

**COUNTY OF EL DORADO  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2012**

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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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the El Dorado County Transportation Commission, the Children and Families Commission, and the El Dorado County Transit Authority as of and for the year ended June 30, 2012, which represents the following percentages of assets, liabilities and revenues of the opinion units as noted below:

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California, as of June 30, 2012, 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 29, 2013, 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.

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

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

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



Roseville, California  
March 29, 2013



**County of El Dorado  
OFFICE OF AUDITOR-CONTROLLER**

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PLACERVILLE, CALIFORNIA 95667  
(530) 621-5487

**JOE HARN  
Auditor-  
Controller**

**BOB TOSCANO  
Assistant Auditor-  
Controller**

March 18, 2013

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, 2012. 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 \$479.5 million (net assets). Of this, \$26 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$111.8 million is restricted for specific purposes (restricted net assets), and \$341.7 million is invested in capital assets, net of depreciation and related debts.
- The total fund balances for the County's governmental funds amounted to \$192.6 million, an increase of \$14.5 million from the prior year. Approximately \$110.7 million of this total, or 57.5 percent, is either nonspendable or restricted for specific uses; and \$81.9 million, or 42.5 percent, is unrestricted to meet the County's current and future spending needs.
- At the end of the fiscal year the County's primary operating fund, the General Fund, had a fund balance of \$43.2 million. Approximately \$932 thousand is either nonspendable or restricted for specific uses. The remaining \$42.2 million, which approximates to 27 percent of the General Fund's total expenditures for the year, is unrestricted.
- The County's investment in capital assets as of June 30, 2012 was \$341.7 million. This balance consisted of \$337.9 million for governmental activities and \$3.8 million for business-type activities.

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

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the financial statements. Required Supplementary Information is included in addition to the financial statements.

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

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

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

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

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

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

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

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

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

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



than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets can serve over time as a useful indicator of whether the County's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. The County's assets exceeded its liabilities by \$479.5 million at June 30, 2012. A comparative analysis of government-wide data is presented below.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets:</b>						
Current and other assets	\$ 276,398	\$ 267,385	\$ 157	\$ 338	\$ 276,555	\$ 267,723
Capital assets	337,992	341,974	3,774	4,075	341,766	346,049
Total assets	614,390	609,359	3,931	4,413	618,321	613,772
<b>Liabilities:</b>						
Current and other liabilities	33,252	38,797	27	195	33,279	38,992
Long-term liabilities	105,545	93,342	23	20	105,568	93,362
Total liabilities	138,797	132,139	50	215	138,847	132,354
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	337,948	341,756	3,773	4,070	341,721	345,826
Restricted net assets	111,698	109,100	41	41	111,739	109,141
Unrestricted net assets	25,947	26,364	67	87	26,014	26,451
Total net assets	\$ 475,593	\$ 477,220	\$ 3,881	\$ 4,198	\$ 479,474	\$ 481,418

## Analysis of Net Assets

By far the largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, structures and improvements, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these net assets are not available for future spending.

An additional portion of the County's net assets, \$111.8 million or 23.3 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$26 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	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 40,471	\$ 39,274	\$ 698	\$ 609	\$ 41,169	\$ 39,883
Operating grants and contributions	149,602	143,733	-	1	149,602	143,734
Capital grants and contributions	3,235	4,148	16	445	3,251	4,593
General Revenues:						
Taxes	97,748	99,475	-	-	97,748	99,475
Use of money and property	723	720	-	1	723	721
Other revenues	6,466	10,014	1	2	6,467	10,016
Total revenues	<u>298,245</u>	<u>297,364</u>	<u>715</u>	<u>1,058</u>	<u>298,960</u>	<u>298,422</u>
<b>Expenses</b>						
General government	27,940	29,672	-	-	27,940	29,672
Public protection	97,786	105,962	-	-	97,786	105,962
Public ways and facilities	58,308	59,386	-	-	58,308	59,386
Health and sanitation	62,795	59,147	-	-	62,795	59,147
Public assistance	49,180	53,089	-	-	49,180	53,089
Education	3,619	4,071	-	-	3,619	4,071
Recreation and culture	1,369	708	-	-	1,369	708
Interest on long-term debt	13	30	-	-	13	30
Airports	-	-	1,117	1,004	1,117	1,004
SLT Transit Program	-	-	2	60	2	60
Total expenses	<u>301,010</u>	<u>312,065</u>	<u>1,119</u>	<u>1,064</u>	<u>302,129</u>	<u>313,129</u>
Excess (deficiency) before special items and transfers	(2,765)	(14,701)	(404)	(6)	(3,169)	(14,707)
Transfers	(87)	(168)	87	168	-	-
Change in net assets	<u>(2,852)</u>	<u>(14,869)</u>	<u>(317)</u>	<u>162</u>	<u>(3,169)</u>	<u>(14,707)</u>
Net assets at beginning of year	477,220	516,390	4,198	4,036	481,418	520,426
Restate net asset	1,225	(24,301)	-	-	1,225	(24,301)
Net assets at beginning of year – restated	478,445	492,089	4,198	4,036	482,643	496,125
Net assets at end of year	<u>\$475,593</u>	<u>\$477,220</u>	<u>\$ 3,881</u>	<u>\$ 4,198</u>	<u>\$ 479,474</u>	<u>\$ 481,418</u>

**Restatement of net assets.** The net assets at the beginning of 2012 were increased by \$1.2 million. This restatement was to record a \$1 million long term note receivable and \$202 thousand accrued interest associated with County's Department of Transportation promissory note with Cimmarron Cambridge limited partnership dated July 1, 2003 and payable in full on November 1, 2036.

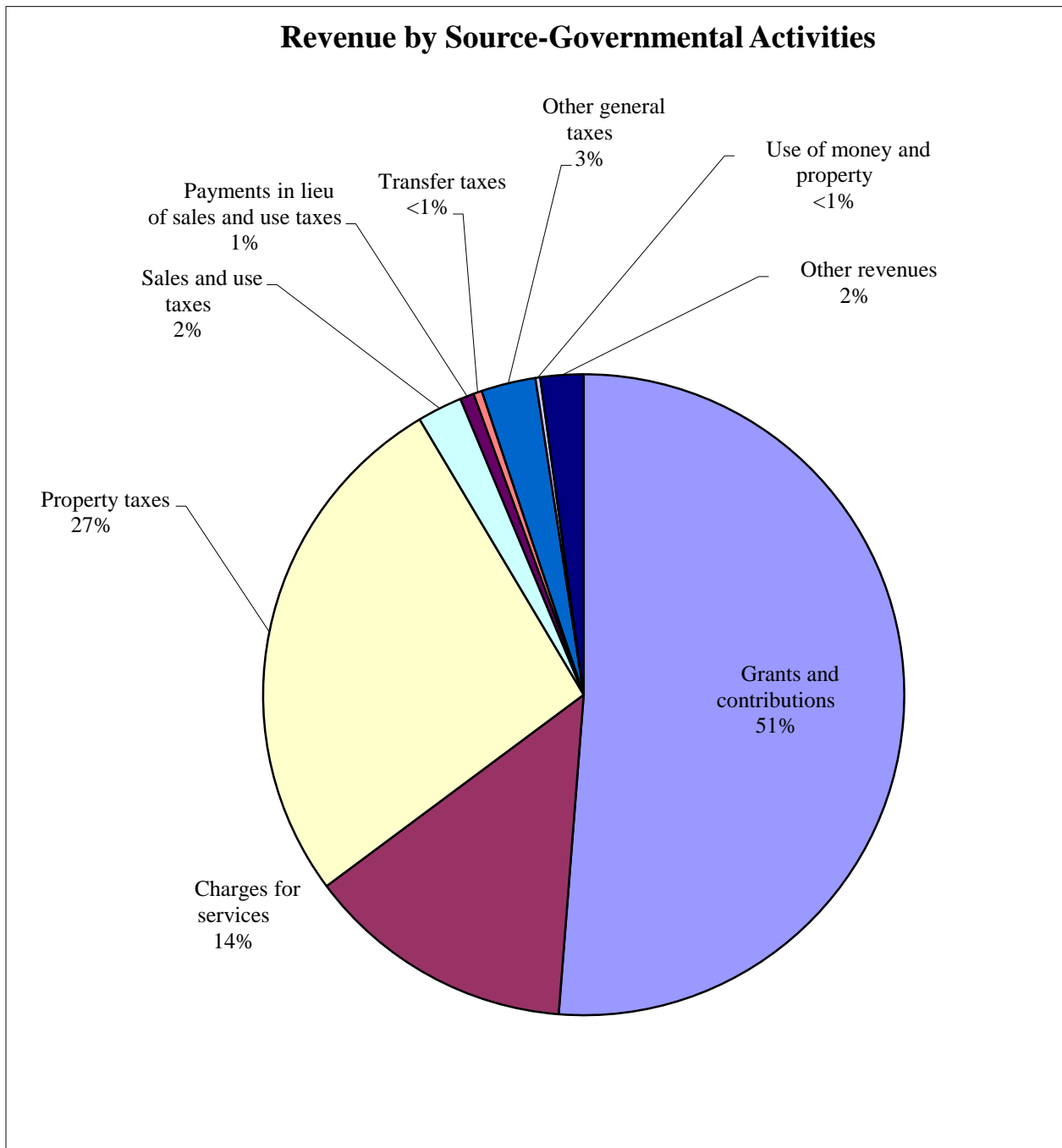
The net assets at the beginning of 2011 were reduced by \$24.3 million. This was an adjustment to eliminate \$31.8 million State owned road improvements, net of \$7.5 million of accumulated depreciation.

**Governmental activities.** The County experienced an overall decrease in net assets of \$3.2 million in 2012, compared to a \$14.7 million decrease in 2011. This is almost entirely attributable to **governmental activities** and \$11.5 million less than the prior year's decrease. This \$11.5 million reduction to the annual decrease in net assets, when compared to prior year, was the result of a slight (less than one percent) increase in revenues accompanied by a moderate (3.5 percent) decrease in expenses. The largest revenue increase, \$5.9 million, occurred in the operating grants and contributions category. In addition, the charges for services revenue category increased by \$1.3 million. These additional revenues were offset by reductions in other revenue types, including capital grants and contributions that decreased by \$1.3 million, taxes that decreased by \$1.7 million, and other revenues that decreased by \$3.5 million. The latter \$3.5 million decrease in other revenues was primarily due to a decrease in other revenues received from insurance, third party settlements and the United States Forest Service for the Meyers Landfill Site.

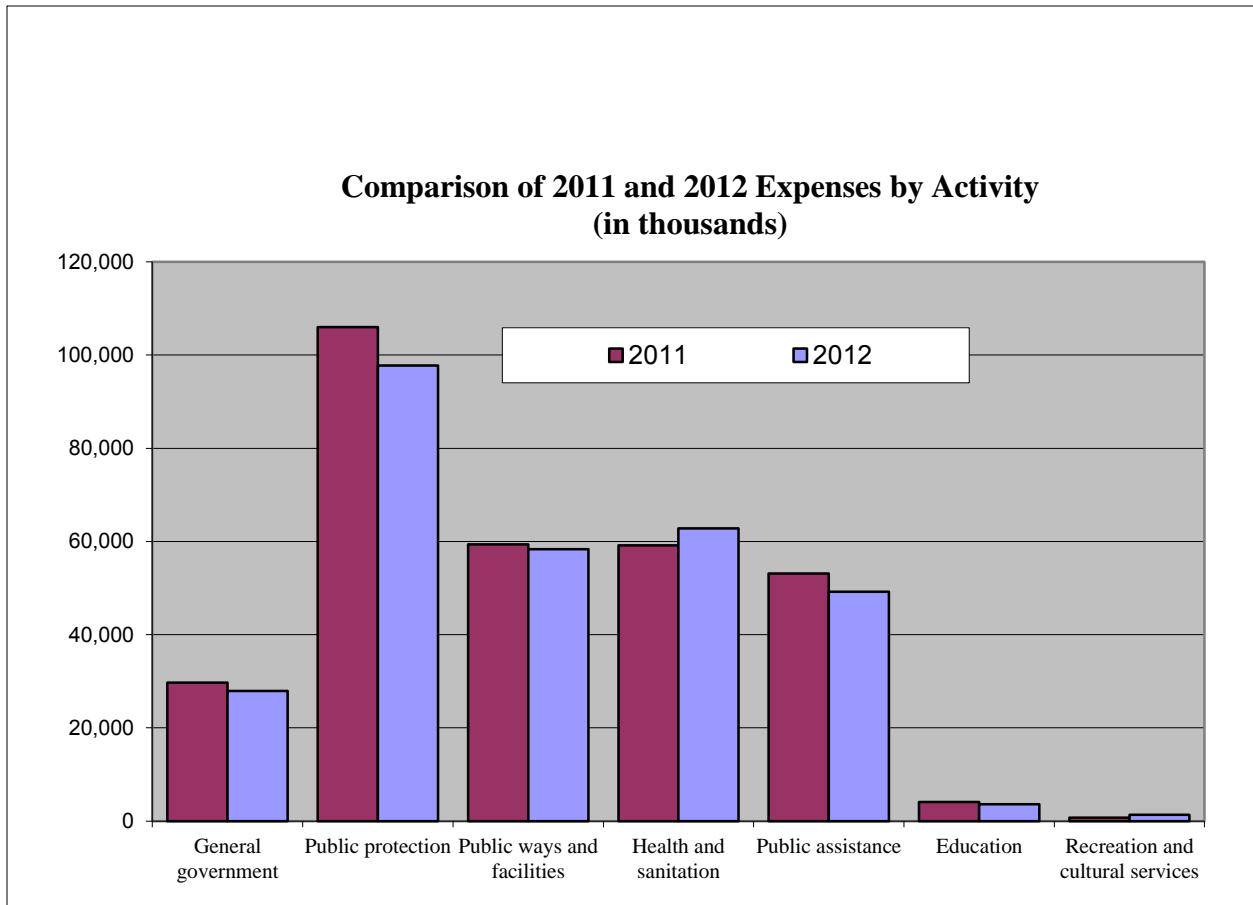
As mentioned, while total revenues increased by less than one percent, total expenses decreased by 3.5 percent in 2012 when compared to 2011. Further, while reductions occurred in most functional areas, health and sanitation expenses continued to climb in 2012, increasing by 15.1 percent in 2011, then by 6.2 percent in 2012. Similar to last year, this increase in Health and Sanitation expense is almost entirely attributable to the ongoing expenses incurred for the Meyers Landfill Site. Additional information on the Meyers Landfill Site can be found in the Other County Obligations discussion.

All functional expenses were affected by the recognition of the other post-employment benefits (OPEB) Retiree Health obligation (Retiree Health). However, unlike last year and as a result of the enforcement of the County's cap on the aggregate cost of the County's share of benefit costs, the annual Retiree Health cost was \$6.6 million in 2012 compared to \$20.8 million in 2011. Further, the Retiree Health liability increased by \$4.4 million in 2012 compared to \$17.8 million in 2011. The actual effect on the benefits of the Retiree Health defined benefit plan was that the County's share of benefit costs was 33 percent less in 2012, becoming the retiree's responsibility or increased share of benefit costs. This is expected to increase to 37 percent in fiscal year 2013.

Below is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (51 percent), property taxes (27 percent), and charges for services (14 percent),



Below is a graph that presents a comparison of 2011 and 2012 expenses under each of the governmental activities,



**Business-type activities.** Business-type activities decreased the County's net assets by \$317 thousand. This net decrease is the result of \$421 thousand in operating losses, reduced by non-operating revenues of less than \$1 thousand, transfers in of \$90 thousand and \$16 thousand of capital grants and contributions. Similar to prior years, the County Airports continue to operate at a loss, \$419 thousand in 2012 compared to \$395 thousand last year.

To help finance the operations of business-type activities in 2012, County governmental funds contributed \$90 thousand to the County Airports during the year.

### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of June 30, 2012 the County's governmental funds reported a combined ending fund balance of \$192.6 million, compared to the \$178.1 million fund balance of the previous year. Approximately 42.5 percent of this fund balance, or \$81.9 million, is unrestricted and thus is available to meet the County's current and future spending needs. The remainder of the fund balance is either not available to spend or restricted for specific uses.

