

COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2009

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

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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, 2009, which collectively comprise the County’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County’s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Lake Tahoe Transit Enterprise Fund, the Children and Families Commission, and the El Dorado Transit Authority as of and for the year ended June 30, 2009, which represents the following percentages of assets, liabilities and revenues of the opinion units as noted below:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>
Business-Type Activities	2.00%	15.41%	45.57%
Discretely Presented Component Units	100%	100%	100%

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control over financial reporting. Accordingly we express no such opinion. An audit 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 opinion.

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

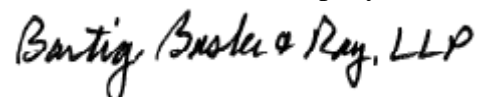
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California, as of June 30, 2009, 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 25, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress, and the budgetary comparison information, on pages 3 through 15, 64, and 65 through 84, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

BARTIG, BASLER & RAY, LLP
A GALLINA LLP Company



Roseville, California
March 25, 2010



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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JOE HARN
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

January 25, 2010

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, 2009. 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 \$525.4 million (net assets). Of this, \$15.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$142.8 million is restricted for specific purposes (restricted net assets), and \$366.9 million is invested in capital assets, net of depreciation and related debts.
- The County experienced an overall decrease in net assets of \$12.5 million in 2009, compared to an \$18.4 million increase experienced in 2008. This is almost entirely attributable to *governmental activities* and \$30.9 million less than the prior year's increase of \$18.4 million.
- As of June 30, 2009, the County's governmental funds reported combined fund balances of \$168.2 million. Approximately 76.7 percent of this amount, or \$129.1 million, is available to meet the County's current and future needs.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$9.7 million or 5.7 percent of the General Fund expenditures during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *government funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

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

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

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

Required Supplementary Information regarding the County's budgetary process has been provided along with budgetary comparison schedules for the General Fund, Road Fund, Mental Health Fund, and Silva Valley Interchange RIF Fund. This budgetary information is in addition to and follows the supplementary schedule concerning the County's progress in funding its obligation to provide pension and retiree health benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Assets June 30, (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 250,354	\$ 267,615	\$ 402	\$ 602	\$ 250,756	\$ 268,217
Capital assets	367,800	359,662	4,137	4,121	371,937	363,783
Total assets	618,154	627,277	4,539	4,723	622,693	632,000
Liabilities:						
Current and other liabilities	35,702	34,057	132	235	35,834	34,292
Long-term liabilities	61,454	53,684	31	50	61,485	53,734
Total liabilities	97,156	87,741	163	285	97,319	88,026
Net Assets:						
Invested in capital assets, net of related debt	362,795	352,415	4,120	4,094	366,915	356,509
Restricted net assets	142,795	157,557	35	40	142,830	157,597
Unrestricted net assets	15,408	29,564	221	304	15,629	29,868
Total net assets	\$ 520,998	\$ 539,536	\$ 4,376	\$ 4,438	\$ 525,374	\$ 543,974

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$525.4 million at the close of the most recent fiscal year.

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

An additional portion of the County's net assets, \$142.8 million or 27.2 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$15.6 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	
	2009	2008	2009	2008	2009	2008
<u>Revenues</u>						
Program Revenues:						
Charges for services	\$ 43,669	\$ 53,973	\$ 758	\$ 760	\$ 44,427	\$ 54,733
Operating grants and contributions	127,893	122,743	229	54	128,122	122,797
Capital grants and contributions	22	2,789	647	1,533	669	4,322
General Revenues:						
Taxes	108,064	106,973	-	-	108,064	106,973
Use of money and property	3,512	10,515	9	26	3,521	10,541
Other revenues	5,380	5,152	1	2	5,381	5,154
Total revenues	<u>288,540</u>	<u>302,145</u>	<u>1,644</u>	<u>2,375</u>	<u>290,184</u>	<u>304,520</u>
<u>Expenses</u>						
General government	29,863	34,796	-	-	29,863	34,796
Public protection	113,997	110,970	-	-	113,997	110,970
Public ways and facilities	44,787	33,278	-	-	44,787	33,278
Health and sanitation	56,951	54,115	-	-	56,951	54,115
Public assistance	49,907	45,552	-	-	49,907	45,552
Education	3,911	3,719	-	-	3,911	3,719
Recreation and culture	1,155	1,292	-	-	1,155	1,292
Interest on long-term debt	293	686	-	-	293	686
Airports	-	-	1,126	1,068	1,126	1,068
SLT Transit Program	-	-	668	599	668	599
Total expenses	<u>300,864</u>	<u>284,408</u>	<u>1,794</u>	<u>1,667</u>	<u>302,658</u>	<u>286,075</u>
Excess (deficiency) before special items and transfers	(12,324)	17,737	(150)	708	(12,474)	18,445
Transfers	(88)	(94)	88	94	-	-
Change in net assets	<u>(12,412)</u>	<u>17,643</u>	<u>(62)</u>	<u>802</u>	<u>(12,474)</u>	<u>18,445</u>
Net assets at beginning of year	539,536	523,459	4,438	3,636	543,974	527,095
Restate net assets, see a) and b) below	<u>(6,126)</u>	<u>(1,566)</u>	<u>-</u>	<u>-</u>	<u>(6,126)</u>	<u>(1,566)</u>
Net assets at beginning of year – restated	<u>533,410</u>	<u>521,893</u>	<u>4,438</u>	<u>3,636</u>	<u>537,848</u>	<u>525,529</u>
Net assets at end of year	<u>\$ 520,998</u>	<u>\$ 539,536</u>	<u>\$ 4,376</u>	<u>\$ 4,438</u>	<u>\$ 525,374</u>	<u>\$ 543,974</u>

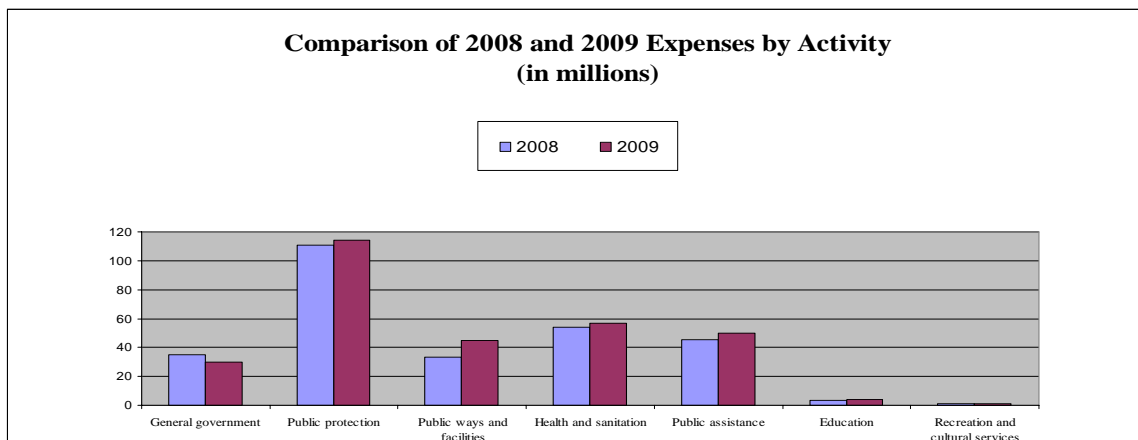
- a) The net assets at the beginning of 2009 was reduced by \$6.1 million. This was an adjustment to eliminate \$9.1 State owned road improvements, net of \$3.0 million of accumulated depreciation.
- b) The net assets at the beginning of 2008 were reduced by \$1.6 million. The majority of this was an adjustment to the landfill liability that was understated in the prior year.

