revenue Anticipation Notes				
Other Charges	300,000	129,667	--	129,667
	<u>300,000</u>	<u>129,667</u>	<u>--</u>	<u>129,667</u>
Contribution to Other Funds				
Services and supplies	10,000	3,443,511	13,679	3,429,832
Other charges	188,021	188,021	120,458	67,563
Other financing uses	27,588,946	29,679,510	19,775,579	9,903,931
Intrafund transfers	--	38,567	--	38,567
	<u>27,786,967</u>	<u>33,349,609</u>	<u>19,909,716</u>	<u>13,439,893</u>
Contribution to Other Agencies				
Services and supplies	159,400	84,200	163,400	(79,200)
Other charges	1,314,560	1,314,560	1,314,560	--
	<u>1,473,960</u>	<u>1,398,760</u>	<u>1,477,960</u>	<u>(79,200)</u>
Contribution to Airports				
Other financing uses	135,854	146,803	122,887	23,916
	<u>135,854</u>	<u>146,803</u>	<u>122,887</u>	<u>23,916</u>
Other General				
Other financing uses	482,000	482,000	445,017	36,983
Intrafund transfers	(273,932)	(273,932)	(273,932)	--
	<u>208,068</u>	<u>208,068</u>	<u>171,085</u>	<u>36,983</u>
General Government	<u>71,129,542</u>	<u>77,596,490</u>	<u>58,266,368</u>	<u>19,330,122</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Public Protection				
Superior Court MOE				
Services and supplies	\$ 1,100,010	\$ 1,495,010	\$ 1,471,551	\$ 23,459
Other charges	1,119,266	1,074,266	964,928	109,338
Intrafund transfers	--	--	25	(25)
	<u>2,219,276</u>	<u>2,569,276</u>	<u>2,436,504</u>	<u>132,772</u>
Grand Jury				
Salaries and employee benefits	15,858	8,358	6,182	2,176
Services and supplies	93,666	126,666	118,184	8,482
Intrafund transfers	6,475	10,975	8,493	2,482
	<u>115,999</u>	<u>145,999</u>	<u>132,859</u>	<u>13,140</u>
District Attorney				
Salaries and employee benefits	6,278,819	6,466,547	6,081,642	384,905
Services and supplies	533,081	628,254	600,335	27,919
Other charges	4,069	6,069	1,355	4,714
Capital assets	20,000	58,317	57,380	937
Other financing uses	--	16,000	15,709	291
Intrafund transfers	124,118	149,949	138,784	11,165
	<u>6,960,087</u>	<u>7,325,136</u>	<u>6,895,205</u>	<u>429,931</u>
Child Support Services				
Salaries and employee benefits	4,120,665	4,247,178	3,674,318	572,860
Services and supplies	590,630	619,036	564,612	54,424
Other charges	3,893	3,893	1,166	2,727
Capital assets	8,310	203,170	119,059	84,111
Intrafund transfers	431,778	431,778	418,991	12,787
	<u>5,155,276</u>	<u>5,505,055</u>	<u>4,778,146</u>	<u>726,909</u>
Public Defender				
Salaries and employee benefits	2,452,092	2,452,093	2,330,591	121,502
Services and supplies	253,765	237,855	218,454	19,401
Other charges	1,243	2,243	900	1,343
Capital assets	--	6,900	6,900	--
Intrafund transfers	43,035	51,535	47,421	4,114
	<u>2,750,135</u>	<u>2,750,626</u>	<u>2,604,266</u>	<u>146,360</u>
Sheriff-Bailiff				
Salaries and employee benefits	3,156,905	3,216,415	2,872,932	343,483
Services and supplies	159,142	163,814	184,227	(20,413)
Other charges	--	--	39	(39)
Intrafund transfers	448	1,748	2,643	(895)
	<u>3,316,495</u>	<u>3,381,977</u>	<u>3,059,841</u>	<u>322,136</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Sheriff				
Salaries and employee benefits	\$ 23,946,253	\$ 24,747,931	\$ 24,775,878	\$ (27,947)