The General Fund is the chief operating fund of the County. As of June 30, 2012, the General Fund's unrestricted fund balance was \$42.2 million; an increase of \$9.8 million from last year's unrestricted fund balance of \$32.4 million. This increase is mostly due to a net change (increase) in the General Fund's balance of \$6.6 million during the year, plus a \$3.2 million decrease in the General Fund's nonspendable fund balance as a result of the repayment of an advance made to the Mental Health special revenue fund.

The June 30, 2012 unrestricted fund balance, as compared to General Fund expenditures for the year, is approximately 27 percent, compared to 20.3 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 99 days, compared to 74 days last year.

In addition to the General Fund, the County maintains two major governmental funds, the Road Fund and the Silva Valley Interchange Road Impact Fee (RIF) Fund. The Road Fund accounts for the planning, design, construction, maintenance, and administration of the County's transportation activities (public ways and facilities). The Road Fund recorded revenue of \$35.9 million in 2012, compared to \$33.3 million last year. This \$2.6 million increase was primarily due to an \$817 thousand increase in Public Utility franchise fees that had been recorded in another special revenue fund in prior years, a \$943 thousand increase in Highway User Tax apportionment revenue recorded from the State, and \$410 thousand increase in charges for services from the Missouri Flat Mello Roos District for capital improvements. In contrast, expenditures decreased from \$50.8 million in 2011 to \$49.6 million in 2012. Thus, the \$2.6 million increase in revenues plus the \$1.2 million reduction in expenditures resulted in a \$13.7 million deficiency of revenues to expenditures compared to \$17.5 million deficit last year. However, due to a \$3.6 million increase in the transfers in from other funds, the relative net change in fund balance went from a \$6.8 million decrease in fiscal year 2011 to a \$607 thousand increase in 2012.

The Silva Valley Interchange Road Impact Fee (RIF) Fund's activity was consistent with prior years. Specifically, this fund's cash decreased by \$373 thousand, the amount transferred to other funds, less interest earnings of \$57 thousand.

The combined governmental fund balances increased by \$14.5 million during 2012, compared to a \$5.8 million increase last year. This increase in governmental fund balances was the result of expenditures decreasing by 2.3 percent, \$280.4 million in 2012 compared to \$287.1 million in 2011, accompanied by an increase (less than one percent) in revenues, \$295 million in 2012 compared to \$293.1 million in 2011.

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

The internal service funds include the Fleet Management and Risk Management Authority funds. In fiscal year 2012, the Fleet Management realized a net operating loss of \$82 thousand dollars and the Risk Management Authority a net operating loss of \$6.4 million. The loss by Risk Management is almost entirely attributable to the recognition of the OPEB Retiree Health obligation. In prior fiscal years this obligation was partially funded in addition to pay-as-you-go via the Retiree Health internal service rates charges to the various County departments and programs. In fiscal year 2010 this practice was discontinued and the County reverted back to a pay-as-you-go basis. Thus, while this pay-as-you-go funding reduced the expenditures incurred at the governmental fund level, the recognition of this liability and expense by the Risk Management Authority has resulted in \$36.3 million in deficit net assets. Further, none of these costs were passed to the other funds, programs, or restricted funding sources via the internal service fund rates.

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

## **GENERAL FUND BUDGETARY ANALYSIS**

The original and the final amended budgeted revenues and expenditures increased by \$7.2 million, or 3.7 percent. The largest of the revenue budget modifications included:

- \$4.3 million increase in budgetary fund balance,
- \$2.9 million decrease in Federal intergovernmental revenues,
- \$310 thousand increase in State intergovernmental revenues,
- \$5.2 million increase in other financing sources.

While the largest expenditure budget modifications included:

- \$108 thousand increase to the Elections Department appropriations, including \$16 thousand increase in salaries and benefits, \$45 thousand increase in services and supplies, and \$46 thousand in fixed assets,
- \$125 thousand increase to the IT Communications services and supplies budget,
- \$123 thousand decrease to the Planning and Zoning services and supplies,
- \$6.8 million increase to the Contributions to other funds budget,
- \$197 thousand increase to the District Attorney's budget,
- \$474 thousand increase to the Sheriff budget,
- \$670 decrease to the appropriations for contingency budget.

The overall variance between final revenues budgeted and the actual amounts received were significant, with a negative or deficit variance of \$6.2 million or 3.3 percent. Specifically, compared to a final resource budget of \$205 million, actual funding equaled \$198.8 million. This variance included the following:

- \$4.9 million under budget Federal intergovernmental revenues,
- \$4.3 million under budget State intergovernmental revenues,
- \$2.5 million over budget other financing sources.

The differences between the budgeted (not including contingency) and actual expenditures were also significant. Specifically, expenditures fell \$24.2 million or 12.1 percent below the final budget. Variances occurred under each of the governmental activities, whereby departments' expenditures fell below projections, the most significant of which included:

- General Government – Actual expenditures fell below final budget by \$8.5 million or 16.1 percent. While almost all of the general government operating units had expenditures that fell below their final budget, some showed considerable differences (budget exceeded actual expenditures by over \$200 thousand), including the Auditor-Controller, Treasurer-Tax Collector, Elections, IT Communications, Buildings and Grounds, County Promotion, Information Technologies, Surveyor, Engineer, and Contributions to Other Funds. There were also departments that exceeded their final budget. Those that exceeded their final budget were the Chief Administrative Office (CAO), CAO Purchasing, and CAO Central Services.
- Public Protection – Actual expenditures fell below final budget by \$9.6 million or 9.8 percent. Similar to the general government function, most of the departments under public protection fell below their budgets, with many departments falling significantly below budget (budget exceeded actual expenditures by over \$200 thousand) including Superior Court MOE, District Attorney, Sheriff-Bailiff, Sheriff, Central Dispatch, Jail, Juvenile Hall, Probation, Building Inspector, Emergency Services, Recorder-Clerk, and Animal Services.

- Health and Sanitation Environmental Management – Actual expenditures fell below final budget by \$251 thousand or 10.9 percent with salaries and benefits making up the majority, falling below budget by \$143 thousand, followed by Services and Supplies under budget by \$93 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$4.6 million or 11.1 percent under budget, mostly due to the Social Services Administration, Social Services Programs, and Categorical Aids, that fell below budget by \$2 million, \$546 thousand, and \$1.9 million respectively.
- Recreational and Cultural – Actual expenditures fell below budget by \$1.1 million. This budget to actual variance consisted almost entirely of County Road Fund services that were forecasted but not billed or provided by the Road Fund to the Rubicon Trail Program.

In general, County management's practice of over budgeting both General Fund inflows and outflows continues. Further, budget amendments and adjustments made during the year increased the gap between budgeted and actual revenues and expenditures. Specifically, the budgeted revenues, not including budgetary fund balance, increased by \$2.9 million during the year, while actual revenues, not including budgetary fund balance, fell \$6.2 million under budget. Similarly, the budgeted expenditures, not including contingency, increased from \$192.4 million to \$200.3 million, while the General Fund's actual expenditures were \$176.1 million in 2012, falling \$24.2 million or 12.1 percent less than budget.

## **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, 2012 amounts to \$341.7 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Additions to capital assets totaled \$19 million in 2012.

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

- \$204 thousand in additions to the land and land improvements, right of way purchases by the Road fund,
- \$2.2 million in new road construction, including \$600 thousand for the Sophia Parkway, \$470 thousand for the Silva Valley Parkway additional lane construction, and \$316 thousand for the US 50 and Missouri Flat Interchange,
- \$7.7 million in road reconstruction, including the \$801 thousand North Upper Truckee Road, \$963 thousand North Shingle Springs Road, \$1.5 million Newtown Road, \$504 thousand White Rock Road West County line to Windfield, \$638 thousand White Rock Road, Latrobe Road to Monte Verde, \$2.2 million Green Valley Road at Tennessee Creek bridge replacement.
- \$302 thousand for signals, safety and lighting,
- \$133 thousand for pedestrian ways and bike paths,
- \$1 million for storm drains,
- \$2.6 million in donated roads – consisting primarily of road improvements made by AKT Development Corporation for Promontory Alexandra Way,
- \$3 million in equipment, including \$464 thousand in road construction and maintenance equipment, \$525 thousand in law enforcement equipment, and \$1.2 million of new vehicle purchases by Fleet Management.

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

**Debt Administration and Long-Term Debt.** As of June 30, 2012 the County's outstanding long-term debt totaled \$3.2 million. The components of this obligation consist of \$3.1 million notes payable and \$44 thousand in capital lease obligations.



In addition to long-term debt, the County has long-term liabilities of \$107.7 million associated with compensated absences (\$13.3 million), landfill closure (\$16.1 million), self-insurance (\$15.9 million), and other post-employment benefits (\$62.4 million). Additional information on the County's long-term debt can be found in note 6 in the notes to the financial statements. Additional information on the County's other obligations follows.

## OTHER COUNTY OBLIGATIONS

### Post Employment Retirement Benefits.

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

As of June 30, 2012 the County calculated its unfunded liability at \$278.2 million, based on the market value of assets and actuarial reports dated June 30, 2011 and June 30, 2012. The resulting computation of the unfunded liability as of June 30, 2011 (CalPERS) and June 30, 2012 (Retiree's Health) may be summarized as follows:

<b>Post Retirement Benefit Plan</b>	<b>Liability</b>	<b>Market Value of Plan Assets</b>	<b>Unfunded Liability (UL)</b>
CalPERS Safety	\$ 232,382,099	\$ 155,289,700	\$ 77,092,399
CalPERS Misc	498,510,496	365,327,819	133,182,677
Retiree's Health	67,924,000	-	67,924,000
<b>Total</b>	<b>\$ 798,816,595</b>	<b>\$ 520,617,519</b>	<b>\$ 278,199,076</b>

The above Retiree's Health liability of \$67.9 million is based on the assumption that the Board of Supervisors has and will continue to enforce a cap on the County's contribution. Because the Retiree's Health benefit plan is a defined benefit plan, generally accepted accounting principles required that the County recognize its retiree's health obligation without the cap limitation until it was enforced by the Board of Supervisor's and began to impact the pattern of shared costs. Further, while employee benefits exceeded the 1.2 percent payroll cap in fiscal year 2011, the Board did not vote to enforce this cap or modify retiree benefits until fiscal year 2012. As a result of the cap enforcement, the retiree's share of benefit costs increased by 33 percent in 2012 and is projected to increase another 4 percent to 37 percent in 2013.

The Retiree's Health actuarial value of plan assets is valued at zero because the assets are not held in a qualifying trust. However, the County has charged departments and programs to set aside cash to fund this obligation, which as of June 30, 2012 and 2011 totaled \$13,234,820 and \$13,109,464 respectively.

### Meyers Landfill Site.

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

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

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

In 2001 the U.S. government initiated a suit against El Dorado County and City of South Lake Tahoe. The County in turn sued the large private users of the landfill and a settlement with those companies was reached in December 2009 that specified a payment of \$1.25 million into an account held by the Court Registry. In 2011 those funds were transferred to the County and were reported as other revenues. Additional revenues associated with the Meyers Landfill Site in 2011 were from the County's insurance carrier as part of the settlement for \$1,650,000. There was also \$1,612,349 received from the Forest Service for their share of the settlement and \$1,367,152 from a disbursement account held by the Forest Service. The latter funds were from the settlements paid by the City of South Lake Tahoe, \$622,000, and South Tahoe Refuse, \$1,000,000.

In 2012, the Meyers Landfill post closure received \$75 thousand in State revenues, \$1.8 million other revenues, and \$3.5 million in contributions from the General Fund to cover \$4.6 million in services and supplies expenditures and \$749 thousand prior year funding deficit.

#### **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**

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**COUNTY OF EI DORADO**

Statement of Net Assets  
June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$230,620,971	\$ 25,846	\$230,646,817	\$ 8,557,662
Restricted cash and investments	1,731,628	40,770	1,772,398	2,346,808
Cash with fiscal agent	194,569	--	194,569	--
Accounts receivable	3,791,120	6,224	3,797,344	115,416
Special assessments receivable	162,394	--	162,394	--
Interest receivable	232,416	--	232,416	1,044
Due from other governments	26,857,368	--	26,857,368	2,223,503
Notes receivable	8,837,709	--	8,837,709	--
Inventory and prepayments	3,970,111	84,437	4,054,548	218,055
Capital assets:				
Nondepreciable	50,570,258	382,867	50,953,125	918,143
Depreciable, net	287,421,917	3,391,081	290,812,998	9,721,150
Total Assets	<u>\$614,390,461</u>	<u>\$ 3,931,225</u>	<u>\$618,321,686</u>	<u>\$24,101,781</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 15,720,426	\$ 15,224	\$ 15,735,650	\$ 1,018,997
Accrued expenses	--	--	--	126,134
Accrued salaries and benefits	5,898,420	8,289	5,906,709	9,172
Accrued interest payable	198	65	263	--
Due to other governments	2,302,855	--	2,302,855	--
Unearned revenue	3,702,280	--	3,702,280	5,481,633
Other Liabilities	236,684	--	236,684	41,667
Long-term liabilities				
Liability for other post-employment benefits:				
Due beyond one year	62,425,890	--	62,425,890	--
Liability for self-insurance:				
Due within one year	4,118,619	--	4,118,619	--
Due beyond one year	11,749,381	--	11,749,381	354,807
Liability for landfill closure and post-closure:				
Due beyond one year	16,142,895	--	16,142,895	--
Compensated absences				
Due within one year	1,340,677	2,614	1,343,291	--
Due beyond one year	11,989,844	23,528	12,013,372	--
Other Liabilities:				
Due within one year	168,578	930	169,508	206,706
Due beyond one year	3,000,000	--	3,000,000	152,867
Total Liabilities	<u>138,796,747</u>	<u>50,650</u>	<u>138,847,397</u>	<u>7,391,983</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	337,947,921	3,773,018	341,720,939	10,639,293
Restricted for:				
Capital projects	10,295,472	--	10,295,472	--
Debt service	236,684	--	236,684	--
Public safety	14,922,336	--	14,922,336	--
Community resources and public facilities	49,928,378	--	49,928,378	--
Health and public assistance	27,613,966	--	27,613,966	--
General government and support programs	7,892,320	--	7,892,320	--
Other Purpose	809,155	40,770	849,925	2,858,314
Unrestricted	25,947,482	66,787	26,014,269	3,212,191
Total Net Assets	<u>475,593,714</u>	<u>3,880,575</u>	<u>479,474,289</u>	<u>16,709,798</u>
Total Liabilities and Net Assets	<u>\$614,390,461</u>	<u>\$ 3,931,225</u>	<u>\$618,321,686</u>	<u>\$24,101,781</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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 27,940,302	\$ 7,890,406	\$ 6,438,265	\$ --
Public protection	97,785,635	10,037,853	27,954,110	--
Public ways and facilities	58,306,296	6,088,017	38,862,701	3,129,414
Health and sanitation	62,795,266	15,015,984	33,522,212	--
Public assistance	49,180,335	744,371	42,149,915	--
Education	3,619,234	435,481	254,367	--
Recreation and culture services	1,369,449	258,909	420,099	105,854
Debt Service:				
Interest and fiscal charges	13,296	--	--	--
Total Governmental Activities	<u>301,009,813</u>	<u>40,471,021</u>	<u>149,601,669</u>	<u>3,235,268</u>
<b>Business-Type Activities:</b>				
Airports	1,117,693	698,148	--	15,918
South Lake Tahoe Transit Program	1,894	--	--	--
Total Business-Type Activities	<u>1,119,587</u>	<u>698,148</u>	<u>--</u>	<u>15,918</u>
<b>Total Primary Government</b>	<u><u>302,129,400</u></u>	<u><u>41,169,169</u></u>	<u><u>149,601,669</u></u>	<u><u>3,251,186</u></u>
<b>Components Units:</b>				
El Dorado Transit Authority	\$ 6,492,667	\$ 1,505,140	\$ 3,731,302	\$ 1,256,854
Children and Families Commission	1,743,660	--	1,285,374	--
El Dorado County Transportation Commission	1,315,194	--	1,233,625	--
Total Component Units	<u>\$ 9,551,521</u>	<u>\$ 1,505,140</u>	<u>\$ 6,250,301</u>	<u>\$ 1,256,854</u>

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Payment in lieu of sales and use taxes