Governmental activities. The County experienced an overall decrease in net assets of \$12.5 million in 2009, compared to an \$18.4 million increase experienced in 2008. This is almost entirely attributable to *governmental activities* and \$30.9 million less than the prior year's increase. This decrease in net assets was the result of a 4.7 percent decrease in revenues accompanied by a 5.8 percent increase in expenses when compared to the prior year. The largest revenue decreases, \$10.3 million or 18.8 percent, occurred in the charges for services category and consisted mostly of reductions in traffic impact mitigation (TIM) fee revenues, including:

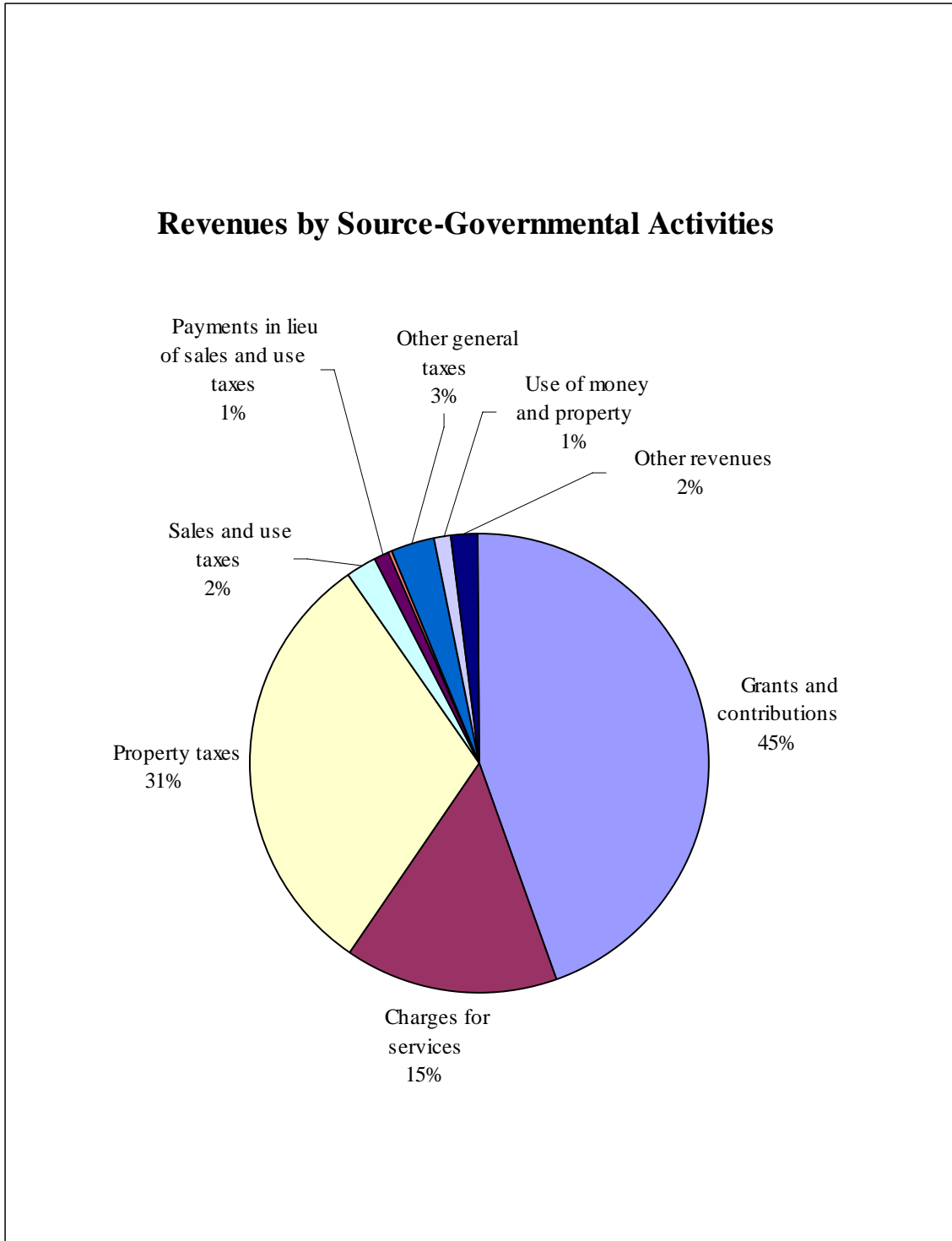
- \$3.4 million decrease in TIM fees recorded in the 2004 El Dorado Hills special revenue fund, \$3.9 million in 2008 compared to \$553 thousand in 2009,
- \$2.3 million decrease in TIM fees recorded in the 2004 Silva Valley Interchange special revenue fund, \$2.7 million in 2008 compared to \$443 thousand in 2009 and,
- \$762 thousand less TIM fees in 2004 Highway 50 TIM fee special revenue fund, \$2.2 million in 2008 compared to \$1.4 million in 2009.

As mentioned, while total revenues decreased by 4.7 percent, total expenses increased by 5.8 percent in 2009 when compared to 2008. Further, while reductions occurred in some functional areas and moderate increases occurred in others, significant increases in expenses occurred in public ways and facilities (34.6 percent), health and sanitation (5.2 percent) and public assistance (9.6 percent). It should be noted, however, that the increase in public ways and facilities expenses was due to over \$10 million of road construction on State owned roads that in previous fiscal years would have been capitalized. As noted in the capital asset section that follows, \$9.1 million of State owned road construction was removed from the infrastructure as of July 1, 2008, and \$10.8 million was expended on State roads in the current fiscal year, compared to \$2.8 million in 2008. Thus, this restatement and change in accounting for improvements to infrastructure assets owned by the State almost entirely accounts for the increase in 2009 public ways and facilities expenses when compared to the previous fiscal year.