Services and supplies	5,020,868	5,068,205	4,364,006	704,199
Other charges	27,148	77,617	46,219	31,398
Capital assets	334,227	411,005	314,160	96,845
Other financing uses	75,000	144,779	96,049	48,730
Intrafund transfers	429,535	459,091	414,776	44,315
	<u>29,833,031</u>	<u>30,908,628</u>	<u>30,011,088</u>	<u>897,540</u>
Central Dispatch				
Salaries and employee benefits	2,393,660	2,393,660	1,991,497	402,163
Services and supplies	43,116	52,351	35,407	16,944
Capital assets	159,974	136,150	24,935	111,215
Intrafund transfers	9,139	19,139	23,782	(4,643)
	<u>2,605,889</u>	<u>2,601,300</u>	<u>2,075,621</u>	<u>525,679</u>
Jail				
Salaries and employee benefits	11,021,962	11,034,763	10,462,105	572,658
Services and supplies	1,176,408	1,332,913	1,639,533	(306,620)
Other charges	1,906,067	2,014,649	--	2,014,649
Capital assets	84,203	97,854	64,095	33,759
Intrafund transfers	81,797	224,413	195,990	28,423
	<u>14,270,437</u>	<u>14,704,592</u>	<u>12,361,723</u>	<u>2,342,869</u>
Juvenile Hall				
Salaries and employee benefits	4,532,671	4,532,672	3,926,836	605,836
Services and supplies	752,320	749,040	585,332	163,708
Other charges	236,600	258,510	63,115	195,395
Capital assets	17,750	(2,425)	6,277	(8,702)
Other financing uses	28,000	56,000	38,267	17,733
Intrafund transfers	87,775	87,775	91,886	(4,111)
	<u>5,655,116</u>	<u>5,681,572</u>	<u>4,711,713</u>	<u>969,859</u>
Probation Department				
Salaries and employee benefits	5,933,652	6,190,574	5,633,763	556,811
Services and supplies	1,103,089	1,186,068	704,890	481,178
Other charges	19,159	19,159	2,562	16,597
Other financing uses	29,400	29,400	20,365	9,035
Capital assets	56,000	56,000	47,467	8,533
Intrafund transfers	319,694	319,694	313,860	5,834
	<u>7,460,994</u>	<u>7,800,895</u>	<u>6,722,907</u>	<u>1,077,988</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Agricultural Commission				
Salaries and employee benefits	\$ 1,173,292	\$ 1,162,141	\$ 1,110,835	\$ 51,306
Services and supplies	253,488	243,219	243,217	2
Other charges	1,851	3,867	3,421	446
Capital assets	21,000	47,272	47,250	22
Intrafund transfers	71,881	82,729	82,729	--
	<u>1,521,512</u>	<u>1,539,228</u>	<u>1,487,452</u>	<u>51,776</u>
Building Inspector				
Salaries and employee benefits	7,508,883	7,508,883	6,006,640	1,502,243
Services and supplies	809,019	812,495	545,439	267,056
Other charges	108,250	108,250	790	107,460
Capital assets	39,900	41,121	18,092	23,029
Other financing uses	25,000	25,000	22,999	2,001
Intrafund transfers	444,396	444,396	465,078	(20,682)
	<u>8,935,448</u>	<u>8,940,145</u>	<u>7,059,038</u>	<u>1,881,107</u>
Coroner				
Salaries and employee benefits	489,817	497,052	508,603	(11,551)
Services and supplies	230,255	227,755	184,599	43,156
Intrafund transfers	--	--	1,180	(1,180)
	<u>720,072</u>	<u>724,807</u>	<u>694,382</u>	<u>30,425</u>
Emergency Services				
Salaries and employee benefits	493,111	554,570	477,329	77,241
Services and supplies	236,962	558,107	332,354	225,753
Other charges	9,200	(30,800)	171,722	(202,522)
Capital assets	146,000	329,657	334,890	(5,233)
Intrafund transfers	3,980	7,206	15,163	(7,957)