Transfer taxes

Other general taxes

Unrestricted interest and investment earnings

Other revenues

Extraordinary items

Transfers

Total General Revenues, Transfers and Extraordinary Items

Change in Net Assets

Net assets - July 1, restated

Net assets - June 30

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (13,611,631)	\$ --	\$ (13,611,631)	
(59,793,672)	--	(59,793,672)	
(10,226,164)	--	(10,226,164)	
(14,257,070)	--	(14,257,070)	
(6,286,049)	--	(6,286,049)	
(2,929,386)	--	(2,929,386)	
(584,587)	--	(584,587)	
<u>(13,296)</u>	<u>--</u>	<u>(13,296)</u>	
<u>(107,701,855)</u>	<u>--</u>	<u>(107,701,855)</u>	
--	(403,627)	(403,627)	
--	(1,894)	(1,894)	
	<u>(405,521)</u>	<u>(405,521)</u>	
<u>(107,701,855)</u>	<u>(405,521)</u>	<u>(108,107,376)</u>	
			\$ 629
			(458,286)
			<u>(81,569)</u>
			<u>(539,226)</u>
79,436,890	--	79,436,890	--
6,759,821	--	6,759,821	--
2,088,323	--	2,088,323	--
1,288,677	--	1,288,677	--
8,174,485	--	8,174,485	--
723,327	295	723,622	35,087
6,465,894	761	6,466,655	226,609
		--	2,327,950
<u>(87,473)</u>	<u>87,473</u>	<u>--</u>	<u>--</u>
<u>104,849,944</u>	<u>88,529</u>	<u>104,938,473</u>	<u>2,589,646</u>
(2,851,911)	(316,992)	(3,168,903)	2,050,420
<u>478,445,625</u>	<u>4,197,567</u>	<u>482,643,192</u>	<u>14,659,378</u>
<u>\$ 475,593,714</u>	<u>\$ 3,880,575</u>	<u>\$ 479,474,289</u>	<u>\$ 16,709,798</u>

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

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**BASIC FINANCIAL STATEMENTS –  
FUND FINANCIAL STATEMENTS**

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**COUNTY OF EL DORADO**

Balance Sheet  
Governmental Funds  
June 30, 2012

	General	Road Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$41,485,179	\$ 5,659,197	\$21,248,721	\$119,949,595	\$188,342,692
Restricted cash and investments	--	--	--	1,731,628	1,731,628
Accounts receivable	542,641	79,219	--	3,008,538	3,630,398
Special assessments receivable	--	--	--	162,394	162,394
Due from other governments	6,861,317	11,958,273	--	7,876,923	26,696,513
Notes receivable	--	--	--	5,837,709	5,837,709
Interest receivable	--	--	--	232,416	232,416
Due from other funds	1,322,297	298,432	--	1,489,334	3,110,063
Advances to other funds	430,000	--	--	--	430,000
Inventories	--	643,685	--	81,063	724,748
Prepaid expenses	502,400	31,397	--	393,703	927,500
<b>Total Assets</b>	<b><u>\$51,143,834</u></b>	<b><u>\$18,670,203</u></b>	<b><u>\$21,248,721</u></b>	<b><u>\$140,763,303</u></b>	<b><u>\$231,826,061</u></b>
<b>Liabilities</b>					
Accounts payable	\$ 2,907,948	\$ 6,561,781	\$ --	\$ 5,469,899	\$ 14,939,628
Accrued salaries and benefits	4,413,190	691,754	--	767,337	5,872,281
Due to other governments	287,248	297,594	--	1,718,013	2,302,855
Due to other funds	313,016	--	--	2,797,047	3,110,063
Advances from other funds	--	--	--	430,000	430,000
Deferred revenue	41,488	730,688	--	11,778,682	12,550,858
<b>Total Liabilities</b>	<b><u>7,962,890</u></b>	<b><u>8,281,817</u></b>	<b><u>--</u></b>	<b><u>22,960,978</u></b>	<b><u>39,205,685</u></b>
<b>Fund Balances</b>					
Nonspendable	932,400	675,082	--	2,549,121	4,156,603
Restricted	--	9,713,304	21,248,721	75,543,544	106,505,569
Committed	8,115,814	--	--	19,943,479	28,059,293
Assigned	195,978	--	--	19,848,395	20,044,373
Unassigned	33,936,752	--	--	(82,214)	33,854,538
<b>Total Fund Balances</b>	<b><u>43,180,944</u></b>	<b><u>10,388,386</u></b>	<b><u>21,248,721</u></b>	<b><u>117,802,325</u></b>	<b><u>192,620,376</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$51,143,834</u></b>	<b><u>\$18,670,203</u></b>	<b><u>\$21,248,721</u></b>	<b><u>\$140,763,303</u></b>	<b><u>\$231,826,061</u></b>

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

**COUNTY OF EI DORADO**

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets - Governmental Activities  
June 30, 2012

Fund Balance - total governmental funds	\$ 192,620,376
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	3,160,855
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	331,765,606
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	8,848,578
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:	(27,959,038)
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.	(198)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Notes payable	(3,124,324)
Capital leases	(44,254)
Compensated absences	(13,294,308)
Liability for landfill closure and post-closure	(16,142,895)
Other long-term liabilities	<u>(236,684)</u>
Net assets of governmental activities	<u><u>\$475,593,714</u></u>

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

**COUNTY OF EL DORADO**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

	General	Road Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 83,316,562	\$ 40,247	\$ --	\$ 14,374,982	\$ 97,731,791
Licenses and permits	5,030,047	866,386	--	1,589,595	7,486,028
Intergovernmental	53,732,826	33,588,043	--	62,868,827	150,189,696
Use of money and property	148,712	32,973	57,267	338,544	577,496
Charges for current services	9,568,844	1,232,640	--	18,787,280	29,588,764
Fines, forfeitures and penalties	1,172,428	--	--	1,954,394	3,126,822
Other revenues	1,389,692	174,592	--	4,710,520	6,274,804
<b>Total Revenues</b>	<b>154,359,111</b>	<b>35,934,881</b>	<b>57,267</b>	<b>104,624,142</b>	<b>294,975,401</b>
<b>Expenditures:</b>					
Current:					
General government	24,945,678	--	--	649,966	25,595,644
Public protection	87,529,513	--	--	5,468,734	92,998,247
Public ways and facilities	--	47,820,319	--	672,018	48,492,337
Health and sanitation	1,459,887	--	--	52,302,215	53,762,102
Public assistance	37,087,792	--	--	12,263,980	49,351,772
Education	3,254,568	--	--	--	3,254,568
Recreation and cultural services	1,225,850	--	--	--	1,225,850
Capital outlay	983,319	1,815,567	--	2,596,223	5,395,109
Debt service:					
Principal	119,477	--	--	173,357	292,834
Interest and fiscal charges	8,593	--	--	5,149	13,742
<b>Total Expenditures</b>	<b>156,614,677</b>	<b>49,635,886</b>	<b>--</b>	<b>74,131,642</b>	<b>280,382,205</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,255,566)</u>	<u>(13,701,005)</u>	<u>57,267</u>	<u>30,492,500</u>	<u>14,593,196</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	23,767,933	14,308,338	--	15,048,240	53,124,511
Transfers out	<u>(14,868,148)</u>	<u>--</u>	<u>(430,078)</u>	<u>(37,936,538)</u>	<u>(53,234,764)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>8,899,785</b>	<b>14,308,338</b>	<b>(430,078)</b>	<b>(22,888,298)</b>	<b>(110,253)</b>
<b>Net Changes in Fund Balances</b>	<b>6,644,219</b>	<b>607,333</b>	<b>(372,811)</b>	<b>7,604,202</b>	<b>14,482,943</b>
Fund Balances, Beginning of Year	<u>36,536,725</u>	<u>9,781,053</u>	<u>21,621,532</u>	<u>110,198,123</u>	<u>178,137,433</u>
Fund Balances, End of Year	<u><b>\$ 43,180,944</b></u>	<u><b>\$ 10,388,386</b></u>	<u><b>\$ 21,248,721</b></u>	<u><b>\$ 117,802,325</b></u>	<u><b>\$ 192,620,376</b></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 - Governmental Activities  
For the Year Ended June 30, 2012

Net change to fund balance - total governmental funds \$ 14,482,943

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	\$ 15,126,794	
Depreciation	<u>(22,558,327)</u>	(7,431,533)

Disposal of capital assets: proceeds from the sale of capital assets are  
a financial resource in governmental funds, but only the net gain  
or loss is presented in the statement of activities. (223,196)

Because long-term receivables will not be collected within the year, they  
are not considered available resources and are deferred in the  
governmental funds. Deferred revenues increased by this amount this year. 1,729,453

Because long-term receivables will not be collected within the year, they  
are not considered available resources and are not reported  
in governmental funds. Repayment from long-term receivables are  
recognized as revenues in the governmental funds.  
Long-term receivables increased by this amount: 160,855

Repayment of debt principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net assets. 292,834

Donated capital assets reported in the statement of activities do not result in the  
increase of current financial resources and, therefore, are not reported as  
revenues in governmental funds. 2,647,241

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		(239,870)
Change in accrued interest payable		446
Change in liability for closure and post-closure		(8,033,426)
Change in other long-term liabilities		(47,079)

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. (6,190,579)

Change in net assets of governmental activities \$ (2,851,911)

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

**COUNTY OF EL DORADO**

Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake Tahoe Transit	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 25,846	\$ --	\$ 25,846	\$ 42,278,279
Cash with fiscal agent	--	--	--	194,569
Accounts receivable	6,224	--	6,224	160,722
Due from other governments	--	--	--	--
Deposits	33,357	--	33,357	83,100
Inventory	50,900	--	50,900	32,866
Prepaid expenses	180	--	180	2,201,897
<b>Total Current Assets</b>	<b>116,507</b>	<b>--</b>	<b>116,507</b>	<b>44,951,433</b>
Noncurrent Assets:				
Capital assets:				
Land	319,665	--	319,665	40,000
Construction in progress	63,202	--	63,202	--
Structures and improvements	8,359,912	--	8,359,912	659,905
Equipment	43,703	--	43,703	10,984,091
Accumulated depreciation	(5,012,534)	--	(5,012,534)	(5,457,427)
<b>Total capital assets, net of accumulated depreciation</b>	<b>3,773,948</b>	<b>--</b>	<b>3,773,948</b>	<b>6,226,569</b>
Restricted assets:				
Restricted cash	--	40,770	40,770	--
<b>Total Non-current Assets</b>	<b>\$ 3,773,948</b>	<b>\$ 40,770</b>	<b>\$ 3,814,718</b>	<b>\$ 6,226,569</b>
<b>Total assets</b>	<b>\$ 3,890,455</b>	<b>\$ 40,770</b>	<b>\$ 3,931,225</b>	<b>\$ 51,178,002</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 15,224	\$ --	15,224	780,798
Accrued salaries and benefits	8,289	--	8,289	26,139
Interest payable	65	--	65	--
Due to other governments	--	--	--	--
Due to other funds	--	--	--	--
Liability for self-insurance	--	--	--	4,118,619
Compensated absences	2,614	--	2,614	3,622
Notes payable, current portion	930	--	930	--
<b>Total Current Liabilities</b>	<b>27,122</b>	<b>--</b>	<b>27,122</b>	<b>4,929,178</b>
Noncurrent Liabilities:				
Liability for self-insurance	--	--	--	11,749,381
Liability for other post-employment benefits	--	--	--	62,425,890
Compensated absences	23,528	--	23,528	32,591
Notes payable	--	--	--	--
<b>Total Noncurrent Liabilities</b>	<b>23,528</b>	<b>--</b>	<b>23,528</b>	<b>74,207,862</b>
<b>Total Liabilities</b>	<b>50,650</b>	<b>--</b>	<b>50,650</b>	<b>79,137,040</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	3,773,018	--	3,773,018	6,226,569
Restricted	--	40,770	40,770	2,115,120
Unrestricted	66,787	--	66,787	(36,300,727)
<b>Total Net Assets (Deficit)</b>	<b>3,839,805</b>	<b>40,770</b>	<b>3,880,575</b>	<b>(27,959,038)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,890,455</b>	<b>\$ 40,770</b>	<b>\$ 3,931,225</b>	<b>\$ 51,178,002</b>

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

**COUNTY OF EL DORADO**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake Tahoe Transit	Total	Internal Service Funds
<b>Operating Revenues:</b>				
Service fees	\$ 698,148	\$ --	\$ 698,148	\$ 32,632,493
Total Operating Revenues	<u>698,148</u>	<u>--</u>	<u>698,148</u>	<u>32,632,493</u>
<b>Operating Expenses:</b>				
Salaries and benefits	223,314	--	223,314	768,699
Services and supplies	585,751	1,894	587,645	38,256,104
Depreciation	308,412	--	308,412	56,429
Total Operating Expenses	<u>1,117,477</u>	<u>1,894</u>	<u>1,119,371</u>	<u>39,081,232</u>
<b>Operating Income (Loss)</b>	<u>(419,329)</u>	<u>(1,894)</u>	<u>(421,223)</u>	<u>(6,448,739)</u>
<b>Non-Operating Revenue (Expenses):</b>				
Interest income	184	111	295	115,127
Interest expense	(216)	--	(216)	--
Gain (loss) on sale of capital assets	--	--	--	(26,214)
Miscellaneous nonoperating revenue	761	--	761	146,467
Miscellaneous nonoperating expense	--	--	--	--
Total Non-Operating Revenue (Expenses)	<u>729</u>	<u>111</u>	<u>840</u>	<u>235,380</u>
Income (Loss) Before Transfers and Capital Contributions	(418,600)	(1,783)	(420,383)	(6,213,359)
Transfers in	90,249	--	90,249	22,780
Transfers in	(2,776)	--	(2,776)	--
Capital contributions	15,918	--	15,918	--
<b>Change in Net Assets</b>	<u>(315,209)</u>	<u>(1,783)</u>	<u>(316,992)</u>	<u>(6,190,579)</u>
Net Assets - Beginning of Year	<u>4,155,014</u>	<u>42,553</u>	<u>4,197,567</u>	<u>(21,768,459)</u>
<b>Net Assets - End of Year</b>	<u>\$ 3,839,805</u>	<u>\$ 40,770</u>	<u>\$ 3,880,575</u>	<u>\$ (27,959,038)</u>

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



**COUNTY OF EL DORADO**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake	Total	Internal
		Tahoe Transit	Enterprise Funds	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers	\$ 693,334	\$ --	\$ 693,334	\$ --
Cash receipts from internal fund services provided	--	--	--	32,556,798
Cash paid to suppliers for goods and services	(748,353)	(1,894)	(750,247)	(37,739,283)
Cash paid to employees for services	(219,653)	--	(219,653)	(798,884)
Net Cash Provided (Used) by Operating Activities	(274,672)	(1,894)	(276,566)	(5,981,369)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from (paid to) other funds	54,473	--	54,473	22,780
Cash received from (paid to) other governmental agencies	180,145	--	180,145	--
Non-operating receipts	761	--	761	146,467
Net Cash Provided (Used) by Noncapital Financing Activities	235,379	--	235,379	169,247
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal repayments on debt	(3,567)	--	(3,567)	--
Proceeds from sale of capital assets	--	--	--	122,984
Payments related to the acquisition of capital assets	(7,615)	--	(7,615)	(1,231,493)
Interest paid on debt	(312)	--	(312)	--
Capital contributions	15,918	--	15,918	--
Net Cash Provided (Used) by Capital and Related Financing Activities	4,424	--	4,424	(1,108,509)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received (paid)	184	111	295	115,127
Net Cash Provided (Used) by Investing Activities	184	111	295	115,127
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(34,685)	(1,783)	(36,468)	(6,805,504)
<b>Cash and Cash Equivalents, Beginning of Year</b>	60,531	42,553	103,084	49,278,352
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 25,846</u>	<u>\$ 40,770</u>	<u>\$ 66,616</u>	<u>\$ 42,472,848</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Fund Net Assets</b>				
Cash and investments	\$ 25,846	\$ --	\$ 25,846	\$ 42,278,279
Cash with fiscal agent	--	--	--	194,569
Restricted cash in Treasury	--	40,770	40,770	--
<b>Total Cash and Cash Equivalents</b>	<u>\$ 25,846</u>	<u>\$ 40,770</u>	<u>\$ 66,616</u>	<u>\$ 42,472,848</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, 2012