Below is a graph that presents a comparison of 2008 and 2009 expenses under each of the government activities,



Following is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (45 percent), property taxes (31 percent), and charges for services (15 percent),



Business-type activities. Business-type activities decreased the County's net assets by \$62 thousand. This net decrease is the result of a \$462 thousand operating loss by the County Airports, reduced by other revenue sources of \$8 thousand, transfers in of \$88 thousand, and federal capital contributions of \$293 thousand.

Similar to prior years, the County Airports continue to operate at a loss, \$462 thousand in 2009 compared to \$354 thousand last year. As in prior years, both the Placerville and Georgetown Airports had a loss from operations, whereby operating expenses exceeded operating revenues (charges for services).

To help finance the operations of business-type activities in 2009, County governmental funds contributed \$88 thousand to the County Airports during the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of June 30, 2009 the County's governmental funds reported a combined ending fund balance of \$168.2 million, compared to the \$188.3 million fund balance of the previous year. Approximately 76.7 percent of this fund balance, or \$129 million, is unreserved and undesignated and thus is available to meet the County's current and future spending needs. The remainder of the fund balance has either been reserved and is not available for spending, or has been designated for a specific spending purpose in the future.

The General Fund is the chief operating fund of the County. As of June 30, 2009, the General Fund's unreserved undesignated fund balance was \$9.7 million, a decrease of \$4.5 million from last year. This decrease is mostly due to a net change (decrease) in the General Fund's balance of \$4.8 million during the year, less \$683 thousand of decreases in designations for economic uncertainty and capital projects, plus the \$389 thousand increase in General Fund reserves.

The June 30, 2009 unreserved undesignated fund balance, as compared to General Fund expenditures for the year, is approximately 5.7 percent, compared to 8.0 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 21 days, compared 29 days last year.

In addition to the General Fund, the County maintains three major governmental funds, the Road Fund, the Mental Health Fund, and the Silva Valley Interchange Road Impact Fee (RIF) Fund. The Road Fund accounts for the planning, design, construction, maintenance, and administration

of the County's transportation activities (public ways and facilities). The Road Fund recorded \$23.2 million in revenues in 2009, compared to \$21.3 million last year. This increase was primarily due to additional intergovernmental revenues of \$4.8 million, offset by a \$3 million reduction in charges for services. The latter reduction was mostly due to a change in accounting practice that eliminated or reduced the Road Fund's charges for services to other governmental funds by \$2.3 million by the reduction to the fund's expenditures. In contrast, expenditures recorded in this fund decreased by over \$6.8 million, \$57.7 million in 2009 compared to \$64.5 million in 2008, and while \$2.3 million of this decrease is due to the elimination of interfund charges mentioned above, the remaining decrease may be attributed to decreased road maintenance and administration activities during the year. However, while the Road Fund reported expenditures over revenues by \$34.6 million, \$35 million of transfers in of special taxes and road fees from other County special revenue funds resulted in the Road Fund increasing its fund balance by \$521 thousand in 2009.

The Mental Health Fund accounts for the administration and provision of mental health services to promote mental health and public safety, prevent mental illness, and serve persons with mental illness and severe emotional disorders. This is the first year the Mental Health Fund has been designated a major fund due to its liability to the General Fund of over \$3.3 million. In 2009 the Mental Health Fund experienced an operating deficit of \$5.3 million, compared to \$7.8 million in 2008. Specifically, revenues when compared to prior year increased moderately by \$248.9 thousand, while expenditures decreased by \$2.3 million. Thus, despite a 14.6 percent cut in its spending, the Mental Health Fund continued to experience operating deficits necessitating significant General Fund cash contributions over the last two years. General Fund cash contributions include the \$3.3 million advance made in 2008 and plus \$3.1 million transfers in 2009, for a total of \$6.4 million of General Fund cash advances and contributions in the last two years. Currently it is uncertain if or when the \$3.3 million advance will be repaid to the General Fund.

Similar to the Mental Health Fund, this is the first year the Silva Valley Interchange Road Impact Fee (RIF) Fund has been designated a major fund. However, unlike the Mental Health Fund, this major fund designation is due to the fund's cash and other assets rather than its liabilities. Specifically, the Silva Valley Interchange RIF Fund had over \$20.8 million in cash at fiscal year end, over \$2 million greater than that of the General Fund. Further, while this fund's net asset position didn't improve over the last fiscal year, it did improve when it is compared to the County's other funds, many of which experienced operating and cash deficits in 2009. Specifically, the Silva Valley Interchange RIF Fund's fund balance remained relatively unchanged with minor expenditures and transfers out to other funds falling below the fund's interest earnings during the year.

The combined governmental fund balances decreased by \$20.1 million during 2009, compared to a \$23.8 million decrease last year. This continued decrease in governmental fund balances was the result of expenditures decreasing by 7.7 percent, \$308.4 million in 2009 compared to \$334.1 million in 2008, accompanied by a slightly lesser decrease in revenues of 7.1 percent, \$288.4 million in 2009 compared to \$310.6 million in 2008. Thus, similar to the prior years, the combined governmental funds realized a continued deficiency in revenues, or excess of expenditures, in 2009. Further, while the other governmental funds column reports excess

revenues over expenditures of \$22.4 million in 2009, significant operating deficits occurred in the General Fund, Road Fund and Mental Health Fund.

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.

As discussed earlier, the net assets of enterprise funds decreased by \$62 thousand primarily due to operating losses incurred by the County Airports. Specifically, while both the South Lake Tahoe Transit Authority and County Airports had combined operating losses before capital contributions and transfers totaling \$1.0 million, unlike the South Lake Tahoe Transit Authority, County Airports did not receive sufficient non-operating revenues or capital contributions to compensate for these operating deficits. Thus, similar to previous fiscal years, the County Airport enterprise fund's operating deficits necessitated a governmental fund contribution of \$88 thousand in 2009.

Net assets of the internal service funds decreased by \$7.8 million. This decrease is attributable to decreases in net assets of both the Risk Management Authority and Fleet Management Internal Service Funds of \$7.3 million and \$525.5 thousand respectively.