	<u>889,253</u>	<u>1,418,740</u>	<u>1,331,458</u>	<u>87,282</u>
Recorder/Clerk				
Salaries and employee benefits	1,184,837	1,184,837	1,120,449	64,388
Services and supplies	218,761	217,567	145,000	72,567
Other charges	1,678	1,678	80	1,598
Capital assets	23,000	16,451	14,561	1,890
Intrafund transfers	126,974	126,974	119,398	7,576
	<u>1,555,250</u>	<u>1,547,507</u>	<u>1,399,488</u>	<u>148,019</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Planning and Zoning				
Salaries and employee benefits	\$ 2,865,028	\$ 2,865,028	\$ 2,838,569	\$ 26,459
Services and supplies	1,393,432	1,408,104	830,527	577,577
Other charges	83,723	83,723	71,878	11,845
Capital assets	4,500	6,963	10,775	(3,812)
Intrafund transfers	358,017	358,017	202,284	155,733
	<u>4,704,700</u>	<u>4,721,835</u>	<u>3,954,033</u>	<u>767,802</u>
Animal Control				
Salaries and employee benefits	1,381,971	1,348,971	1,242,487	106,484
Services and supplies	831,096	728,489	584,176	144,313
Other charges	322,149	302,149	277,454	24,695
Capital assets	57,500	229,700	64,412	165,288
Other financing uses	40,000	40,000	110,795	(70,795)
Intrafund transfers	119,199	119,199	73,856	45,343
	<u>2,751,915</u>	<u>2,768,508</u>	<u>2,353,180</u>	<u>415,328</u>
Public Guardian				
Salaries and employee benefits	902,991	902,991	866,328	36,663
Services and supplies	47,263	47,263	47,511	(248)
Other charges	162,842	162,842	50,761	112,081
Intrafund transfers	41,310	41,310	41,341	(31)
	<u>1,154,406</u>	<u>1,154,406</u>	<u>1,005,941</u>	<u>148,465</u>
Cemeteries				
Salaries and employee benefits	66,463	66,463	76,629	(10,166)
Services and supplies	40,602	40,602	4,123	36,479
Other charges	235	235	234	1
Capital assets	8,000	8,000	--	8,000
Intrafund transfers	19,127	19,127	18,311	816
	<u>134,427</u>	<u>134,427</u>	<u>99,297</u>	<u>35,130</u>
Public Protection	<u>102,709,718</u>	<u>106,324,659</u>	<u>95,174,142</u>	<u>11,150,517</u>
<u>Health and Sanitation</u>				
Public Health				
Salaries and employee benefits	2,577,467	2,572,467	2,251,101	321,366
Services and supplies	292,420	307,334	276,054	31,280
Other charges	3,425	3,425	2,367	1,058
Capital assets	4,400	9,400	7,276	2,124
Intrafund transfers	99,469	99,469	94,675	4,794
	<u>2,977,181</u>	<u>2,992,095</u>	<u>2,631,473</u>	<u>360,622</u>
Health and Sanitation	<u>2,977,181</u>	<u>2,992,095</u>	<u>2,631,473</u>	<u>360,622</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<u>Public Assistance</u>				
Social Services Administration				
Salaries and employee benefits	\$ 11,622,500	\$ 11,797,320	\$ 9,709,243	\$ 2,088,077
Services and supplies	2,421,157	2,746,372	2,658,133	88,239
Other charges	2,239,942	2,440,950	2,424,141	16,809
Capital assets	15,900	21,152	12,923	8,229
Intrafund transfers	547,234	572,234	556,030	16,204
Labor and costs	(5,576,497)	11,473,243	10,056,904	1,416,339
Labor and costs abatements	--	(17,619,628)	(15,194,813)	(2,424,815)
	<u>11,270,236</u>	<u>11,431,643</u>	<u>10,222,561</u>	<u>1,209,082</u>
Social Services Programs				
Salaries and employee benefits	3,365,858	3,815,971	3,444,194	371,777