	Business-Type Activities - Enterprise Funds			Governmental
	County	South Lake Tahoe	Total	Internal
	Airports	Transit	Enterprise Funds	Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (419,329)	\$ (1,894)	\$ (421,223)	\$ (6,448,739)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	308,412	--	308,412	56,429
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(4,814)	--	(4,814)	(75,695)
Inventory	5,657	--	5,657	453
Deposits and prepaid expenses	(6,072)	--	(6,072)	(2,200,897)
Increase (decrease) in:				
Accounts payable	(162,187)	--	(162,187)	(834,404)
Salaries payable	(136)	--	(136)	(3,698)
Liability for compensated absences	3,797	--	3,797	(26,487)
Liability for self-insurance	--	--	--	(839,714)
Liability for other post employment benefits (OPEB)	--	--	--	4,391,383
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (274,672)</b>	<b>\$ (1,894)</b>	<b>\$ (276,566)</b>	<b>\$ (5,981,369)</b>

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

**COUNTY OF EL DORADO**  
Statement of Fund Net Assets  
Fiduciary Funds  
June 30, 2012

	Investment Trust Fund	Agency Funds	Component Unit's Private Purpose Trust
<b>Assets</b>			
Cash and investments	\$ 192,243,555	\$ 1,172,945	\$ 635,287
Due from other governments	--	7,397	1,068,118
Interest receivable	1,471,986	--	--
Taxes receivable	--	30,804,476	--
Total Assets	193,715,541	31,984,818	1,703,405
<b>Liabilities</b>			
Accounts payable	2,038,596	2,475,156	--
Accrued salaries and benefits	1,116,632	--	--
Due to other governments	--	--	1,008,075
Fiduciary liabilities	--	29,509,662	--
Total Liabilities	3,155,228	31,984,818	1,008,075
<b>Net assets</b>			
Net assets held in trust for investment pool	190,560,313	--	--
Net assets held in trust for investment other purposes			
Restricted/apportioned:			
Transportation projects			695,268
Pedestrian and bicycle projects			62
Total Net Assets	\$ 190,560,313	\$ --	\$ 695,330

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

**COUNTY OF EL DORADO**

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2012

	Investment Trust Fund	Component Units' Private Purpose Trust
<b>Additions:</b>		
Contributions to investment pool	\$ 1,024,344,437	\$ --
Regional surface transportation	--	1,068,118
Interest and investment income	585,461	1,883
Total Additions	1,024,929,898	1,070,001
<b>Deductions:</b>		
Distributions from investment pool	1,036,890,255	--
Road Maintenance	--	1,598,386
Pedestrian and bicycle	--	479,233
Total Deductions	1,036,890,255	2,077,619
Change in net assets	(11,960,357)	(1,007,618)
<b>Net Assets - beginning</b>	202,520,670	1,702,948
<b>Net Assets - ending</b>	\$ 190,560,313	\$ 695,330

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

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

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## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2012

#### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### A. **Description of the Reporting Entity**

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

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

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

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

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

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2012

#### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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

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

- The El Dorado County Transit Authority (EDCTA) was established pursuant to a joint exercise of powers agreement by and between the County and the City of Placerville to provide transit services. The County Board appoints three of the five EDCTA board members.
- The Children and Families Commission of El Dorado County (the Commission) was established in December 1998, under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The County Board appointed all members of the Commission. The Board can remove appointed members at will. The Commission accounts for receipts and disbursements of California Children and First Families Trust Fund (Proposition 10) allocations and appropriations for the Commission. The Commission is a discretely presented component unit as the Commission's governing body is not substantively the same as that of the County.
- The El Dorado County Transportation Commission (EDCTC) was created pursuant to Section 29532 and 29535 of the California Government Code as a local transportation commission for the western slope of the County in 1975 to administer transportation planning and allocate the funds in accordance with the Transportation Development Act. Provided by the law change through California Assembly Bill No. 1204, the County Board appoints four of the seven EDCTC board members.

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

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

- American River Authority. The County participates with Placer County, Placer County Water Agency, El Dorado County Water Agency, and San Joaquin County in this Joint Powers Authority that was created to facilitate construction of a dam, reservoir and hydroelectric power facilities at the Auburn Dam Site. The participants share the costs of operating the JPA equally. The governing board consists of one member from each of the participants and a public resident who alternates among El Dorado, Placer and San Joaquin County.
- El Dorado County-Folsom Joint Powers Agreement. The County participates with the City of Folsom in this JPA, the purpose of which is to manage growth toward the goal of achieving an improved quality of life for the citizens of both political jurisdictions. The governing board consists of two members from each of the participating entities.
- 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 Basic Financial Statements For the Year Ended June 30, 2012

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

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

The County reports the following major governmental funds:

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

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2012

#### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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

###### *Fund Financial Statements* (continued)

- The Silva Valley Interchange Road Impact Fee (RIF) Fund is a special revenue fund used to account for road impact fees received from individual property owners in the El Dorado Hills area to mitigate traffic impacts and to fund the future construction of the Silva Valley interchange. The road impact fees are the primary revenues of the Silva Valley Interchange RIF Fund.

The County reports the following nonmajor enterprise funds:

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

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

- Internal Service Funds – Fleet Management and Risk Management Authority are internal service funds used to account for the County's fleet maintenance provided to other departments, employee and retiree health benefits and self-insurance programs including workers' compensation, personal injury and property damage on a cost-reimbursement basis.
- Investment Trust Funds – Investment Trust Funds account for the assets, primarily cash and investments, of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in an investment portfolio for the benefit of all participants. These participants include school and community college districts, other special districts governed by local boards, regional boards and authorities.
- Agency Funds – Agency Funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County as an agent for individuals and other government units.

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

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

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2012

#### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

##### C. **Basis of Accounting**

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

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

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

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

##### D. **Cash and Investments**

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

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

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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

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

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

**E. Cash and Cash Equivalents**

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

**F. Mortgages Receivable**

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

**G. Inventories**

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

**H. Capital Assets and Depreciation**

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

The estimated useful lives are as follows:

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

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**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. In fiscal year 2011-2012, the estimated useful lives (target mileages) of most Fleet vehicles were extended to reduce the unrestricted net assets in the Fleet Management Fund to comply with Office of Management and Budget (OMB) Circular A-87.

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

The State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2011-2012 net assessed valuation of the County was \$25,599,999,874.

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

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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

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

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

**K. Interfund Transactions**

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

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

**L. Self-Insurance**

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

**M. Use of Estimates**

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

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.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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 Board of Supervisors reviews and approves the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2012, total County cash and investments were as follows:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Cash:			
Imprest cash	\$ -	\$ 15,503	\$ 15,503
Cash on hand	500	-	500
Deposits	79,501,735	8,024,222	87,525,957
Total Cash	<u>79,502,235</u>	<u>8,039,725</u>	<u>87,541,960</u>
Investments	<u>348,852,392</u>	<u>1,175,689</u>	<u>350,028,081</u>
Total Cash and Investments	<u>\$ 428,354,627</u>	<u>\$ 9,215,414</u>	<u>\$ 437,570,041</u>

Total cash and investments at June 30, 2012 were presented on the County's financial statements as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>
County Investment Pool:				
Unrestricted	\$ 230,631,727	\$ 193,214,347	\$ 2,736,155	\$ 426,582,229
Restricted	1,772,398	-	-	1,772,398
Total in County Investment Pool	<u>232,404,125</u>	<u>193,214,347</u>	<u>2,736,155</u>	<u>428,354,627</u>
External to Pool:				
Cash with fiscal agents	194,569	-	-	194,569
Other restricted cash and investments	-	-	2,346,808	2,346,808
Other unrestricted cash and investments	-	202,153	5,821,094	6,023,247
Other unrestricted cash and investments - held by Component Units	-	635,287	-	635,287
Imprest cash	15,090	-	413	15,503
Total External to Pool	<u>209,659</u>	<u>837,440</u>	<u>8,168,315</u>	<u>9,215,414</u>
Total Cash and Investments	<u>\$ 232,613,784</u>	<u>\$ 194,051,787</u>	<u>\$ 10,904,470</u>	<u>\$ 437,570,041</u>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

In the Statement of Fiduciary Net Assets, the total cash and investments balance for Investment Trust and Agency Funds in the amount of \$193,416,500 includes, and is decreased by the negative cash balances maintained in certain agency funds used to allocate property taxes under the alternate method of tax apportionment (Teeter Plan). The total cash deficits of these Teeter Plan funds of \$17,275,727 is entirely offset by, and is significantly less than, the total \$24,279,584 that has been recorded by these funds as taxes receivable.

Cash and investments were restricted at June 30, 2012, for the following purposes:

	Primary Government	Component Units	Total
Closure and post-closure costs	\$ 1,731,628	\$ -	\$ 1,731,628
Transit and transportation grant expenditures	40,770	2,331,419	2,372,189
Risk financing	-	15,389	15,389
	<u>\$ 1,772,398</u>	<u>\$ 2,346,808</u>	<u>\$ 4,119,206</u>

Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, whichever is 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	100%	100%
Bankers Acceptances	180 days	40%	5%
Domestic Commercial Paper	31 days	20%	5%
Certificates of Deposit, Negotiable	5 years	30%	5%
Certificates of Deposit, Non-negotiable	5 years	100%	100%
Repurchase Agreements	1 year	100%	5%
U.S. Agency Obligations	3 years	100%	5%
Demand Deposit Savings Accounts	5 years	100%	100%
State Warrants	1 year	100%	100%
Local Agency Investment Fund (LAIF)**	N/A	100%	100%
Medium-Term Notes U.S. Corporations under the Temporary Liquidity Guarantee Program (TLGP)	3 years	30%	30%
Commercial Paper under TLGP	270 days	40%	40%
Money Market Account	N/A	100%	5%
Certificate of Deposit Account Registry Service	5 years	30%	30%

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

\*\* Subject to a \$50 million cap set by LAIF.



**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

Investments (continued)

At June 30, 2012, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>WAM (Years)</u>
<b>Investments in Investment Pool</b>						
Treasury Securities - Coupon	0.250%-3.625%	7/15/12-9/30/16	\$ 237,550,000	\$ 239,353,392	\$ 240,013,132	1.06
California Local Agency Investment Fund	0.363%	On Demand	50,000,000	50,000,000	50,000,000	0.00
Money Market Account	0.150%-0.300%	On Demand	59,499,000	59,499,000	59,499,000	0.00
<b>Total Investments in Investment Pool</b>			<b>\$ 347,049,000</b>	<b>\$ 348,852,392</b>	<b>\$ 349,512,132</b>	<b>0.73</b>
<b>Investments Outside Investment Pool</b>						
<b>Component Units:</b>						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	0.363%	On Demand	\$ 1,175,689	\$ 1,175,689	\$ 1,175,689	--
<b>Total Investments Outside Investment Pool</b>			<b>\$ 1,175,689</b>	<b>\$ 1,175,689</b>	<b>\$ 1,175,689</b>	<b>--</b>

At June 30, 2012, the difference between the carrying value and fair value of cash and investments was not material (fair value was 100.19% of carrying value). No adjustment has been recorded on the financial statements.

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2012, the investment pool had a weighted average maturity of 0.73 years.

Credit Risk

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

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

Credit Risk (continued)

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County investment pool's fair value at June 30, 2012.

	<u>Standard &amp; Poor's</u> <u>Rating</u>	<u>% of</u> <u>Portfolio</u>
Treasury Securities - Coupon	AAA	68.67%
Local Agency Investment Fund	Unrated	14.31%
Money Market Account	Unrated	<u>17.02%</u>
Total		<u><u>100.00%</u></u>

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

Custodial Credit Risk

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

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

Local Agency Investment Fund

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

At June 30, 2012, the County's investment position in LAIF was \$50 million, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$21.9 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA), whose balance at June 30, 2012 was \$60.5 billion. Of that amount, 3.47% was invested in structured notes and asset-backed securities.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 2: **CASH AND INVESTMENTS** (CONTINUED)

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, 2012:

**Statement of Net Assets**

Net assets held for pool participants	<u>\$ 428,354,627</u>
Equity of internal pool participants	236,111,072
Equity of external pool participants	<u>192,243,555</u>
Total net assets	<u>\$ 428,354,627</u>

**Statement of Changes in Net Assets**

Net assets at July 1, 2011	\$ 440,161,743
Investment income	1,742,368
Investment expenses	(565,919)
Net contributions (withdrawals) by pool participants	<u>(12,983,565)</u>
Net assets at June 30, 2012	<u>\$ 428,354,627</u>

NOTE 3: **LONG-TERM NOTES AND ASSESSMENT RECEIVABLES**

The accounts receivable balances reported in other governmental funds include an allowance for uncollectible amounts of \$6,119,694. The governmental funds include notes receivable of \$5,837,709, interest receivable of \$232,416, and special assessment receivables of \$162,394 (net of uncollectible amounts of \$1,737,171), which are not expected to be fully collected in the next fiscal year and are equally offset by the deferred revenue. The governmental activities include a long-term note receivable of \$3,000,000, which is offset by a long-term note payable.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2012 was as follows:

	Restated Balance July 1, 2011	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2012
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land and improvements	\$ 49,025,086	\$ 203,885	\$ -	\$ -	\$ 49,228,971
Construction in progress	1,826,120	1,171,662	-	(1,656,495)	1,341,287
<b>Total capital assets not being depreciated</b>	<b>50,851,206</b>	<b>1,375,547</b>	<b>-</b>	<b>(1,656,495)</b>	<b>50,570,258</b>
Capital assets, being depreciated					
Infrastructure	397,508,455	14,007,677	-	-	411,516,132
Structures and improvements	103,525,949	665,970	(27,500)	1,575,206	105,739,625
Equipment	47,284,343	2,956,334	(3,018,256)	81,289	47,303,710
<b>Total capital assets being depreciated</b>	<b>548,318,747</b>	<b>17,629,981</b>	<b>(3,045,756)</b>	<b>1,656,495</b>	<b>564,559,467</b>
Less accumulated depreciation for					
Infrastructure	(190,314,693)	(18,418,723)	-	-	(208,733,416)
Structures and improvements	(35,409,408)	(2,194,597)	27,500	-	(37,576,505)
Equipment	(31,472,055)	(2,614,498)	2,645,862	613,062 <sup>1)</sup>	(30,827,629)
<b>Total accumulated depreciation</b>	<b>(257,196,156)</b>	<b>(23,227,818)</b>	<b>2,673,362</b>	<b>613,062</b>	<b>(277,137,550)</b>
<b>Total capital assets being depreciated, net</b>	<b>291,122,591</b>	<b>(5,597,837)</b>	<b>(372,394)</b>	<b>2,269,557</b>	<b>287,421,917</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 341,973,797</b>	<b>\$ (4,222,290)</b>	<b>\$ (372,394)</b>	<b>\$ 613,062</b>	<b>\$ 337,992,175</b>

1) \$613,062 represents the cumulative effect of extending the estimated life of fleet vehicles during fiscal year 2011-2012.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 4: CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2011	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2012
<b>Business Type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 319,665	\$ -	\$ -	\$ -	\$ 319,665
Construction in progress	395,436	7,615	-	(339,849)	63,202
Total capital assets not being depreciated	715,101	7,615	-	(339,849)	382,867
Capital assets, being depreciated					
Structures and improvements	8,020,063	-	-	339,849	8,359,912
Equipment	43,703	-	-	-	43,703
Total capital assets being depreciated	8,063,766	-	-	339,849	8,403,615
Less accumulated depreciation for					
Structures and improvements	(4,679,721)	(306,622)	-	-	(4,986,343)
Equipment	(24,401)	(1,790)	-	-	(26,191)
Total accumulated depreciation	(4,704,122)	(308,412)	-	-	(5,012,534)
Total capital assets being depreciated, net	3,359,644	(308,412)	-	339,849	3,391,081
Business type activities capital assets, net	\$ 4,074,745	\$ (300,797)	\$ -	\$ -	\$ 3,773,948

**Depreciation**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 602,012
Public protection	1,670,690
Public ways and facilities	19,257,776
Health and sanitation	416,088
Public assistance	252,556
Education	239,226
Recreation and cultural services	119,979
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	56,429 <sup>2)</sup>
Total depreciation expense governmental activities	<u>\$ 22,614,756 <sup>2)</sup></u>