GENERAL FUND BUDGETARY ANALYSIS

The original and the final amended budgeted revenues decreased by \$6.2 million, or 3.0 percent, while budgeted expenditures decreased by \$5.8 million, or 2.6 percent. The largest of the revenue budget modifications included:

- \$3.4 million reduction in estimated taxes and assessment revenues
- \$1.8 million reduction in estimated licenses, permits and franchises
- \$1.3 million reduction in estimated revenues from the use of money (interest)
- \$973 thousand reduction in the estimated State intergovernmental revenues,
- \$1.3 million increase in the estimated Federal intergovernmental revenues,

While the largest expenditures budget modifications included:

- \$363 thousand reduction to the Auditor Controller's budgeted salaries,
- \$209 thousand reduction in County Counsel's budgeted salaries,
- \$129 thousand reduction in the Human Resources budgeted salaries,
- \$145 thousand reduction in the Building and Grounds budgeted salaries,
- \$202 thousand reduction in the Information Technologies services and supplies budget,
- \$1 million reduction in the Sheriff Department's overall budgeted expenditures,
- \$236 thousand reduction in Central Dispatch budgeted salaries,
- \$789 thousand reduction in the Jail's budgeted salaries,
- \$223 thousand reduction in Juvenile Hall budgeted expenditures,
- \$153 thousand reduction to the Probation Department expenditures,

- \$1.9 million reduction to the Development Services budget (inclusive of the Building Inspector, Planning and Zoning departments)

The variance between revenues budgeted (original and final) and the actual amounts received were slightly more significant, with a negative variance of \$8.8 million or 4.46 percent. Specifically, compared to a final resource budget of \$197.9 million, actual funding equaled \$189 million. This budget shortage may be attributed to the over-forecasting of revenue sources including but not limited to, licenses and permits (\$217.8 thousand under budget), intergovernmental revenues (\$2.2 million under budget), charges for services (\$2.1 million under budget) and other financing sources (\$5.0 million under budget).

The difference between the budgeted expenditures and actual were more significant. Specifically, expenditures fell \$20 million or 9.4 percent below the final budget. This variance occurred under each government activity, whereby department's expenditures fell below projections, the most significant of which included:

- General Government – Actual expenditures fell below final budget by \$11.9 million or 19.4 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 Treasurer/Tax Collector, Elections, Building and Grounds, Information Technologies, Employee Benefits, County Engineer, and Contributions to Other Funds,
- Public Protection – Actual expenditures fell below final budget by \$4.9 million or 4.7 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 the District Attorney, Sheriff-Bailiff, Sheriff, Central Dispatch, Juvenile Hall, Probation, and the Recorder-Clerk.
- Health and Sanitation Environmental Management – Actual expenditures fell below final budget by \$273 thousand or 9.82 percent with salaries and benefits making up the majority, falling below budget by \$155 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$1.7 million or 4.3 percent mostly due to the Social Services Administration and Programs Unit falling below budget by \$520.6 thousand and \$862.6 thousand respectively.

In general, County management's practice of over budgeting both General Fund inflows and outflows continues, but to a lesser degree than in prior years. Specifically, budget amendments decreasing budgeted revenues during the year reduced the budget to actual variances at year-end. Similarly, amendments to decrease budgeted expenditures also lessened the gap between budget and actual expenditures.

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, 2009 amounts to \$371.9 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. While capital assets net of

depreciation increased by \$8.1 million in 2009, a prior period adjustment removed \$9.1 million of State owned road improvements that had been capitalized in previous years from the infrastructure's beginning balance. In addition, a \$3 million reduction was made to accumulated depreciation in association with these State owned infrastructure assets, for a net restatement or decrease in the Capital Asset's beginning balance of \$6.1 million.

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

- \$2.3 million in additions to governmental activity construction projects, including \$200 thousand of continued construction costs for a new animal control facility, \$437 thousand on a modular building at the Cameron Park Court facility, and \$323 thousand in construction costs related to the El Dorado Hills Senior Center.
- \$31.4 million in infrastructure additions and reconstructions on county roads, including the Missouri Flat Interchange expansion (\$3.5 million), Cameron Park and La Canada interchange signal installation (\$1.6 million), road improvements to White Rock Road west of county line to Windfield (\$1.5 million), White Rock Road west of Latrobe Road (\$2.6 million), Latrobe Road Suncast Lane to Golden Foothill South (\$6.3 million), and Angora erosion control (\$1.0 million).
- \$4.2 million in equipment additions, including \$328 thousand in information technology equipment, \$780 thousand in law enforcement equipment, \$2.2 million in road maintenance and construction equipment, and \$647 thousand in new fleet vehicle purchases.

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

Debt Administration. As of June 30, 2009 the County's outstanding long-term debt totaled \$8.5 million. The largest components of this obligation consist of \$4.2 million in bond debt, followed by \$3.5 million notes payable and \$825 thousand in capital lease obligations. Additional information on the County's long-term debt can be found in note 6 in the notes to the financial statements.

OTHER COUNTY OBLIGATIONS

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

As of June 30, 2009 the County calculated its unfunded liability at \$212.3 million, using actuarial reports dated June 30, 2008 for the CalPERS and Retiree's Health plans. The resulting computation of the unfunded liability as of June 30, 2009 may be summarized as follows:

Post Retirement Benefit Plan	Liability	Actuarial Value of Plan Assets	Unfunded Liability (UL)
CalPERS Safety	\$ 180,264,741	\$ 143,638,407	\$ 36,626,334
CalPERS Misc	408,587,433	345,143,065	63,444,368
Retiree's Health	112,218,000	--	112,218,000
Total	\$ 701,070,174	\$ 488,781,472	\$ 212,288,702

The above Retiree's Health liability of \$112.2 million is based on the assumption that the Board of Supervisors will not enforce a cap on the County's contribution. Because the Retiree's Health benefit plan is a defined benefit plan, generally accepted accounting principles require the County to recognize its retiree's health obligation without the cap limitation for financial reporting purposes until such cap is enforced and thereby begins to alter the established pattern of sharing costs. The Retiree's Health actuarial value of plan assets is valued at zero because the assets are not held in a qualifying trust. The Retiree's Health actuarial value of plan assets is valued at zero because the assets are not held in a qualifying trust. Further, while the County has set aside cash to fund this obligation, which as of June 30, 2009 totaled \$16,747,337, in the fiscal year ending June 30, 2010 the County used a portion of this cash to fund its Early Retirement Incentive Plan. In addition, beginning in the fiscal year ending June 30, 2010, the County stopped its practice of setting aside cash to fund the 20-year amortization of prior service costs and reverted back to a pay as you go basis.