Other financing uses	25,000	25,000	22,689	2,311
Labor and costs	5,576,497	9,984,242	8,582,103	1,402,139
Labor and costs abatements	--	(3,837,858)	(3,444,194)	(393,664)
	<u>8,967,355</u>	<u>9,987,355</u>	<u>8,604,792</u>	<u>1,382,563</u>
Categorical Aids				
Other charges	13,422,000	13,422,000	13,292,914	129,086
	<u>13,422,000</u>	<u>13,422,000</u>	<u>13,292,914</u>	<u>129,086</u>
Aids to Indigents				
Services and supplies	11,000	16,000	18,200	(2,200)
Other charges	83,360	158,360	141,994	16,366
	<u>94,360</u>	<u>174,360</u>	<u>160,194</u>	<u>14,166</u>
Veterans' Services				
Salaries and employee benefits	353,919	353,919	350,419	3,500
Services and supplies	70,296	64,727	52,204	12,523
Other charges	294	294	80	214
Capital assets	11,551	13,094	11,003	2,091
Intrafund transfers	16,580	23,080	19,951	3,129
	<u>452,640</u>	<u>455,114</u>	<u>433,657</u>	<u>21,457</u>
Public Assistance	<u>34,206,591</u>	<u>35,470,472</u>	<u>32,714,118</u>	<u>2,756,354</u>
<u>Education</u>				
County Library				
Salaries and employee benefits	2,247,126	2,223,159	2,132,372	90,787
Services and supplies	577,185	692,205	684,833	7,372
Other charges	8,139	8,139	3,890	4,249
Capital assets	--	8,146	8,146	--
Intrafund transfers	68,771	108,556	103,818	4,738
	<u>2,901,221</u>	<u>3,040,205</u>	<u>2,933,059</u>	<u>107,146</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
University of California				
Cooperative Extension				
Salaries and employee benefits	\$ 244,749	\$ 244,749	\$ 211,963	\$ 32,786
Services and supplies	20,894	25,024	15,336	9,688
Other charges	61,812	64,812	64,450	362
Capital assets	--	6,570	6,553	17
Intrafund transfers	17,022	23,291	21,601	1,690
	<u>344,477</u>	<u>364,446</u>	<u>319,903</u>	<u>44,543</u>
Education	<u>3,245,698</u>	<u>3,404,651</u>	<u>3,252,962</u>	<u>151,689</u>
<u>Recreation and Cultural Services</u>				
Recreation				
Salaries and employee benefits	836,264	836,264	676,023	160,241
Services and supplies	330,995	304,954	218,070	86,884
Other charges	4,320	4,320	14,009	(9,689)
Capital assets	41,400	40,569	33,359	7,210
Other financing uses	61,000	61,000	2,142	58,858
Intrafund transfers	8,199	8,199	13,189	(4,990)
	<u>1,282,178</u>	<u>1,255,306</u>	<u>956,792</u>	<u>298,514</u>
Historical Museum				
Salaries and employee benefits	78,146	78,146	77,800	346
Services and supplies	58,542	69,922	41,927	27,995
Capital assets	6,600	6,600	5,417	1,183
Intrafund transfers	6,111	6,111	5,769	342
	<u>149,399</u>	<u>160,779</u>	<u>130,913</u>	<u>29,866</u>
Recreation and Cultural Services	<u>1,431,577</u>	<u>1,416,085</u>	<u>1,087,705</u>	<u>328,380</u>
<u>Contingency</u>				
Appropriation for contingencies	5,575,000	5,084,075	--	5,084,075
	<u>5,575,000</u>	<u>5,084,075</u>	<u>--</u>	<u>5,084,075</u>
Contingency	<u>5,575,000</u>	<u>5,084,075</u>	<u>--</u>	<u>5,084,075</u>
Total Charges to Appropriations	<u>221,275,307</u>	<u>232,288,527</u>	<u>193,126,768</u>	<u>39,161,759</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,909,628</u>	<u>\$ 26,909,628</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
General Fund
For the Fiscal Year Ended June 30, 2007