2) Net of the cumulative effect (-\$613,062) of extending the estimated life of fleet vehicles during fiscal year 2011-2012.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 4: **CAPITAL ASSETS** (CONTINUED)

**Depreciation** (continued)

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

Airports	\$ 308,412
Total depreciation expense business-type activities	<u>\$ 308,412</u>

NOTE 5: **DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenues considered unavailable to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2012, the various components of deferred revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental Funds:			
General Fund:			
Various grants and charges	\$ -	\$ 41,488	\$ 41,488
Road Fund:			
Various grants and charges	-	730,688	730,688
Other Governmental Funds:			
Various grants, charges, special assessments and loans	<u>8,848,578</u>	<u>2,930,104</u>	<u>11,778,682</u>
	<u>\$ 8,848,578</u>	<u>\$ 3,702,280</u>	<u>\$ 12,550,858</u>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 6: LONG-TERM LIABILITIES**

Long-term debt at June 30, 2012 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, 2012</u>
<b>Governmental Activities</b>						
Notes Payable:						
California Energy Commission	2005	2013	4.00%	\$24,880-\$124,324	\$ 800,000	\$ 124,324
HUD HOME Program <sup>3)</sup>	2003	2058	0.00%	<sup>4)</sup>	3,000,000	<u>3,000,000</u>
						<u>3,124,324</u>
Capital Leases:						
Banc of America (motor graders)	2006	2012	3.36%	\$106,788-\$173,357	1,109,188	<u>44,254</u>
Total Governmental Activities						<u><u>\$ 3,168,578</u></u>
<b>Business-Type Activities</b>						
Notes Payable:						
Loan #ED-1-87-L-3	10/6/87	2012	6.94%	\$930	\$ 23,251	<u>\$ 930</u>
						<u><u>\$ 930</u></u>

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

4) Principal payment is due in total at the end of note maturity.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 6: LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of long-term liabilities transactions for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Amounts Due Within One Year
<b>Governmental Activities</b>					
Notes payable:					
California Energy Commission II	\$ 243,801	\$ -	\$ 119,477	\$ 124,324	\$ 124,324
HUD Home Program	3,000,000	-	-	3,000,000	-
Compensated absences	13,117,138	1,554,060	1,340,677	13,330,521	1,340,677
Capital lease obligation	217,611	-	173,357	44,254	44,254
Landfill closure/post-closure liability	8,109,469	8,033,426	-	16,142,895	-
Liability for self-insurance claims	16,707,714	33,385,947	34,225,661	15,868,000	4,118,619
Other postemployment benefits	58,034,507	6,582,592	2,191,209	62,425,890	-
	<u>\$ 99,430,240</u>	<u>\$ 49,556,025</u>	<u>\$ 38,050,381</u>	<u>\$ 110,935,884</u>	<u>\$ 5,627,874</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 22,345	\$ 6,411	\$ 2,614	\$ 26,142	\$ 2,614
Notes payable	4,497	-	3,567	930	930
	<u>\$ 26,842</u>	<u>\$ 6,411</u>	<u>\$ 6,181</u>	<u>\$ 27,072</u>	<u>\$ 3,544</u>

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

As of June 30, 2012, 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	
	Principal	Interest
2013	\$ 124,324	\$ 3,746
	<u>\$ 124,324</u>	<u>\$ 3,746</u>

As of June 30, 2012, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities	
	Notes Payables	
	Principal	Interest
2013	\$ 930	\$ 65
	<u>\$ 930</u>	<u>\$ 65</u>



**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 7: **LEASES**

**Operating Lease Obligations**

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$3.2 million for the year ended June 30, 2012.

Future minimum operating lease commitments are as follows:

Year Ending June 30:	
2013	\$ 1,942,610
2014	953,155
2015	425,460
2016	259,965
2017	83,109
	<u>\$ 3,664,299</u>

**Capital Lease Obligations**

The County accounts for capital leases in the governmental fund types in accordance with the provisions of National Council on Governmental Accounting (NCGA) Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a capital asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. The total lease payments for the fiscal year were \$178,506 for which \$5,149 represented interest cost.

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:	
2013	<u>\$ 44,626</u>
Total minimum lease payments	44,626
Less amount representing interest	<u>(372)</u>
Total	<u>\$ 44,254</u>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 7: **LEASES** (CONTINUED)

**Capital Lease Obligations** (continued)

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

	<u>Governmental Activities</u>
Road equipment	\$ 2,025,339
Less: accmulated depreciation	<u>(886,131)</u>
Net Value	<u>\$ 1,139,208</u>

NOTE 8: **LIABILITY FOR CLOSURE AND POST-CLOSURE COSTS**

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

The County ceased accepting waste from the public in 1997 and 8.2 acres or 19.4 percent of the landfill's 42.3 acres remain open to waste generated onsite. The estimated landfill closure care liability of \$2,247,151 reported as of June 30, 2012, is the current cost estimate of closing the remaining 8.2 acres. Because the landfill is no longer accepting waste from the public, the additional liability of \$13,895,744 representing postclosure costs for the entire 42.3 acres has been recognized and is a cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes.

State and federal laws require the County to make contributions to a special fund in order to finance closure care. At June 30, 2012, cash and investments held of \$1,731,628 in this special fund 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, combined with due from other funds in the amount of \$515,523 recorded in this special fund, is sufficient to cover the entire closure liability.

The County has filed a Pledge of Revenue with the California Integrated Waste Management Board that waives the requirement to make contributions to a special fund to finance postclosure costs. The estimated postclosure costs of \$13,895,744, to be paid over a 30-year period upon final closure, may need to be funded by charges to future landfill users and/or from future tax revenue.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 9: INTERFUND TRANSACTIONS**

The composition of interfund balances as of June 30, 2012 is as follows:

**Due From/To Other Funds:**

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>	<b>Purpose</b>
General Fund	Other Governmental Funds	\$ 767,110	Realignment funds
	Other Governmental Funds	331,000	Advance to Community Services funds to cover cash shortfall
	Other Governmental Funds	35,000	Advance to Health funds to cover cash shortfall
	Other Governmental Funds	125,784	Reimbursement for Insurance Fraud program expenditures
	Other Governmental Funds	63,403	Reimbursement for SB678 expenditures
		<u>1,322,297</u>	
Road Fund	Other Governmental Funds	298,432	Billing for road improvements
		<u>298,432</u>	
Other Governmental Funds	Other Governmental Funds	60,119	Sales Tax Realignment funds for Health programs
	Other Governmental Funds	299,611	Vehicle License Fees for Health programs
			County Local Revenue funds for Health, Alcohol and Drug program
	Other Governmental Funds	22,157	
	Other Governmental Funds	1,090	Health funds match for Alcohol and Drug program
	Other Governmental Funds	266,258	Mental Health Sales Tax Realignment Funds
	Other Governmental Funds	515,523	Landfill Closure Funds
	Other Governmental Funds	11,560	ACO funds due from Courthouse construction
	General Fund	299,611	Vehicle License Fees Match Health
	General Fund	13,405	Vehicle License Fees Match Social Services
			<u>1,489,334</u>
	Total	<u>\$ 3,110,063</u>	

**Advance To/From Other Funds:**

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>	<b>Purpose</b>
General Fund	Other Governmental Funds	\$ 100,000	Advance to Housing Authority
	Other Governmental Funds	330,000	Advance to Public Authority
		<u>430,000</u>	
	Total	<u>\$ 430,000</u>	

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 9: **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.

<b>Transfer to</b>	<b>Transfer from</b>	<b>Amount</b>	<b>Purpose</b>
General Fund	Other Governmental Funds	\$ 53,019	Timber Tax to Sheriff's Office Patrol, Search and Rescue Community Services Renaming Funds to General Fund
	Other Governmental Funds	4,476	Miscellaneous Revenue
	Other Governmental Funds	28,350	Transfer from Public Health Special Revenue Fund to Public Defender for AB109 Costs
	Other Governmental Funds	1,329,155	County Service Area #10 Special Tax Revenue to Library General Fund Operating
	Other Governmental Funds	63,283	State Off-Highway Vehicle Funds to Sheriff Operating and CAO
	Other Governmental Funds	39,573	Indian Gaming Impact Account to District Attorney for Cost Reimbursement
	Other Governmental Funds	1,448,209	Tobacco Settlement
	Other Governmental Funds	490,442	Time Share and Redemption Fees to Auditor/TTC/Assessor
	Other Governmental Funds	2,393	Overages Treasurer Tax Collector Operating
	Other Governmental Funds	206	Museum Donations Transfer to Library General Fund Operating
	Other Governmental Funds	866,694	Grant Revenues to District Attorney General Fund Operating
	Other Governmental Funds	442,556	Grant Revenues to Sheriff's Operating
	Other Governmental Funds	561,630	Grant Revenues to Probation Operating
	Other Governmental Funds	97,351	Commercial Grading to Building Operating
	Other Governmental Funds	467,455	Micro, Computer System, Vital Health Statistics to Recorder Operating
	Other Governmental Funds	250,646	Planning Projects Revenues to Planning; Ecological Preserve Fee Distribution to Building and Planning
	Other Governmental Funds	137,233	Engineer Time and Materials to DOT County Engineer
	Other Governmental Funds	201,559	Park/River Fees to Parks and Rivers General Fund Operating
	Other Governmental Funds	47,500	License Plate Fees to Veteran Services Operating
	Other Governmental Funds	9,420	Mountain Democrat Kincade Commuter/Bookmobile Funds to Library Operating
	Other Governmental Funds	207,918	Realignment Funds to Animal Services
	Other Governmental Funds	175,930	Realignment Funds to Environmental Health
	Other Governmental Funds	8,289,992	Realignment Funds to Social Services
	Other Governmental Funds	156,756	Realignment Funds to Probation
	Other Governmental Funds	2,010,653	County Local Revenue Funds to Sheriff
	Other Governmental Funds	771,846	County Local Revenue Funds to Probation
	Other Governmental Funds	4,927,279	County Local Revenue Funds to Social Services
	Other Governmental Funds	686,409	Supplemental Law Enforcement Services Fund (SLESF) to Sheriff/Da/Probation Operating
		<u>23,767,933</u>	

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 9: **INTERFUND TRANSACTIONS** (CONTINUED)

**Transfers** (continued)

<b>Transfer to</b>	<b>Transfer from</b>	<b>Amount</b>	<b>Purpose</b>
Road Fund	General Fund	\$ 513,052	General Fund Billing and Contribution
	Silva Valley Interchange		
	RIF Fund	430,078	Road Impact Fee to Road Fund Operating
	Other Governmental Funds	4,810,318	Road District Trax to Road Fund Operating
	Other Governmental Funds	1,193	Close Out Federal Disaster Funds to Road Fund Operating
	Other Governmental Funds	8,553,697	Road Projects Billing and Traffic Impact Fees to Road Fund Op
		<u>14,308,338</u>	
Internal Services Fund - Fleet	General Fund	<u>22,780</u>	General Fund Contribution
		<u>22,780</u>	
Enterprise Fund - Airports	General Fund	70,249	General Fund Contribution
	Other Governmental Funds	20,000	Special Aviation Funding
		<u>90,249</u>	
Other Governmental Funds	General Fund	1,101,177	General Fund Contribution to Community Services
	General Fund	6,753,066	General Fund Contribution to Public Health
	General Fund	39,724	General Fund Contribution to IHSS Public Authority Fund
	General Fund	3,198	General Fund Transfer to Change Difference Shortage
	General Fund	3,518,920	General Fund Contribution to Meyer's Landfill Fund
	General Fund	25,000	General Fund Contribution to Human Services
	General Fund	2,820,983	General Fund Contribution to Health and Welfare
	Other Governmental Funds	115,932	Health Fund to ACO Fund
	Other Governmental Funds	605,014	Criminal Justice Facility/Courthouse Construction Fund to ACO
	Other Governmental Funds	413	Close Out Federal Disaster Funds to ACO Fund
			Ecological Preserve Special Revenue to Rare Plant Preserve
	Other Governmental Funds	62,038	Permanent Fund
	Enterprise Fund - Airports	2,775	Returning Match to ACO Fund
		<u>15,048,240</u>	
	Total	<u>\$ 53,237,540</u>	

NOTE 10: **PENSION PLAN**

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

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 10: PENSION PLAN (CONTINUED)**

**Funding Policy**

Safety employees are required to contribute 9% of their covered compensation and miscellaneous employees are required to contribute 7%. In 2011-2012, the employees paid a portion of their required PERS contribution to PERS and the County paid the remaining portion on their behalf and for their account. Specifically, miscellaneous employees paid 3% of their covered compensation; safety employees paid 3% and 6% of their covered compensation in the first and second half of the fiscal year respectively. Effective the first full pay period of January 2013, safety employees will pay the full 9% of their covered compensation. Further, the County is required to contribute at an actuarially determined rate; the current rate is 14.358% for miscellaneous employees and 26.407% 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 2011-2012, the County's annual pension cost of \$16,942,018 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial. Assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary ranging from 3.55% to 14.45% for miscellaneous members and 3.55% to 13.15% for safety members depending on age, service and type of employment. An inflation component of 3.0% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 16,181	100%	--
6/30/11	15,603	100%	--
6/30/12	16,942	100%	--

**Funded Status and Funding Progress**

The following is the funded status information for each plan as of June 30, 2011, the most recent actuarial valuation date:

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Market Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
Miscellaneous	\$ 498,510,496	\$ 365,327,819	\$ 133,182,677	73.3%	\$ 78,603,424	169.4%
Safety	232,382,099	155,289,700	77,092,399	66.8%	25,867,788	298.0%

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2012

#### NOTE 10: **PENSION PLAN** (CONTINUED)

##### **Funded Status and Funding Progress** (continued)

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

#### NOTE 11: **OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

- County Contribution Subsidy – The County pays a monthly amount up to a percentage of the premium for the County sponsored Blue Shield Plan plus dental coverage. The applicable percentage is based on the retiree's years of service with the County, and multiplied by a calculated percentage each year for payroll cap adjustment.
- Implicit Subsidy – For coverage prior to age 65, the retiree pays premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the "true cost" of coverage for retirees.

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

**Funding Policy.** The contribution requirements of the plan members and the County are established and may be amended by the County. The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The 2011-2012 ARC is \$8,536,000.

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

For 2011-2012, the County's annual OPEB cost (expense) was \$6,582,592 and the Net OPEB Obligation was \$62,425,890. Actual contributions made during the year were \$2,191,209.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 11: **OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (CONTINUED)

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

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 19,467	12.0%	\$ 40,204
6/30/11	20,837	14.4%	58,035
6/30/12	6,583	33.3%	62,426

**Funded Status and Funding Progress.** The funded status of the plan as of June 30, 2012, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$ 67,924
Market value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 67,924
Funded ratio (market value of plan assets/AAL)	0.0%
Covered payroll (active Plan members)	\$ 136,519
UAAL as a percentage of covered payroll	49.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the market value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return based on the assumption that benefits will be paid from general County assets earmarked for purposes of County Postretirement Benefits, and not invested in a separate trust. This rate includes a 3.0% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 20 years on a closed basis. The remaining amortization period at June 30, 2012 was 15 years.



**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 12: RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim. The County purchases general liability commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. The amount of general liability settlements did not exceed coverage provided by the Risk Management Fund in each of the last three years.

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$15,868,000 reported in the Risk Management Fund at June 30, 2012 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, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 16,707,714	\$ 17,859,247
Plus estimated claims incurred	33,385,947	33,141,237
Less claims payments	<u>(34,225,661)</u>	<u>(34,292,770)</u>
Unpaid claims, end of year	<u>\$ 15,868,000</u>	<u>\$ 16,707,714</u>

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

The Risk Management Fund also accounts for the health insurance program. Effective July 1, 2011, the County entered into an agreement with CSAC Excess Insurance Authority (Authority) and participated in the Authority's health program. All funds of the County participate in the program and make payments to the Risk Management Fund based on the premiums established by the Authority's health program committee.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 13: **COMMITMENTS AND CONTINGENCIES** (CONTINUED)

**Pending Litigation**

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

**Encumbrances**

The County uses an encumbrances system to control expenditures for the year and to enhance cash management. Under this system, purchase orders and contracts are recorded in order to reserve that portion of applicable appropriations. Encumbrances still open at the end of the year are not accounted for as expenditures and liabilities but rather as part of the fund balances. As of June 30, 2012, General Fund had a total of \$195,978 in encumbrances, which were reported as part of the assigned fund balances on the governmental fund balance sheet. Road Fund had a total of \$107,279 in encumbrances, which were reported as part of the restricted fund balances. Other (nonmajor) governmental funds had a total of \$446,793 in encumbrances, which were reported as part of the restricted, committed or assigned fund balances.