REQUEST FOR INFORMATION

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

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

COUNTY OF EL DORADO

Statement of Net Assets
June 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<u>ASSETS</u>				
Cash and investments	\$ 205,574,372	\$ 271,073	\$ 205,845,445	\$ 10,529,089
Restricted cash and investments	1,717,069	35,334	1,752,403	1,391,323
Cash with fiscal agents	2,469,908	--	2,469,908	--
Accounts receivable	3,795,987	30,882	3,826,869	75,590
Special assessments receivable	1,867,109	--	1,867,109	--
Interest receivable	--	--	--	13,301
Due from other governments	27,348,310	86,850	27,435,160	1,625,333
Notes receivable	2,629,472	--	2,629,472	--
Inventory and prepayments	1,864,382	64,699	1,929,081	128,157
Internal balances	86,990	(86,990)	--	--
Notes receivable, long term	3,000,000	--	3,000,000	--
Capital Assets:				
Nondepreciable	53,475,413	546,385	54,021,798	1,336,028
Depreciable, net	314,324,687	3,590,703	317,915,390	4,641,064
Total Assets	<u>\$ 618,153,699</u>	<u>\$ 4,538,936</u>	<u>\$ 622,692,635</u>	<u>\$ 19,739,885</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 12,312,973	\$ 118,519	\$ 12,431,492	\$ 831,618
Accrued salaries and benefits	4,281,027	4,628	4,285,655	66,110
Accrued interest payable	34,584	623	35,207	--
Due to other governments	553,789	--	553,789	--
Unearned revenue	7,994,244	--	7,994,244	3,376,047
Other liabilities	189,605	--	189,605	--
Long-term liabilities:				
Liability for other post-employment benefits:				
Due beyond one year	23,066,781	--	23,066,781	--
Liability for self-insurance:				
Due within one year	4,929,264	--	4,929,264	--
Due beyond one year	13,382,800	--	13,382,800	457,650
Liability for landfill closure and post-closure:				
Due beyond one year	8,109,469	--	8,109,469	--
Compensated absences:				
Due within one year	1,007,012	1,751	1,008,763	131,674
Due beyond one year	12,820,001	20,141	12,840,142	131,673
Other liabilities:				
Due within one year	4,588,291	6,487	4,594,778	--
Due beyond one year	3,885,497	10,985	3,896,482	--
Total Liabilities	<u>97,155,337</u>	<u>163,134</u>	<u>97,318,471</u>	<u>4,994,772</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	362,795,367	4,119,616	366,914,983	5,977,092
Restricted for:				
Capital projects	16,001,009	--	16,001,009	--
Debt service	4,296,343	--	4,296,343	--
Public safety	7,074,402	--	7,074,402	--
Community resources and public facilities	68,474,298	--	68,474,298	--
Health and public assistance	29,151,081	--	29,151,081	--
General government and support programs	16,050,811	--	16,050,811	--
Other purposes	1,746,798	35,334	1,782,132	5,953,688
Unrestricted	15,408,253	220,852	15,629,105	2,814,333
Total Net Assets	<u>520,998,362</u>	<u>4,375,802</u>	<u>525,374,164</u>	<u>14,745,113</u>
Total Liabilities and Net Assets	<u>\$ 618,153,699</u>	<u>\$ 4,538,936</u>	<u>\$ 622,692,635</u>	<u>\$ 19,739,885</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, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 29,863,098	\$ 8,853,367	\$ 4,527,202	\$ 15,005
Public protection	113,996,617	11,916,781	25,514,195	--
Public ways and facilities	44,786,906	7,581,695	23,152,408	6,536
Health and sanitation	56,950,993	13,893,079	29,855,376	--
Public assistance	49,906,917	802,463	44,568,433	--
Education	3,911,268	429,388	231,128	--
Recreation and cultural services	1,155,296	192,345	44,043	--
Debt Service:				
Interest and fiscal charges	292,864	--	--	--
Total Governmental Activities	<u>300,863,959</u>	<u>43,669,118</u>	<u>127,892,785</u>	<u>21,541</u>
Business-Type Activities:				
Airports	1,126,468	658,876	7,901	293,051
South Lake Tahoe Transit Program	667,595	99,178	221,464	353,808
Total Business-Type Activities	<u>1,794,063</u>	<u>758,054</u>	<u>229,365</u>	<u>646,859</u>
Total Primary Government	<u>\$ 302,658,022</u>	<u>\$ 44,427,172</u>	<u>\$ 128,122,150</u>	<u>\$ 668,400</u>
Components Units:				
El Dorado Transit Authority	\$ 5,870,289	\$ 1,256,635	\$ 3,843,537	\$ 1,355,777
Children and Families Commission	2,181,430	--	2,124,820	--
Total Component Units	<u>\$ 8,051,719</u>	<u>\$ 1,256,635</u>	<u>\$ 5,968,357</u>	<u>\$ 1,355,777</u>
General Revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Payments in lieu of sales and use taxes				
Transfer taxes				
Other general taxes				
Unrestricted interest and investment earnings				
Other revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net assets - July 1, restated				
Net assets - June 30				

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (16,467,524)	\$ --	\$ (16,467,524)	\$ --
(76,565,641)	--	(76,565,641)	--
(14,046,267)	--	(14,046,267)	--
(13,202,538)	--	(13,202,538)	--
(4,536,021)	--	(4,536,021)	--
(3,250,752)	--	(3,250,752)	--
(918,908)	--	(918,908)	--
(292,864)	--	(292,864)	--
<u>(129,280,515)</u>	<u>--</u>	<u>(129,280,515)</u>	<u>--</u>
--	(166,640)	(166,640)	--
--	6,855	6,855	--
--	<u>(159,785)</u>	<u>(159,785)</u>	<u>--</u>
<u>(129,280,515)</u>	<u>(159,785)</u>	<u>(129,440,300)</u>	<u>--</u>
--	--	--	585,660
--	--	--	<u>(56,610)</u>
--	--	--	<u>529,050</u>
88,888,571	--	88,888,571	--
6,753,118	--	6,753,118	--
2,779,679	--	2,779,679	--
1,127,922	--	1,127,922	--
8,515,201	--	8,515,201	--
3,512,377	8,235	3,520,612	180,888
5,380,134	1,042	5,381,176	18,603
(88,394)	88,394	--	--
<u>116,868,608</u>	<u>97,671</u>	<u>116,966,279</u>	<u>199,491</u>
(12,411,907)	(62,114)	(12,474,021)	728,541
<u>533,410,269</u>	<u>4,437,916</u>	<u>537,848,185</u>	<u>14,016,572</u>
<u>\$ 520,998,362</u>	<u>\$ 4,375,802</u>	<u>\$ 525,374,164</u>	<u>\$ 14,745,113</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF EL DORADO