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	\$ 220,036,396
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	(29,852,547)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(16,567,340)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 173,616,509</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 193,126,768
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(20,839,396)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 172,287,372</u>

COUNTY OF EL DORADO

Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 2,076,132	\$ 1,493,276	\$ 1,493,276	\$ --
Resources (inflows):				
Taxes and assessments	16,720	16,720	20,941	4,221
Licenses, permits and franchises	339,250	339,250	99,075	(240,175)
Revenue from use of money or property	97,621	97,621	202,790	105,169
Intergovernmental revenue - State	7,268,168	9,820,525	9,665,876	(154,649)
Intergovernmental revenue - Federal	2,765,091	6,382,057	3,899,510	(2,482,547)
Charges for services	4,710,925	5,291,561	3,845,572	(1,445,989)
Miscellaneous revenues	561,149	516,149	572,512	56,363
Other financing sources	56,209,096	68,437,921	34,125,223	(34,312,698)
	<u>71,968,020</u>	<u>90,901,804</u>	<u>52,431,499</u>	<u>(38,470,305)</u>
Amounts available for appropriations	<u>74,044,152</u>	<u>92,395,080</u>	<u>53,924,775</u>	<u>(38,470,305)</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Salaries and employee benefits	21,939,656	23,798,261	19,909,225	3,889,036
Services and supplies	40,976,651	54,743,346	24,784,370	29,958,976
Other charges	10,034,931	10,401,637	4,420,085	5,981,552
Capital assets	3,449,650	4,661,072	3,324,800	1,336,272
Other financing uses	161,000	303,500	270,116	33,384
Intrafund transfers	(2,517,736)	(2,512,736)	(1,684,135)	(828,601)
Appropriation for contingencies	--	1,000,000	--	1,000,000
Public Ways and Facilities	<u>74,044,152</u>	<u>92,395,080</u>	<u>51,024,461</u>	<u>41,370,619</u>
Total Charges to Appropriations	<u>74,044,152</u>	<u>92,395,080</u>	<u>51,024,461</u>	<u>41,370,619</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,900,314</u>	<u>\$ 2,900,314</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
Road Fund
For the Fiscal Year Ended June 30, 2007

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	\$ 53,924,775
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	(1,493,276)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(34,125,223)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 18,306,276</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 51,024,461
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(270,116)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 50,754,345</u>

COUNTY OF EL DORADO

Notes to Required Supplementary Information For the Year Ended June 30, 2007

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 August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance 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 recorded as reservations of fund balance 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 budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

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, 2007

	Fleet Management	Risk Management Authority	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 2,898,084	\$ 36,993,841	\$ 39,891,925
Account receivable	7,702	101,222	108,924
Deposits	--	83,100	83,100
Inventory	81,393	--	81,393
Total Current Assets	<u>2,987,179</u>	<u>37,178,163</u>	<u>40,165,342</u>
Capital assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	10,850,005	19,827	10,869,832
Accumulated depreciation	(5,494,373)	(18,332)	(5,512,705)
Total Capital Assets, net of accumulated depreciation	<u>6,055,537</u>	<u>1,495</u>	<u>6,057,032</u>
Total Assets	<u>\$ 9,042,716</u>	<u>\$ 37,179,658</u>	<u>\$ 46,222,374</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 295,927	\$ 574,108	\$ 870,035
Salaries and benefits payable	6,637	14,800	21,437
Liability for self-insurance	--	4,586,000	4,586,000
Total Current Liabilities	<u>302,564</u>	<u>5,174,908</u>	<u>5,477,472</u>
Long-Term Liabilities:			
Liability for self-insurance	--	21,233,994	21,233,994
Compensated absences-due beyond one year	19,172	81,608	100,780
Total Long-Term Liabilities	<u>19,172</u>	<u>21,315,602</u>	<u>21,334,774</u>
Total Liabilities	<u>321,736</u>	<u>26,490,510</u>	<u>26,812,246</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	6,055,537	1,495	6,057,032
Restricted	2,327,755	--	2,327,755
Unrestricted	337,688	10,687,653	11,025,341
Total Net Assets	<u>8,720,980</u>	<u>10,689,148</u>	<u>19,410,128</u>
Total Liabilities and Net Assets	<u>\$ 9,042,716</u>	<u>\$ 37,179,658</u>	<u>\$ 46,222,374</u>