**Construction Commitments and Other Significant Commitments**

At June 30, 2012, the County has on going construction commitments that totaled approximately \$15.9 million and other significant commitments that totaled \$4.0 million.

**Road Improvement Reimbursement Agreements**

The County has entered into reimbursement agreements with various developers and homebuilders (developers) in the El Dorado Hills Traffic Impact Mitigation Fee (TIM Fee) zone. The developers built road improvements in the El Dorado Hills area and the County is required to reimburse the developers in accordance with the terms of the reimbursement agreements. In accordance with the agreements, the County is only required to make reimbursements to the developers if TIM Fee revenues are available. Accordingly, the County is only contingently liable for these reimbursement and these obligations are not included on the County's statement of net assets. The outstanding reimbursement obligations are as follows:

Bass Lake Road - Serrano Parkway Intersection	\$ 543,451
Sofia Parkway	853,826
White Rock Road West	2,017,945
Bass Lake Road	<u>3,692,150</u>
Total	<u>\$ 7,107,372</u>

## COUNTY OF EL DORADO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2012

#### NOTE 14: NET ASSETS/FUND BALANCES

##### A. Net Assets

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

- *Invested in Capital Assets, Net of Related Debt:* This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. Included in governmental activities restricted net assets at June 30, 2012, are net assets restricted by enabling legislation of \$106.5 million.
- *Unrestricted Net Assets:* This category represents net assets of the County, not restricted for any project or other project.

##### B. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in those funds. As of June 30, 2012, fund balances for governmental funds comprise the followings based on the relative strength of the constraints that control how specific amounts can be spent:

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

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 14: NET ASSETS/FUND BALANCES (CONTINUED)**

**B. Fund Balances (continued)**

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

Fund balances for all the major and nonmajor governmental funds as of June 30, 2012, were presented as follows:

	General	Road Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Advances	\$ 430,000	\$ -	\$ -	\$ -	\$ 430,000
Inventory	-	643,685	-	81,063	724,748
Prepaid expenses	502,400	31,397	-	393,703	927,500
Permanent fund principal	-	-	-	2,074,355	2,074,355
Subtotal	<u>932,400</u>	<u>675,082</u>	<u>-</u>	<u>2,549,121</u>	<u>4,156,603</u>
<b>Restricted for:</b>					
Capital projects	-	-	-	10,295,472	10,295,472
Debt service	-	-	-	236,684	236,684
Public protection	-	-	-	14,863,981	14,863,981
Public ways and facilities	-	9,713,304	21,248,721	18,282,923	49,244,948
Health and sanitation	-	-	-	26,514,692	26,514,692
Public assistance	-	-	-	779,437	779,437
General government	-	-	-	3,777,200	3,777,200
Education	-	-	-	762,692	762,692
Recreation & Cultural Services	-	-	-	30,463	30,463
Subtotal	<u>-</u>	<u>9,713,304</u>	<u>21,248,721</u>	<u>75,543,544</u>	<u>106,505,569</u>
<b>Committed to:</b>					
Capital projects	8,115,814	-	-	10,360,351	18,476,165
Public protection	-	-	-	123,730	123,730
Public ways and facilities	-	-	-	9,406,799	9,406,799
General government	-	-	-	13,927	13,927
Recreation & Cultural Services	-	-	-	38,672	38,672
Subtotal	<u>8,115,814</u>	<u>-</u>	<u>-</u>	<u>19,943,479</u>	<u>28,059,293</u>
<b>Assigned to:</b>					
Debt service	-	-	-	1,793,268	1,793,268
Public protection	-	-	-	2,435,148	2,435,148
Public ways and facilities	-	-	-	52	52
Health and sanitation	-	-	-	8,621,258	8,621,258
Public assistance	-	-	-	611,463	611,463
General government	195,978	-	-	6,015,990	6,211,968
Education	-	-	-	28,013	28,013
Recreation & Cultural Services	-	-	-	343,203	343,203
Subtotal	<u>195,978</u>	<u>-</u>	<u>-</u>	<u>19,848,395</u>	<u>20,044,373</u>
<b>Unassigned</b>	<u>33,936,752</u>	<u>-</u>	<u>-</u>	<u>(82,214)</u>	<u>33,854,538</u>
<b>Total</b>	<u>\$ 43,180,944</u>	<u>\$ 10,388,386</u>	<u>\$ 21,248,721</u>	<u>\$ 117,802,325</u>	<u>\$ 192,620,376</u>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 14: **NET ASSETS/FUND BALANCES** (CONTINUED)

**C. Prior Period Adjustments**

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

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

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	
	<u>Fund Financial</u>	<u>Government-Wide</u>
	<u>Statements</u>	<u>Statement of Net Assets</u>
	Other	Total
	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Activities</u>
Fund Balances/Net assets, June 30, 2011, as previously reported	\$ 110,198,123	\$ 477,220,463
Restatements:		
Understatement of notes receivable	1,023,450	1,023,450
Understatement of interest receivable	201,712	201,712
Understatement of deferred revenue (unavailable)	<u>(1,225,162)</u>	<u>-</u>
Total restatements	<u>-</u>	<u>1,225,162</u>
Fund Balances/Net assets, June 30, 2011, as restated	<u>\$ 110,198,123</u>	<u>\$ 478,445,625</u>

**D. Deficit Fund Balances**

The following funds had deficit net assets as of June 30, 2012:

Internal Service Fund:	
Risk Management Authority	\$ 36,328,406

This deficit is expected to be eliminated in future years through either a reduction of the benefits or an increase in charges to other funds.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 15: CONDENSED SEGMENT INFORMATION ON COMPONENT UNITS**

The County has three Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2012, is as follows:

Component Units Statement of Net Assets  
June 30, 2012

	Children and Families Commission	El Dorado County Transit Authority	El Dorado County Transportation Commission	Total
<b><u>ASSETS</u></b>				
Current and other assets	\$ 3,031,701	\$ 7,412,880	\$ 671,099	\$ 11,115,680
Capital assets	660,570	9,936,155	42,568	10,639,293
Restricted cash	-	2,241,760	105,048	2,346,808
<b>Total Assets</b>	<b>\$ 3,692,271</b>	<b>\$ 19,590,795</b>	<b>\$ 818,715</b>	<b>\$ 24,101,781</b>
<b><u>LIABILITIES</u></b>				
Current liabilities	\$ 173,387	\$ 6,098,346	\$ 570,909	\$ 6,842,642
Long-term liabilities	-	480,669	68,672	549,341
<b>Total Liabilities</b>	<b>173,387</b>	<b>6,579,015</b>	<b>639,581</b>	<b>7,391,983</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	660,570	9,936,155	42,568	10,639,293
Restricted	2,858,314	-	-	2,858,314
Unrestricted	-	3,075,625	136,566	3,212,191
<b>Total Net Assets</b>	<b>3,518,884</b>	<b>13,011,780</b>	<b>179,134</b>	<b>16,709,798</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,692,271</b>	<b>\$ 19,590,795</b>	<b>\$ 818,715</b>	<b>\$ 24,101,781</b>

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**NOTE 15: CONDENSED SEGMENT INFORMATION ON COMPONENT UNITS (CONTINUED)**

Component Units Statement of Activities  
For the Year Ended June 30, 2012

	Children and Families Commission	El Dorado County Transit Authority	El Dorado County Transportation Commission	Total
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for current services	\$ -	\$ 1,505,140	\$ -	\$ 1,505,140
Operating grants and contributions	1,285,374	3,731,302	1,233,625	6,250,301
Capital grants and contributions	-	1,256,854	-	1,256,854
<b>General Revenues:</b>				
Interest and investment earnings	7,762	21,563	5,762	35,087
Other revenues	23,008	203,601	-	226,609
<b>Total Revenues</b>	<u>1,316,144</u>	<u>6,718,460</u>	<u>1,239,387</u>	<u>9,273,991</u>
<b>Expenses:</b>				
Health and sanitation	1,743,660	-	-	1,743,660
Public ways and facilities	-	6,492,667	1,315,194	7,807,861
<b>Total Expenses</b>	<u>1,743,660</u>	<u>6,492,667</u>	<u>1,315,194</u>	<u>9,551,521</u>
<b>Extraordinary items:</b>				
Extinguishment of AB99 liability	2,327,950	-	-	2,327,950
<b>Change in net assets</b>	1,900,434	225,793	(75,807)	2,050,420
Net Assets - Beginning of Year	1,618,450	12,785,987	254,941	14,659,378
<b>Net Assets - End of Year</b>	<u>\$ 3,518,884</u>	<u>\$ 13,011,780</u>	<u>\$ 179,134</u>	<u>\$ 16,709,798</u>

**NOTE 16: SUBSEQUENT EVENTS**

**A. Amendment to Memorandum of Understanding with the Shingle Springs Band of Miwok Indians**

In September 2006 the County and the Shingle Springs Band of Miwok Indians entered into a Memorandum of Understanding (MOU) and Intergovernmental Agreement in which one of the elements was that the County would receive \$5.2 million annually for 20 years to fund an HOV project. That agreement has now been amended in October 2012. Under the amended MOU, the County will still receive \$5.2 million annually, but the funds are not limited to the HOV project. Funds may be used for public improvements, and not just limited to road improvements. Further, the contribution by the County to the Shingle Springs Band of Miwok Indians Health Program is considered a qualifying public improvement. In consideration for this amendment, the County agreed to make an annual \$2.6 million contribution to the Shingle Springs Band of Miwok Indians to help fund their health services programs. All other conditions of the original MOU remained unchanged.

**COUNTY OF EL DORADO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

NOTE 16: **SUBSEQUENT EVENTS** (CONTINUED)

**B. Animal Control Facility**

In May 2006 the County purchased for \$450,000 a 10-acre site with the intent of building a new Animal Control Shelter near the intersection of Mother Lode Drive and Pleasant Valley Road. Included in the purchase agreement was a requirement that the County construct at the County's sole cost and expense (1) a road (2) an eight-inch water line and (3) a fence on the property.

The initial budget for a new animal control facility was established at \$7.3 million. After expending in excess of \$1.5 million for the purchase of the 10-acer site, improvements and architectural design services, and facing the potential of another \$2 million of a budget shortfall for the project, the Board of Supervisors scuttled those plans in March 2012. The decision was made to look for alternative solutions for a facility. Accordingly, approximately \$1,043,000 in architectural design costs and other soft costs were written off during the year ended June 30, 2012. In December 2012, the Board opened escrow to purchase an existing building and acreage for approximately \$1.8 million for the new animal control facility.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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**COUNTY OF EL DORADO**

Required Supplementary Information  
For the Year Ended June 30, 2012

**SCHEDULES OF FUNDING PROGRESS**

The tables below show a three-year comparison of the market value of plan assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the County Employee's Retirement Pension Plans as of the actuarial valuation date. Similar to the prior year, as of June 30, 2011 CALPERS reported the actuarial value of plan assets greater than the market value of plan assets. Because the actuarial value of plan assets was significantly greater than the market value in the past two valuations, the market value of plan assets was used in the below schedules of funding progress for each respective year.

Miscellaneous Plan

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Market Value of Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
6/30/09	\$ 442,335,224	\$266,973,539	\$ 175,361,685	60.4%	\$ 85,641,930	204.8%
6/30/10	463,646,274	304,007,643	159,638,631	65.6%	81,538,638	195.8%
6/30/11	498,510,496	365,327,819	133,182,677	73.3%	78,603,424	169.4%

Safety Plan

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Market Value of Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
6/30/09	\$ 201,019,662	\$112,044,378	\$ 88,975,284	55.7%	\$ 27,574,676	322.7%
6/30/10	213,403,602	128,647,899	84,755,703	60.3%	26,755,342	316.8%
6/30/11	232,382,099	155,289,700	77,092,399	66.8%	25,867,788	298.0%

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

Retiree's Health

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Market Value of Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
7/1/08	\$ 112,218,000	\$ -	\$ 112,218,000	0.0%	\$ 129,300,000	86.8%
6/30/10	167,183,000	-	167,183,000	0.0%	134,540,000	124.3%
6/30/12	67,924,000	-	67,924,000	0.0%	136,519,000	49.8%