Balance Sheet
Governmental Funds
June 30, 2009

	General	Road Fund	Mental Health Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and investments	\$ 18,137,524	\$ 12,128,102	\$ 5,569	\$ 20,823,108	\$ 104,355,747	\$ 155,450,050
Restricted cash and investments	--	--	--	--	1,717,069	1,717,069
Cash with fiscal agents	--	--	--	--	2,248,122	2,248,122
Accounts receivable	367,477	258,002	--	--	3,144,871	3,770,350
Special assessments receivable	--	--	--	--	1,867,109	1,867,109
Due from other governments	10,583,203	5,008,920	2,700,469	--	9,055,718	27,348,310
Notes receivable	--	--	--	--	2,629,472	2,629,472
Due from other funds	2,409,866	597,412	1,542,684	--	1,263,071	5,813,033
Advances to other funds	3,529,000	--	--	1,401,199	--	4,930,199
Inventories	--	587,070	--	--	46,690	633,760
Prepaid expenses	490,042	48,297	34,718	--	545,113	1,118,170
Total Assets	<u>\$ 35,517,112</u>	<u>\$ 18,627,803</u>	<u>\$ 4,283,440</u>	<u>\$ 22,224,307</u>	<u>\$ 126,872,982</u>	<u>\$ 207,525,644</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 2,600,786	\$ 4,209,094	\$ 556,131	\$ --	\$ 2,996,506	\$ 10,362,517
Accrued salaries and benefits	3,135,848	528,771	173,109	--	424,429	4,262,157
Due to other governments	184,755	25,219	98,034	--	245,781	553,789
Due to other funds	1,498,269	--	--	--	4,227,774	5,726,043
Advances from other funds	--	--	3,319,000	--	1,611,199	4,930,199
Deferred revenue	427,552	2,554,094	--	--	10,511,936	13,493,582
Total Liabilities	<u>7,847,210</u>	<u>7,317,178</u>	<u>4,146,274</u>	<u>--</u>	<u>20,017,625</u>	<u>39,328,287</u>
<u>FUND BALANCES</u>						
Reserved for:						
Debt service	--	--	--	--	2,437,727	2,437,727
Capital projects	--	--	--	--	84,448	84,448
Encumbrances	952,802	227,826	442	--	1,488,973	2,670,043
Advances	3,529,000	--	--	1,401,199	--	4,930,199
Inventory	--	587,070	--	--	46,690	633,760
Prepaid expenses	490,042	48,297	34,718	--	545,113	1,118,170
Imprest cash	9,840	3,500	5,040	--	1,460	19,840
Other	--	--	--	--	3,122,385	3,122,385
Unreserved:						
Designated for:						
Economic uncertainty	9,607,776	--	--	--	--	9,607,776
Capital projects	3,416,150	--	--	--	11,105,734	14,521,884
Undesignated and reported in:						
General fund	9,664,292	--	--	--	--	9,664,292
Special revenue funds	--	10,443,932	96,966	20,823,108	81,251,265	112,615,271
Permanent funds	--	--	--	--	536,611	536,611
Debt service funds	--	--	--	--	1,858,616	1,858,616
Capital projects funds	--	--	--	--	4,376,335	4,376,335
Total Fund Balances	<u>27,669,902</u>	<u>11,310,625</u>	<u>137,166</u>	<u>22,224,307</u>	<u>106,855,357</u>	<u>168,197,357</u>
Total Liabilities and Fund Balances	<u>\$ 35,517,112</u>	<u>\$ 18,627,803</u>	<u>\$ 4,283,440</u>	<u>\$ 22,224,307</u>	<u>\$ 126,872,982</u>	<u>\$ 207,525,644</u>

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

COUNTY OF EL DORADO

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets June 30, 2009

Fund Balance - total governmental funds	\$ 168,197,357
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	3,000,000
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	361,764,104
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	5,499,338
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:	13,137,764
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.	(34,584)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(4,180,000)
Notes payable	(3,469,055)
Capital leases	(824,733)
Compensated absences	(13,792,755)
Liability for landfill closure and post-closure	(8,109,469)
Other long-term liabilities	<u>(189,605)</u>
Net assets of governmental activities	<u>\$ 520,998,362</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2009

	General	Road Fund	Mental Health Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 92,310,649	\$ 5,023	\$ --	\$ --	\$ 15,727,352	\$ 108,043,024
Licenses and permits	4,667,120	61,843	--	--	2,443,788	7,172,751
Intergovernmental revenue	54,783,989	21,553,700	7,202,492	--	44,374,145	127,914,326
Use of money or property	345,135	105,520	--	340,142	2,055,727	2,846,524
Charges for current services	12,298,777	493,520	688,647	--	21,701,939	35,182,883
Fines, forfeits and penalties	930,969	--	--	--	1,491,488	2,422,457
Other revenue	1,650,353	950,405	68,171	--	2,111,524	4,780,453
Total Revenues	166,986,992	23,170,011	7,959,310	340,142	89,905,963	288,362,418
Expenditures:						
Current:						
General government	27,005,229	--	--	--	471,430	27,476,659
Public protection	97,797,637	--	--	--	9,853,526	107,651,163
Public ways and facilities	--	52,341,489	--	3,628	835,257	53,180,374
Health and sanitation	1,945,427	--	13,202,660	--	40,227,466	55,375,553
Public assistance	37,380,465	--	--	--	11,348,484	48,728,949
Education	3,521,681	--	--	--	--	3,521,681
Recreation and cultural services	937,289	--	--	--	--	937,289
Capital outlay	1,213,577	5,238,720	30,813	--	2,353,853	8,836,963
Debt service:						
Principal	151,664	130,199	--	--	2,112,282	2,394,145
Interest and fiscal charges	23,988	17,443	--	--	266,818	308,249
Total Expenditures	169,976,957	57,727,851	13,233,473	3,628	67,469,116	308,411,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,989,965)	(34,557,840)	(5,274,163)	336,514	22,436,847	(20,048,607)
Other Financing Sources (Uses):						
Transfers in	15,664,029	35,079,580	6,787,345	--	15,613,455	73,144,409
Transfers out	(17,480,833)	--	--	(320,737)	(55,431,233)	(73,232,803)
Total Other Financing Sources (Uses)	(1,816,804)	35,079,580	6,787,345	(320,737)	(39,817,778)	(88,394)
Net change in fund balances	(4,806,769)	521,740	1,513,182	15,777	(17,380,931)	(20,137,001)
Fund Balance - Beginning of Year	32,476,671	10,788,885	(1,376,016)	22,208,530	124,236,288	188,334,358
Fund Balance - End of Year	<u>\$ 27,669,902</u>	<u>\$ 11,310,625</u>	<u>\$ 137,166</u>	<u>\$ 22,224,307</u>	<u>\$ 106,855,357</u>	<u>\$ 168,197,357</u>

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

COUNTY OF EL DORADO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities
For the Year Ended June 30, 2009

Net change to fund balance - total governmental funds \$ (20,137,001)

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	\$ 37,628,295	
Depreciation	<u>(22,996,137)</u>	14,632,158

Disposal of capital assets: proceeds from the sale of capital assets are
a financial resource in governmental funds, but only the net gain
or loss is presented in the statement of net assets. (24,365)

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 decreased by this amount this year. (767,691)

Repayment of debt principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net assets. 2,394,145

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		22,925
Change in accrued interest payable		15,385
Change in liability for other post-employment benefits		(717,793)

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. (7,829,670)

Change in net assets of governmental activities		<u><u>\$ (12,411,907)</u></u>
---	--	-------------------------------