COUNTY OF EL DORADO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2007

	Fleet Management	Risk Management Authority	Totals
Operating Revenues:			
Service fees	\$ 2,229,916	\$ 30,115,659	\$ 32,345,575
Fuel sales	58,299	--	58,299
Total Operating Revenues	<u>2,288,215</u>	<u>30,115,659</u>	<u>32,403,874</u>
Operating Expenses:			
Salaries and benefits	360,554	726,426	1,086,980
Services and supplies	701,400	30,072,200	30,773,600
Depreciation	932,738	1,690	934,428
Total Operating Expenses	<u>1,994,692</u>	<u>30,800,316</u>	<u>32,795,008</u>
Operating Income (Loss)	<u>293,523</u>	<u>(684,657)</u>	<u>(391,134)</u>
NonOperating Revenues (Expenses):			
Interest income	133,023	1,697,876	1,830,899
Gain (loss) on sale of capital assets	(81,581)	--	(81,581)
Miscellaneous nonoperating revenue	33,011	630,498	663,509
Total Non-Operating Revenues (Expenses)	<u>84,453</u>	<u>2,328,374</u>	<u>2,412,827</u>
Income (Loss) Before Transfers	377,976	1,643,717	2,021,693
Transfers in	<u>517,150</u>	<u>--</u>	<u>517,150</u>
Change in Net Assets	<u>895,126</u>	<u>1,643,717</u>	<u>2,538,843</u>
Net Assets - Beginning of Year	7,825,854	11,032,903	18,858,757
Prior period adjustment	<u>--</u>	<u>(1,987,472)</u>	<u>(1,987,472)</u>
Net Assets - Beginning of Year, Restated	<u>7,825,854</u>	<u>9,045,431</u>	<u>16,871,285</u>
Net Assets - End of Year	<u>\$ 8,720,980</u>	<u>\$ 10,689,148</u>	<u>\$ 19,410,128</u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2007

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from internal fund services provided	\$ 2,284,144	\$ 30,097,002	\$ 32,381,146
Cash paid to suppliers for goods and services	(524,914)	(26,026,101)	(26,551,015)
Cash paid to employees for salaries and benefits	<u>(372,797)</u>	<u>(689,116)</u>	<u>(1,061,913)</u>
Net cash provided (used) by operating activities	<u>1,386,433</u>	<u>3,381,785</u>	<u>4,768,218</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer in	517,150	--	517,150
Non-operating revenues	<u>33,011</u>	<u>630,498</u>	<u>663,509</u>
Net cash provided (used) by noncapital financing activities	<u>550,161</u>	<u>630,498</u>	<u>1,180,659</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	64,440	--	64,440
Payments related to the acquisition of capital assets	<u>(1,775,983)</u>	<u>--</u>	<u>(1,775,983)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,711,543)</u>	<u>--</u>	<u>(1,711,543)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>133,023</u>	<u>1,697,876</u>	<u>1,830,899</u>
Net cash provided by investing activities	<u>133,023</u>	<u>1,697,876</u>	<u>1,830,899</u>
Net Increase (Decrease) in Cash and Cash Equivalents	358,074	5,710,159	6,068,233
Cash and cash equivalents, beginning of year	<u>2,540,010</u>	<u>31,283,682</u>	<u>33,823,692</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,898,084</u></u>	<u><u>\$ 36,993,841</u></u>	<u><u>\$ 39,891,925</u></u>

continued

COUNTY OF EL DORADO

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2007

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 293,523	\$ (684,657)	\$ (391,134)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	932,738	1,690	934,428
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(4,071)	(18,657)	(22,728)
Inventory	(34,241)	--	(34,241)
Prepaid expenses	--	2,498	2,498
Increase (decrease) in:			
Accounts payable	210,727	244,948	455,675
Salaries payable	(656)	4,308	3,652
Liability for compensated absences	(11,587)	33,002	21,415
Claims and judgments	--	3,798,653	3,798,653
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,386,433</u>	<u>\$ 3,381,785</u>	<u>\$ 4,768,218</u>