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Budgetary fund balances, July 1	\$ 11,662,067	\$ 16,004,262	\$ 16,004,262	\$ --
Resources (inflows):				
Taxes	82,875,044	82,875,044	83,316,562	441,518
Licenses, permits and franchises	5,086,351	5,086,351	5,030,047	(56,304)
Fines, forfeits and penalties	825,550	825,550	1,172,428	346,878
Use of money or property	115,412	115,412	148,712	33,300
Intergovernmental revenue - State	30,769,962	31,079,825	26,729,849	(4,349,976)
Intergovernmental revenue - Federal	29,610,480	26,672,447	21,781,763	(4,890,684)
Revenue other governmental agencies	4,481,158	4,612,278	5,221,214	608,936
Charges for services	14,936,197	14,936,197	14,218,020	(718,177)
Miscellaneous revenue	1,344,916	1,564,438	1,379,194	(185,244)
Other financing sources	16,075,398	21,247,016	23,778,431	2,531,415
	<u>186,120,468</u>	<u>189,014,558</u>	<u>182,776,220</u>	<u>(6,238,338)</u>
Amounts available for appropriation	<u>197,782,535</u>	<u>205,018,820</u>	<u>198,780,482</u>	<u>(6,238,338)</u>
Charges to appropriations (outflows):				
General Government				
Board of Supervisors				
Salaries and employee benefits	1,410,309	1,403,554	1,288,620	114,934
Services and supplies	84,189	89,444	66,162	23,282
Intrafund transfers	42,833	44,333	43,903	430
Intrafund abatement	(668)	(668)	--	(668)
	<u>1,536,663</u>	<u>1,536,663</u>	<u>1,398,685</u>	<u>137,978</u>
County Administrative Office				
Salaries and employee benefits	1,637,312	1,692,312	1,676,977	15,335
Services and supplies	138,732	83,732	66,349	17,383
Fixed assets	3,500	3,500	14,196	(10,696)
Intrafund transfers	34,103	34,103	35,675	(1,572)
Intrafund abatement	(127,869)	(127,869)	(30,590)	(97,279)
	<u>1,685,778</u>	<u>1,685,778</u>	<u>1,762,607</u>	<u>(76,829)</u>
Annual Audit				
Services and supplies	91,250	91,250	83,625	7,625
	<u>91,250</u>	<u>91,250</u>	<u>83,625</u>	<u>7,625</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Auditor/Controller</b>				
Salaries and employee benefits	\$ 2,717,339	\$ 2,717,339	\$ 2,437,239	\$ 280,100
Services and supplies	126,315	126,315	93,663	32,652
Fixed assets	6,400	6,400	5,753	647
Intrafund transfers	302,707	302,707	295,831	6,876
Intrafund abatement	<u>(123,674)</u>	<u>(123,674)</u>	<u>(107,856)</u>	<u>(15,818)</u>
	<u>3,029,087</u>	<u>3,029,087</u>	<u>2,724,630</u>	<u>304,457</u>
<b>Treasurer/Tax Collector</b>				
Salaries and employee benefits	1,894,536	1,894,536	1,783,217	111,319
Services and supplies	532,100	532,100	423,283	108,817
Fixed assets	34,000	34,000	27,019	6,981
Other financing uses	3,600	3,600	3,198	402
Intrafund transfers	316,218	316,218	293,665	22,553
Intrafund abatement	<u>(23,011)</u>	<u>(23,011)</u>	<u>(6,968)</u>	<u>(16,043)</u>
	<u>2,757,443</u>	<u>2,757,443</u>	<u>2,523,414</u>	<u>234,029</u>
<b>Assessor</b>				
Salaries and employee benefits	3,012,281	3,012,281	2,867,731	144,550
Services and supplies	131,615	128,615	93,095	35,520
Fixed assets	500	500	--	500
Intrafund transfers	<u>270,538</u>	<u>273,538</u>	<u>272,629</u>	<u>909</u>
	<u>3,414,934</u>	<u>3,414,934</u>	<u>3,233,455</u>	<u>181,479</u>
<b>Purchasing</b>				
Salaries and employee benefits	313,686	313,686	331,434	(17,748)
Services and supplies	14,785	14,785	11,555	3,230
Intrafund transfers	<u>16,686</u>	<u>16,686</u>	<u>9,256</u>	<u>7,430</u>
	<u>345,157</u>	<u>345,157</u>	<u>352,245</u>	<u>(7,088)</u>
<b>Revenue Recovery</b>				
Salaries and employee benefits	387,261	411,761	430,803	(19,042)
Services and supplies	86,890	70,890	69,915	975
Intrafund transfers	33,631	25,131	25,718	(587)
Intrafund abatement	<u>(10,500)</u>	<u>(10,500)</u>	<u>(9,712)</u>	<u>(788)</u>
	<u>497,282</u>	<u>497,282</u>	<u>516,724</u>	<u>(19,442)</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>County Counsel</b>				
Salaries and employee benefits	\$ 2,246,849	\$ 2,246,849	\$ 2,156,863	\$ 89,986
Services and supplies	300,139	297,639	214,910	82,729
Other charges	80	80	--	80
Intrafund transfers	34,112	36,612	35,001	1,611
Intrafund abatement	<u>(22,000)</u>	<u>(22,000)</u>	<u>(7,422)</u>	<u>(14,578)</u>
	<u>2,559,180</u>	<u>2,559,180</u>	<u>2,399,352</u>	<u>159,828</u>
<b>Human Resources</b>				
Salaries and employee benefits	625,758	575,758	512,169	63,589
Services and supplies	89,480	139,480	121,481	17,999
Intrafund transfers	<u>27,974</u>	<u>27,974</u>	<u>27,370</u>	<u>604</u>
	<u>743,212</u>	<u>743,212</u>	<u>661,020</u>	<u>82,192</u>
<b>Recorder - Elections</b>				
Salaries and employee benefits	917,808	934,308	824,789	109,519
Services and supplies	574,948	619,682	386,808	232,874
Fixed assets	--	46,333	46,333	--
Intrafund transfers	<u>55,341</u>	<u>55,341</u>	<u>54,642</u>	<u>699</u>
	<u>1,548,097</u>	<u>1,655,664</u>	<u>1,312,572</u>	<u>343,092</u>
<b>Communications</b>				
Salaries and employee benefits	615,975	615,975	678,467	(62,492)
Services and supplies	1,615,982	1,740,482	1,365,233	375,249
Services and supplies abatements	(406,200)	(406,200)	(241,966)	(164,234)
Fixed assets	291,000	291,000	46,134	244,866
Intrafund transfers	2,056	2,056	2,112	(56)
Intrafund abatement	<u>(716,000)</u>	<u>(716,000)</u>	<u>(648,056)</u>	<u>(67,944)</u>
	<u>1,402,813</u>	<u>1,527,313</u>	<u>1,201,924</u>	<u>325,389</u>
<b>Mail and Courier</b>				
Salaries and employee benefits	81,021	81,021	79,666	1,355
Services and supplies	24,585	24,585	15,817	8,768
Intrafund transfers	3,002	3,002	2,986	16
Intrafund abatement	<u>(81,178)</u>	<u>(81,178)</u>	<u>(148,584)</u>	<u>67,406</u>
	<u>27,430</u>	<u>27,430</u>	<u>(50,115)</u>	<u>77,545</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Buildings and Grounds</b>				
Salaries and employee benefits	\$ 2,630,806	\$ 2,630,806	\$ 2,429,432	\$ 201,374
Services and supplies	2,117,986	2,117,986	1,683,560	434,426
Other charges	804,977	804,977	658,961	146,016
Fixed assets	3,200	3,200	--	3,200
Intrafund transfers	75,422	75,422	65,723	9,699
Intrafund abatement	(41,980)	(41,980)	(27,190)	(14,790)
	<u>5,590,411</u>	<u>5,590,411</u>	<u>4,810,486</u>	<u>779,925</u>
<b>Property Management</b>				
Salaries and employee benefits	34,020	34,020	20,343	13,677
Other charges	96,785	96,785	56,321	40,464
	<u>130,805</u>	<u>130,805</u>	<u>76,664</u>	<u>54,141</u>
<b>County Promotion</b>				
Services and supplies	978,680	978,680	666,531	312,149
Other charges	8,587	8,587	--	8,587
Intrafund transfers	127,869	127,869	30,390	97,479
	<u>1,115,136</u>	<u>1,115,136</u>	<u>696,921</u>	<u>418,215</u>
<b>Information Technologies</b>				
Salaries and employee benefits	3,457,445	3,509,445	3,445,626	63,819
Services and supplies	1,744,047	1,692,047	1,613,485	78,562
Fixed assets	304,650	304,650	285,898	18,752
Intrafund transfers	151,922	151,922	102,348	49,574
Intrafund abatement	(2,661,595)	(2,661,595)	(2,672,817)	11,222
	<u>2,996,469</u>	<u>2,996,469</u>	<u>2,774,540</u>	<u>221,929</u>
<b>Surveyor</b>				
Salaries and employee benefits	1,498,939	1,483,939	1,251,859	232,080
Services and supplies	93,657	103,657	95,623	8,034
Other charges	--	5,000	149	4,851
Fixed assets	28,000	28,000	8,697	19,303
Intrafund transfers	106,995	106,995	84,800	22,195
Intrafund abatement	(6,000)	(6,000)	(690)	(5,310)
	<u>1,721,591</u>	<u>1,721,591</u>	<u>1,440,438</u>	<u>281,153</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Employee Benefits				
Salaries and employee benefits	\$ 20,000	\$ 20,000	\$ 15,818	\$ 4,182
	<u>20,000</u>	<u>20,000</u>	<u>15,818</u>	<u>4,182</u>
Engineer				
Services and supplies	55,000	55,000	678	54,322
Other charges	1,197,364	1,197,364	977,313	220,051
Intrafund transfers	20,000	20,000	7,752	12,248
	<u>1,272,364</u>	<u>1,272,364</u>	<u>985,743</u>	<u>286,621</u>
Contribution to Other Funds				
Services and supplies	224,000	490,089	70,168	419,921
Other charges	413,979	397,890	360,779	37,111
Other financing uses	12,238,552	18,755,208	14,500,017	4,255,191
	<u>12,876,531</u>	<u>19,643,187</u>	<u>14,930,964</u>	<u>4,712,223</u>
Contribution to Other Agencies				
Other charges	148,844	187,534	187,534	--
	<u>148,844</u>	<u>187,534</u>	<u>187,534</u>	<u>--</u>
Contribution to Airports				
Other financing uses	89,224	89,224	70,249	18,975
	<u>89,224</u>	<u>89,224</u>	<u>70,249</u>	<u>18,975</u>
Other General				
Services and supplies	30,000	30,000	9,043	20,957
Other financing uses	237,083	237,083	233,979	3,104
Intrafund abatement	(120,848)	(120,848)	(120,848)	--
	<u>146,235</u>	<u>146,235</u>	<u>122,174</u>	<u>24,061</u>
Central Services				
Salaries and employee benefits	100,800	100,800	96,214	4,586
Services and supplies	265,578	265,578	141,403	124,175
Services and supplies abatements	(250,000)	(250,000)	(133,175)	(116,825)
Other charges	--	--	213	(213)
Intrafund transfers	3,100	3,100	2,923	177
Intrafund abatement	(82,994)	(82,994)	(29,473)	(53,521)
	<u>36,484</u>	<u>36,484</u>	<u>78,105</u>	<u>(41,621)</u>
General Government	<u>45,782,420</u>	<u>52,819,833</u>	<u>44,309,774</u>	<u>8,510,059</u>

continued



**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Public Protection</b>				
<b>Superior Court MOE</b>				
Services and supplies	\$ 1,155,000	\$ 1,205,000	\$ 1,168,805	\$ 36,195
Other charges	1,786,283	1,723,358	1,186,508	536,850
Other financing uses	--	12,925	12,925	--
	<u>2,941,283</u>	<u>2,941,283</u>	<u>2,368,238</u>	<u>573,045</u>
<b>Grand Jury</b>				
Salaries and employee benefits	148	148	111	37
Services and supplies	43,897	96,335	93,362	2,973
Intrafund transfers	4,877	6,377	5,941	436
	<u>48,922</u>	<u>102,860</u>	<u>99,414</u>	<u>3,446</u>
<b>District Attorney</b>				
Salaries and employee benefits	6,940,392	6,914,783	6,814,587	100,196
Services and supplies	620,176	746,403	700,941	45,462
Other charges	2,500	2,500	1,332	1,168
Fixed assets	--	96,134	32,876	63,258
Intrafund transfers	177,135	177,135	169,496	7,639
Intrafund abatement	(200,000)	(200,000)	(206,589)	6,589
	<u>7,540,203</u>	<u>7,736,955</u>	<u>7,512,643</u>	<u>224,312</u>
<b>Child Support Services</b>				
Salaries and employee benefits	4,170,568	4,222,568	4,182,655	39,913
Services and supplies	574,871	544,871	489,378	55,493
Fixed assets	5,000	6,000	5,668	332
Intrafund transfers	277,790	277,790	269,770	8,020
	<u>5,028,229</u>	<u>5,051,229</u>	<u>4,947,471</u>	<u>103,758</u>
<b>Public Defender</b>				
Salaries and employee benefits	2,563,787	2,563,787	2,508,664	55,123
Services and supplies	310,135	310,135	234,313	75,822
Fixed assets	--	30,000	--	30,000
Intrafund transfers	50,843	50,843	47,494	3,349
	<u>2,924,765</u>	<u>2,954,765</u>	<u>2,790,471</u>	<u>164,294</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Sheriff-Bailiff</b>				
Salaries and employee benefits	\$ 3,048,686	\$ 3,048,686	\$ 2,546,926	\$ 501,760
Services and supplies	206,947	206,947	129,178	77,769
Other charges	--	--	256	(256)
Intrafund transfers	564	564	1,996	(1,432)
	<u>3,256,197</u>	<u>3,256,197</u>	<u>2,678,356</u>	<u>577,841</u>
<b>Sheriff</b>				
Salaries and employee benefits	24,997,777	25,092,291	25,090,849	1,442
Services and supplies	5,938,514	5,809,305	4,058,043	1,751,262
Other charges	32,200	214,900	151,617	63,283
Fixed assets	453,500	762,825	373,285	389,540
Intrafund transfers	328,761	345,761	236,349	109,412
Intrafund abatement	--	--	(3,528)	3,528
	<u>31,750,752</u>	<u>32,225,082</u>	<u>29,906,615</u>	<u>2,318,467</u>
<b>Central Dispatch</b>				
Salaries and employee benefits	2,218,274	2,218,274	1,962,747	255,527
Services and supplies	41,952	41,952	59,453	(17,501)
Fixed assets	--	--	5,923	(5,923)
Intrafund transfers	12,554	12,554	11,540	1,014
	<u>2,272,780</u>	<u>2,272,780</u>	<u>2,039,663</u>	<u>233,117</u>
<b>Jail</b>				
Salaries and employee benefits	10,591,485	10,591,485	9,995,748	595,737
Services and supplies	2,241,710	2,238,110	1,583,042	655,068
Other charges	8,528	8,528	--	8,528
Fixed assets	63,200	108,609	37,026	71,583
Intrafund transfers	89,469	89,469	48,960	40,509
	<u>12,994,392</u>	<u>13,036,201</u>	<u>11,664,776</u>	<u>1,371,425</u>
<b>Juvenile Hall</b>				
Salaries and employee benefits	4,797,954	4,797,954	4,348,136	449,818
Services and supplies	833,720	827,852	623,498	204,354
Other charges	168,125	168,125	54,017	114,108
Fixed assets	4,000	9,868	9,658	210
Intrafund transfers	29,322	29,322	16,220	13,102
	<u>5,833,121</u>	<u>5,833,121</u>	<u>5,051,529</u>	<u>781,592</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Probation Department</b>				
Salaries and employee benefits	\$ 6,515,281	\$ 6,515,281	\$ 5,674,273	\$ 841,008
Services and supplies	1,016,989	1,077,028	782,904	294,124
Other charges	7,000	7,000	--	7,000
Fixed assets	30,000	5,000	2,946	2,054
Other financing uses	--	25,000	22,780	2,220
Intrafund transfers	241,076	241,076	211,738	29,338
	<u>7,810,346</u>	<u>7,870,385</u>	<u>6,694,641</u>	<u>1,175,744</u>
<b>Agricultural Commission</b>				
Salaries and employee benefits	1,147,722	1,147,722	1,066,909	80,813
Services and supplies	304,524	301,203	205,386	95,817
Other charges	1,500	4,821	3,223	1,598
Intrafund transfers	54,538	54,538	45,646	8,892
	<u>1,508,284</u>	<u>1,508,284</u>	<u>1,321,164</u>	<u>187,120</u>
<b>Building Inspector</b>				
Salaries and employee benefits	3,495,917	3,493,017	3,129,045	363,972
Services and supplies	345,925	345,925	224,145	121,780
Other charges	1,000	1,000	--	1,000
Fixed assets	--	2,900	--	2,900
Intrafund transfers	642,229	642,229	521,300	120,929
	<u>4,485,071</u>	<u>4,485,071</u>	<u>3,874,490</u>	<u>610,581</u>
<b>Coroner</b>				
Salaries and employee benefits	773,945	773,945	752,145	21,800
Services and supplies	260,653	260,653	252,060	8,593
Intrafund transfers	1,706	1,706	2,430	(724)
	<u>1,036,304</u>	<u>1,036,304</u>	<u>1,006,635</u>	<u>29,669</u>
<b>Emergency Services</b>				
Salaries and employee benefits	722,734	722,734	483,228	239,506
Services and supplies	52,640	52,640	40,628	12,012
Other charges	--	--	1,622	(1,622)
Fixed assets	7,725	7,725	7,601	124
Intrafund transfers	7,858	7,858	6,580	1,278
	<u>790,957</u>	<u>790,957</u>	<u>539,659</u>	<u>251,298</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Recorder/Clerk</b>				
Salaries and employee benefits	\$ 1,137,789	\$ 1,137,789	\$ 1,114,252	\$ 23,537
Services and supplies	350,456	350,456	123,253	227,203
Intrafund transfers	120,694	120,694	118,719	1,975
	<u>1,608,939</u>	<u>1,608,939</u>	<u>1,356,224</u>	<u>252,715</u>
<b>Planning and Zoning</b>				
Salaries and employee benefits	994,213	994,213	978,556	15,657
Services and supplies	300,657	177,877	54,684	123,193
Intrafund transfers	1,790	1,790	9,132	(7,342)
	<u>1,296,660</u>	<u>1,173,880</u>	<u>1,042,372</u>	<u>131,508</u>
<b>Animal Services</b>				
Salaries and employee benefits	1,295,471	1,295,471	1,179,946	115,525
Services and supplies	641,033	641,033	450,049	190,984
Other charges	412,396	412,396	372,744	39,652
Fixed assets	20,745	20,745	4,964	15,781
Other financing uses	6,000	6,000	--	6,000
Intrafund transfers	78,641	78,641	69,158	9,483
	<u>2,454,286</u>	<u>2,454,286</u>	<u>2,076,861</u>	<u>377,425</u>
<b>Public Guardian</b>				
Salaries and employee benefits	968,644	968,644	985,869	(17,225)
Services and supplies	71,107	71,107	65,127	5,980
Other charges	181,000	181,000	--	181,000
Intrafund transfers	30,098	30,098	27,076	3,022
	<u>1,250,849</u>	<u>1,250,849</u>	<u>1,078,072</u>	<u>172,777</u>
<b>Cemeteries</b>				
Services and supplies	\$ 19,250	\$ 19,250	\$ 5,104	\$ 14,146
Other charges	55,891	55,891	38,562	17,329
Intrafund transfers	--	--	33	(33)
	<u>75,141</u>	<u>75,141</u>	<u>43,699</u>	<u>31,442</u>
<b>Public Protection</b>	<u>96,907,481</u>	<u>97,664,569</u>	<u>88,092,993</u>	<u>9,571,576</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund (continued)  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Health and Sanitation				
Environmental Management				
Salaries and employee benefits	\$ 2,316,715	\$ 2,206,715	\$ 2,063,909	\$ 142,806
Services and supplies	287,500	287,500	194,459	93,041
Other charges	2,150	2,150	976	1,174
Intrafund transfers	409,689	519,689	467,648	52,041
Intrafund abatement	<u>(697,965)</u>	<u>(697,965)</u>	<u>(660,311)</u>	<u>(37,654)</u>
	<u>2,318,089</u>	<u>2,318,089</u>	<u>2,066,681</u>	<u>251,408</u>
Health and Sanitation	<u>2,318,089</u>	<u>2,318,089</u>	<u>2,066,681</u>	<u>251,408</u>
Public Assistance				
Social Services Administration				
Salaries and employee benefits	13,667,890	13,627,890	11,865,082	1,762,808
Services and supplies	1,919,161	1,919,161	1,674,318	244,843
Other charges	579,500	579,500	622,549	(43,049)
Fixed assets	62,700	62,700	19,648	43,052
Intrafund transfers	<u>784,253</u>	<u>824,253</u>	<u>807,031</u>	<u>17,222</u>
	<u>17,013,504</u>	<u>17,013,504</u>	<u>14,988,628</u>	<u>2,024,876</u>
Social Services Programs				
Salaries and employee benefits	4,165,382	4,165,382	4,018,321	147,061
Services and supplies	1,152,731	1,152,731	1,013,087	139,644
Other charges	2,094,843	2,094,843	1,835,473	259,370
Other financing uses	25,000	25,000	25,000	--
Intrafund transfers	<u>--</u>	<u>--</u>	<u>450</u>	<u>(450)</u>
	<u>7,437,956</u>	<u>7,437,956</u>	<u>6,892,331</u>	<u>545,625</u>
Categorical Aids				
Other charges	<u>16,840,359</u>	<u>16,840,359</u>	<u>14,911,361</u>	<u>1,928,998</u>
	<u>16,840,359</u>	<u>16,840,359</u>	<u>14,911,361</u>	<u>1,928,998</u>
Aids to Indigents				
Services and supplies	42,800	42,800	13,243	29,557
Other charges	<u>49,000</u>	<u>49,000</u>	<u>25,071</u>	<u>23,929</u>
	<u>91,800</u>	<u>91,800</u>	<u>38,314</u>	<u>53,486</u>
Veterans' Services				
Salaries and employee benefits	\$ 272,306	\$ 272,306	\$ 225,012	\$ 47,294
Services and supplies	60,594	69,594	56,715	12,879
Intrafund transfers	<u>19,385</u>	<u>21,385</u>	<u>20,079</u>	<u>1,306</u>
	<u>352,285</u>	<u>363,285</u>	<u>301,806</u>	<u>61,479</u>
Public Assistance	<u>41,735,904</u>	<u>41,746,904</u>	<u>37,132,440</u>	<u>4,614,464</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund (continued)  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Education				
County Library				
Salaries and employee benefits	\$ 2,448,418	\$ 2,401,054	\$ 2,370,785	\$ 30,269
Services and supplies	687,587	796,313	767,625	28,688
Other charges	2,000	2,155	2,154	1
Fixed assets	6,800	10,585	10,119	466
Intrafund transfers	93,163	93,163	85,307	7,856
	<u>3,237,968</u>	<u>3,303,270</u>	<u>3,235,990</u>	<u>67,280</u>
University of California				
Cooperative Extension				
Salaries and employee benefits	28,640	28,640	27,960	680
Services and supplies	1,432	1,432	738	694
Intrafund transfers	4,094	4,094	--	4,094
	<u>34,166</u>	<u>34,166</u>	<u>28,698</u>	<u>5,468</u>
Education	<u>3,272,134</u>	<u>3,337,436</u>	<u>3,264,688</u>	<u>72,748</u>
Recreation and Cultural Services				
Recreation				
Salaries and employee benefits	223,795	223,795	197,497	26,298
Services and supplies	523,265	548,265	495,534	52,731
Other charges	1,349,962	1,349,962	338,899	1,011,063
Fixed assets	99,500	109,500	39,576	69,924
Intrafund transfers	53,709	53,709	83,771	(30,062)
	<u>2,250,231</u>	<u>2,285,231</u>	<u>1,155,277</u>	<u>1,129,954</u>
Historical Museum				
Salaries and employee benefits	85,942	85,942	85,170	772
Services and supplies	26,064	26,064	20,930	5,134
Intrafund transfers	4,270	4,270	4,048	222
	<u>116,276</u>	<u>116,276</u>	<u>110,148</u>	<u>6,128</u>
Recreation and Cultural Services	<u>2,366,507</u>	<u>2,401,507</u>	<u>1,265,425</u>	<u>1,136,082</u>
Contingency				
Appropriation for contingencies	5,400,000	4,730,482	--	4,730,482
	<u>5,400,000</u>	<u>4,730,482</u>	<u>--</u>	<u>4,730,482</u>
Total Charges to Appropriations	<u>197,782,535</u>	<u>205,018,820</u>	<u>176,132,001</u>	<u>28,886,819</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 22,648,481</u>	<u>\$ 22,648,481</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund (continued)  
For the Year Ended June 30, 2012