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

COUNTY OF EL DORADO

Statement of Fund Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake		Internal
		Tahoe Transit	Total	Service Funds
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 214,197	\$ 56,876	\$ 271,073	\$ 50,124,322
Cash with fiscal agents	--	--	--	221,786
Accounts receivable	30,882	--	30,882	25,637
Due from other governments	86,850	--	86,850	--
Deposits	8,282	--	8,282	83,100
Inventory	56,417	--	56,417	29,352
Total Current Assets	396,628	56,876	453,504	50,484,197
Non-current Assets:				
Capital assets:				
Land	213,711	--	213,711	40,000
Construction in progress	332,674	--	332,674	--
Structures and improvements	7,678,159	--	7,678,159	659,905
Equipment	25,300	--	25,300	11,002,983
Accumulated depreciation	(4,112,756)	--	(4,112,756)	(5,666,892)
Total capital assets, net of accumulated depreciation	4,137,088	--	4,137,088	6,035,996
Restricted assets:				
Restricted cash	--	35,334	35,334	--
Total Non-current Assets	4,137,088	35,334	4,172,422	6,035,996
Total Assets	\$ 4,533,716	\$ 92,210	\$ 4,625,926	\$ 56,520,193
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	\$ 79,972	\$ 38,547	\$ 118,519	\$ 1,950,456
Accrued salaries and benefits	4,628	--	4,628	18,870
Interest payable	623	--	623	--
Due to other funds	86,990	--	86,990	--
Liability for self-insurance	--	--	--	4,929,264
Compensated absences	1,751	--	1,751	2,741
Notes payable, current portion	6,487	--	6,487	--
Total Current Liabilities	180,451	38,547	218,998	6,901,331
Noncurrent Liabilities:				
Liability for self-insurance	--	--	--	13,382,800
Liability for other post-employment benefits	--	--	--	23,066,781
Compensated absences	20,141	--	20,141	31,517
Notes payable	10,985	--	10,985	--
Total Noncurrent Liabilities	31,126	--	31,126	36,481,098
Total Liabilities	211,577	38,547	250,124	43,382,429
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	4,119,616	--	4,119,616	6,035,996
Restricted	--	35,334	35,334	2,267,287
Unrestricted	202,523	18,329	220,852	4,834,481
Total Net Assets	4,322,139	53,663	4,375,802	13,137,764
Total Liabilities and Net Assets	\$ 4,533,716	\$ 92,210	\$ 4,625,926	\$ 56,520,193

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

COUNTY OF EL DORADO

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	County	South Lake Tahoe	Total	Internal Service Funds
	Airports	Transit		
Operating Revenues:				
Fares	\$ --	\$ 99,178	\$ 99,178	\$ --
Service fees	658,876	--	658,876	30,750,185
Total Operating Revenues	<u>658,876</u>	<u>99,178</u>	<u>758,054</u>	<u>30,750,185</u>
Operating Expenses:				
Salaries and benefits	216,305	--	216,305	1,032,204
Services and supplies	593,818	662,454	1,256,272	37,861,935
Depreciation	310,869	5,141	316,010	918,429
Total Operating Expenses	<u>1,120,992</u>	<u>667,595</u>	<u>1,788,587</u>	<u>39,812,568</u>
Operating Income (Loss)	<u>(462,116)</u>	<u>(568,417)</u>	<u>(1,030,533)</u>	<u>(9,062,383)</u>
Non-Operating Revenues (Expenses):				
Intergovernmental revenues	7,901	221,464	229,365	--
Interest income	5,354	2,881	8,235	665,853
Interest expense	(4,440)	--	(4,440)	--
Gain (loss) on sale of capital assets	--	--	--	(831)
Miscellaneous nonoperating revenue	1,042	--	1,042	567,691
Miscellaneous nonoperating expense	(1,036)	--	(1,036)	--
Total Non-Operating Revenues (Expenses)	<u>8,821</u>	<u>224,345</u>	<u>233,166</u>	<u>1,232,713</u>
Income (Loss) Before Transfers and Capital Contributions	(453,295)	(344,072)	(797,367)	(7,829,670)
Transfers in	88,394	--	88,394	--
Capital contributions	293,051	353,808	646,859	--
Change in Net Assets	(71,850)	9,736	(62,114)	(7,829,670)
Net Assets - Beginning of Year	<u>4,393,989</u>	<u>43,927</u>	<u>4,437,916</u>	<u>20,967,434</u>
Net Assets - End of Year	<u>\$ 4,322,139</u>	<u>\$ 53,663</u>	<u>\$ 4,375,802</u>	<u>\$ 13,137,764</u>

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

COUNTY OF EL DORADO

Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	County Airports	South Lake Tahoe Transit	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers and users	\$ 652,614	\$ 99,178	\$ 751,792	\$ --
Cash receipts from interfund services provided	--	--	--	30,994,169
Cash paid to suppliers for goods and services	(547,396)	(664,834)	(1,212,230)	(25,940,563)
Cash paid to employees for salaries and benefits	(228,214)	--	(228,214)	(1,059,808)
Net cash provided (used) by operating activities	<u>(122,996)</u>	<u>(565,656)</u>	<u>(688,652)</u>	<u>3,993,798</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from (paid to) other governmental agencies	(55,959)	94,999	39,040	--
Non-operating receipts	6	--	6	567,691
Cash received from or paid to other funds	88,566	--	88,566	23,430
Net cash provided (used) by noncapital financing activities	<u>32,613</u>	<u>94,999</u>	<u>127,612</u>	<u>591,121</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal repayments on debt	(9,463)	--	(9,463)	--
Proceeds from sale of capital assets	--	--	--	71,961
Capital contributions	293,051	353,808	646,859	--
Interest paid on debt	(4,759)	--	(4,759)	--
Payments related to the acquisition of capital assets	(332,159)	--	(332,159)	(647,278)
Net cash provided (used) by capital and related financing activities	<u>(53,330)</u>	<u>353,808</u>	<u>300,478</u>	<u>(575,317)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	5,354	2,881	8,235	665,853
Net cash provided by investing activities	<u>5,354</u>	<u>2,881</u>	<u>8,235</u>	<u>665,853</u>
Net increase (decrease) in cash and cash equivalents	(138,359)	(113,968)	(252,327)	4,675,455
Cash and cash equivalents, beginning of year	<u>352,556</u>	<u>206,178</u>	<u>558,734</u>	<u>45,670,653</u>
Cash and cash equivalents, end of year	<u>\$ 214,197</u>	<u>\$ 92,210</u>	<u>\$ 306,407</u>	<u>\$ 50,346,108</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 Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	County Airports	South Lake Tahoe Transit	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (462,116)	\$ (568,417)	\$ (1,030,533)	\$ (9,062,383)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	310,869	5,141	316,010	918,429
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(6,262)	--	(6,262)	243,984
Inventory	13,803	--	13,803	9,146
Prepaid expenses	4,062	--	4,062	--
Increase (decrease) in:				
Accounts payable	28,557	(2,380)	26,177	333,434
Salaries payable	(1,056)	--	(1,056)	(4,008)
Liability for compensated absences	(10,853)	--	(10,853)	(23,596)
Liability for self-insurance	--	--	--	479,804
Liability for other post employment benefits	--	--	--	11,098,988
Net Cash Provided (Used) by Operating Activities	<u>\$ (122,996)</u>	<u>\$ (565,656)</u>	<u>\$ (688,652)</u>	<u>\$ 3,993,798</u>