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	\$ 198,780,482
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	(16,004,262)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(23,767,933)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(4,649,176)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 154,359,111</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 176,132,001
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	(14,868,148)
Interfund expenditures from other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(4,649,176)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 156,614,677</u>

**COUNTY OF EL DORADO**

Required Supplementary Information  
Budgetary Comparison Schedule  
Road Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Budgetary fund balances, July 1	\$ 7,854,112	\$ 7,174,912	\$ 7,174,912	\$ --
Resources (inflows):				
Taxes and assessments	500	500	40,247	39,747
Licenses, permits and franchises	753,343	753,343	866,386	113,043
Revenue from use of money or property	39,742	39,742	32,973	(6,769)
Intergovernmental revenue - State	23,918,642	26,003,642	26,276,994	273,352
Intergovernmental revenue - Federal	8,220,423	8,846,023	7,311,049	(1,534,974)
Charges for services	5,802,088	5,944,538	3,915,860	(2,028,678)
Miscellaneous revenues	1,515,406	1,514,206	133,020	(1,381,186)
Other financing sources	17,952,521	20,585,471	14,349,910	(6,235,561)
	<u>58,202,665</u>	<u>63,687,465</u>	<u>52,926,439</u>	<u>(10,761,026)</u>
Amounts available for appropriations	<u>66,056,777</u>	<u>70,862,377</u>	<u>60,101,351</u>	<u>(10,761,026)</u>
Charges to appropriations (outflows):				
Public Ways and Facilities				
Salaries and employee benefits	19,492,068	19,492,068	18,104,827	1,387,241
Services and supplies	36,873,271	41,678,871	31,441,418	10,237,453
Other charges	6,940,508	6,940,508	2,121,973	4,818,535
Capital assets	4,173,600	4,173,600	1,815,567	2,358,033
Intrafund transfers	5,191,567	5,741,567	5,475,442	266,125
Intrafund abatement	(6,614,237)	(7,164,237)	(6,640,121)	(524,116)
Public Ways and Facilities	<u>66,056,777</u>	<u>70,862,377</u>	<u>52,319,106</u>	<u>18,543,271</u>
Total Charges to Appropriations	<u>66,056,777</u>	<u>70,862,377</u>	<u>52,319,106</u>	<u>18,543,271</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,782,245</u>	<u>\$ 7,782,245</u>

continued



**COUNTY OF EL DORADO**

Required Supplementary Information  
Budgetary Comparison Schedule  
Road Fund (continued)  
For the Year Ended June 30, 2012

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	\$ 60,101,351
Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,174,912)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(14,308,338)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,683,220)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 35,934,881</u></u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 52,319,106
Difference budget to GAAP	
Interfund expenditures from other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,683,220)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 49,635,886</u></u>

**COUNTY OF EL DORADO**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Silva Valley Interchange RIF Fund  
 June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	<u>\$ 4,460,000</u>	<u>\$ 4,460,000</u>	<u>21,621,532</u>	<u>\$ 17,161,532</u>
Resources (inflows):				
Revenue from use of money or property	<u>          --</u>	<u>          --</u>	<u>      57,267</u>	<u>      57,267</u>
	<u>          --</u>	<u>          --</u>	<u>      57,267</u>	<u>      57,267</u>
Amounts available for appropriations	<u>  4,460,000</u>	<u>  4,460,000</u>	<u> 21,678,799</u>	<u>  17,218,799</u>
Charges to appropriations (outflows):				
Public Ways and Facilities				
Other financing uses	<u>  4,460,000</u>	<u>  4,460,000</u>	<u>      430,078</u>	<u>  4,029,922</u>
Public Ways and Facilities	<u>  4,460,000</u>	<u>  4,460,000</u>	<u>      430,078</u>	<u>  4,029,922</u>
Total Charges to Appropriations	<u>  4,460,000</u>	<u>  4,460,000</u>	<u>      430,078</u>	<u>  4,029,922</u>
Budgetary fund balances, June 30	<u>          --</u>	<u>          --</u>	<u> \$ 21,248,721</u>	<u> \$ 21,248,721</u>

continued

**COUNTY OF EL DORADO**

Required Supplementary Information  
Budgetary Comparison Schedule  
Silva Valley Interchange RIF Fund (continued)  
June 30, 2012

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation"  
from the budgetary comparisons schedule \$ 21,678,799

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 (21,621,532)

Total revenues as reported on the statement of revenues,  
expenditures, and changes in fund balance governmental funds \$ 57,267

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations"  
from budgetary comparison schedule \$ 430,078

Difference budget to GAAP  
Transfers out to other funds is a budgetary use of funds but are not expenditures  
for financial reporting purposes (430,078)

Total expenditures as reported on the statement of revenues,  
expenditures, and changes in fund balance governmental funds \$ --

## COUNTY OF EL DORADO

### Required Supplementary Information Notes to the Budgetary Comparison Schedule For the Year Ended June 30, 2012

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

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

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

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

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

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

## **SUPPLEMENTARY INFORMATION**

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**COUNTY OF EL DORADO**

Combining Statement of Fund Net Assets  
Internal Service Funds  
June 30, 2012

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 2,134,038	\$ 40,144,241	\$ 42,278,279
Cash with fiscal agent	--	194,569	194,569
Account receivable	48,398	112,324	160,722
Deposits	--	83,100	83,100
Inventory	32,866	--	32,866
Prepaid expenses	--	2,201,897	2,201,897
<b>Total Current Assets</b>	<u>2,215,302</u>	<u>42,736,131</u>	<u>44,951,433</u>
<b>Capital assets:</b>			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	10,938,698	45,393	10,984,091
Accumulated depreciation	<u>(5,434,449)</u>	<u>(22,978)</u>	<u>(5,457,427)</u>
<b>Total Capital Assets, net of     accumulated depreciation</b>	<u>6,204,154</u>	<u>22,415</u>	<u>6,226,569</u>
<b>Total Assets</b>	<u><u>\$ 8,419,456</u></u>	<u><u>\$ 42,758,546</u></u>	<u><u>\$ 51,178,002</u></u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	29,346	751,452	780,798
Salaries and benefits payable	12,626	13,513	26,139
Compensated absences-due within one year	812	2,810	3,622
Liability for self-insurance	--	4,118,619	4,118,619
<b>Total Current Liabilities</b>	<u>42,784</u>	<u>4,886,394</u>	<u>4,929,178</u>
<b>Long-Term Liabilities</b>			
Liability for self-insurance	--	11,749,381	11,749,381
Liability for other post-employment benefits	--	62,425,890	62,425,890
Compensated absences-due beyond year one	7,304	25,287	32,591
<b>Total Long-Term Liabilities</b>	<u>7,304</u>	<u>74,200,558</u>	<u>74,207,862</u>
<b>Total Liabilities</b>	<u>50,088</u>	<u>79,086,952</u>	<u>79,137,040</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	6,204,154	22,415	6,226,569
Restricted	2,115,120	--	2,115,120
Unrestricted	50,094	(36,350,821)	(36,300,727)
<b>Total Net Assets</b>	<u>8,369,368</u>	<u>(36,328,406)</u>	<u>(27,959,038)</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 8,419,456</u></u>	<u><u>\$ 42,758,546</u></u>	<u><u>\$ 51,178,002</u></u>

**COUNTY OF EL DORADO**

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2012

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Service fees	<u>\$ 860,106</u>	<u>\$ 31,772,387</u>	<u>\$ 32,632,493</u>
<b>Operating Expenses:</b>			
Salaries and benefits	284,344	484,355	768,699
Services and supplies	604,130	37,651,974	38,256,104
Depreciation	<u>54,027</u>	<u>2,402</u>	<u>56,429</u>
Total Operating Expenses	<u>942,501</u>	<u>38,138,731</u>	<u>39,081,232</u>
Operating Income (Loss)	<u>(82,395)</u>	<u>(6,366,344)</u>	<u>(6,448,739)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest income	7,110	108,017	115,127
Gain (loss) on sale of capital assets	(26,214)	--	(26,214)
Miscellaneous nonoperating revenue	<u>31,330</u>	<u>115,137</u>	<u>146,467</u>
Total Non-Operating Revenues (Expenses)	<u>12,226</u>	<u>223,154</u>	<u>235,380</u>
Income (Loss) Before Transfers	<u>(70,169)</u>	<u>(6,143,190)</u>	<u>(6,213,359)</u>
Transfers In	<u>22,780</u>	<u>--</u>	<u>22,780</u>
<b>Change in Net Assets</b>	<u>(47,389)</u>	<u>(6,143,190)</u>	<u>(6,190,579)</u>
Net Assets - Beginning of Year	<u>8,416,757</u>	<u>(30,185,216)</u>	<u>(21,768,459)</u>
<b>Net Assets - End of Year</b>	<u><u>\$ 8,369,368</u></u>	<u><u>\$(36,328,406)</u></u>	<u><u>\$(27,959,038)</u></u>



**COUNTY OF EL DORADO**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2012

	Fleet Management	Risk Management Authority	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from interfund services provided	\$ 811,708	\$ 31,745,090	\$ 32,556,798
Cash paid to suppliers for goods and services	(661,950)	(37,077,333)	(37,739,283)
Cash paid to employees for salaries and benefits	(281,425)	(517,459)	(798,884)
	<u>(131,667)</u>	<u>(5,849,702)</u>	<u>(5,981,369)</u>
Net cash provided (used) by operating activities			
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash received from (paid to) other funds	22,780	--	22,780
Non-operating revenues	31,330	115,137	146,467
	<u>54,110</u>	<u>115,137</u>	<u>169,247</u>
Net cash provided (used) by noncapital financing activities			
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from sale of capital assets	122,984	--	122,984
Payments related to the acquisition of capital assets	(1,231,493)	--	(1,231,493)
	<u>(1,108,509)</u>	<u>--</u>	<u>(1,108,509)</u>
Net cash provided (used) by capital and related financing activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	7,110	108,017	115,127
Net cash provided by investing activities	<u>7,110</u>	<u>108,017</u>	<u>115,127</u>
Net increase (decrease) in cash and Cash Equivalents	(1,178,956)	(5,626,548)	(6,974,751)
Cash and Cash Equivalents, Beginning of Year	<u>3,312,994</u>	<u>45,965,358</u>	<u>49,278,352</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,134,038</u>	<u>\$ 40,338,810</u>	<u>\$ 42,472,848</u>
<b>Reconciliation of operating income (loss) to net cash provided by ( used in ) operating activities:</b>			
Operating income (loss)	\$ (82,395)	\$ (6,366,344)	\$ (6,448,739)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	54,027	2,402	56,429
Changes in assets and liabilities:			
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(48,398)	(27,297)	(75,695)
Inventory	453	--	453
Prepaid expenses	--	(2,200,897)	(2,200,897)
Increase (decrease) in:			
Accounts payable	(58,273)	(776,131)	(834,404)
Salaries payable	2,586	(6,284)	(3,698)
Liability for compensated absences	333	(26,820)	(26,487)
Liability for self-insurance	--	(839,714)	(839,714)
Liability for other post employment benefits	--	4,391,383	4,391,383
	<u>(131,667)</u>	<u>(5,849,702)</u>	<u>(5,981,369)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>			