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

COUNTY OF EL DORADO

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Investment Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and investments	\$ 182,493,658	\$ --
Interest receivable	419,275	--
Taxes receivable	--	34,999,093
	<u>182,912,933</u>	<u>34,999,093</u>
<u>LIABILITIES</u>		
Cash deficit	--	1,623,931
Accounts payable	3,498,367	1,725,966
Accrued salaries and benefits	745,974	--
Interest payable	--	4,069
Fiduciary liabilities	--	31,645,127
	<u>4,244,341</u>	<u>34,999,093</u>
<u>NET ASSETS</u>		
Net assets held in trust for investment pool participants	<u>178,668,592</u>	--
Total Net Assets	<u><u>\$ 178,668,592</u></u>	<u><u>\$ --</u></u>

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

COUNTY OF EL DORADO

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009

	<u>Investment Trust</u>
Additions:	
Contributions to investment pool	\$ 1,064,952,701
Interest and investment income	<u>3,501,156</u>
Total additions	<u>1,068,453,857</u>
Deductions:	
Distributions from investment pool	<u>1,045,680,419</u>
Total deductions	<u>1,045,680,419</u>
Change in net assets	22,773,438
Net assets - beginning	<u>155,895,154</u>
Net assets - ending	<u><u>\$ 178,668,592</u></u>

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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

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

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

Blended Component Units: The following component units are blended into the County’s financial statements because the governing board members are 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.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

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

Blended Component Units (continued):

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

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

Discretely Presented Component Units (continued):

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

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

- American River Authority. The County participates with Placer County and the Placer County Water Agency in this Joint Powers Authority that was created to facilitate construction of a dam, reservoir and hydroelectric power facilities at the Auburn Dam Site. The participants share the costs of operating the JPA equally. The governing board consists of two members from the County, one member from each of the other participants and a public resident who alternates between El Dorado and Placer County.
- El Dorado County-Folsom Joint Powers Agreement. The County participates with the City of Folsom in this JPA, the purpose of which is to manage growth toward the goal of achieving an improved quality of life for the citizens of both political jurisdictions. The governing board consists of two members from each of the participating entities.
- Sacramento-Placerville Transportation Corridor Joint Powers Agreement. The County participates with Sacramento County, the City of Folsom and Regional Transit in this JPA. The agency was formed to acquire the Placerville Branch of the Southern Pacific Railroad Right of Way. The participants share the costs of operating the Joint Powers Authority equally. The board is made up of one member from each participant and one public member at large.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance, education and recreation and cultural services.
- The County Road Fund is a special revenue fund used to account for funds allocated for the planning, design, construction, maintenance and administration of County transportation activities (Public Ways and Facilities).
- The Mental Health Fund is a special revenue fund used to account for the administration and provision of mental health services to promote mental health and public safety, prevent mental illness, and serve persons with mental illness and severe emotional disorders.
- The 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 County reports the following nonmajor enterprise funds:

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

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

- Internal Service Funds – Fleet Management and Risk Management Authority are internal service funds used to account for the County's fleet maintenance provided to other departments and self-insurance programs including workers' compensation, employee benefits and personal injury and property damage on a cost-reimbursement basis.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

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

Fund Financial Statements (continued)

- Investment Trust Fund – The Investment Trust Fund accounts for the assets, primarily cash and investments, of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in an investment portfolio for the benefit of all participants. These participants include school and community college districts, other special districts governed by local boards, regional boards and authorities.
- Agency Funds – Agency Funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County as an agent for individuals and other government units.

C. **Basis of Accounting**

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

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

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

D. **Cash and Investments**

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

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

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

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.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

E. Cash and Cash Equivalents

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

F. Mortgages Receivable

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

G. Inventories

Inventories of expendable supplies are valued at the lower of cost (first-in, first-out) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventory is equally offset by a fund balance reservation that indicates that a portion of fund balance is not available for future appropriation.

H. Capital Assets and Depreciation

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

The estimated useful lives are as follows:

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

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

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

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

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

The State of California’s (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2008/2009 net assessed valuation of the County was \$28,259,847,388.

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

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

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

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

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

K. **Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due 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 between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

L. Self-Insurance

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

M. Use of Estimates

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

N. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

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

Note 2: **Cash and Investments**

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

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

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, public trust, and yield. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

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

At June 30, 2009, total County cash and investments were as follows:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Cash:			
Imprest cash	\$ --	\$ 20,140	\$ 20,140
Cash on hand	500	--	500
Deposits	139,319,833	2,772,124	142,091,957
Total Cash	<u>139,320,333</u>	<u>2,792,264</u>	<u>142,112,597</u>
Investments	<u>254,958,127</u>	<u>5,787,171</u>	<u>260,745,298</u>
Total Cash and Investments	<u>\$ 394,278,460</u>	<u>\$ 8,579,435</u>	<u>\$ 402,857,895</u>

Total cash and investments at June 30, 2009 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	\$ 205,825,505	\$ 180,723,662	\$ 5,976,890	\$ 392,526,057
Restricted	1,752,403	--	--	1,752,403
Total in County Investment Pool	<u>207,577,908</u>	<u>180,723,662</u>	<u>5,976,890</u>	<u>394,278,460</u>
External to Pool:				
Cash with fiscal agents	2,469,908	--	--	2,469,908
Other restricted cash and investments	--	--	1,391,323	1,391,323
Other unrestricted cash and investments	--	146,065	4,551,999	4,698,064
Imprest cash	19,940	--	200	20,140
Total External to Pool	<u>2,489,848</u>	<u>146,065</u>	<u>5,943,522</u>	<u>8,579,435</u>
Total Cash and Investments	<u>\$ 210,067,756</u>	<u>\$ 180,869,727</u>	<u>\$ 11,920,412</u>	<u>\$ 402,857,895</u>

The fiduciary funds' cash and investments balance of \$180,869,727 includes, and is decreased by, the net agency fund types' deficit cash balance of \$1,623,931, presented as a liability in the Statement of Fiduciary Net Assets. Further, the net deficit cash balance in the agency fund type is due almost entirely to the negative cash balances maintained by the 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 \$19,786,280 is entirely offset by, and is significantly less than, the total \$27,522,307 that has been recorded by these funds as taxes receivable.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

Cash and investments were restricted at June 30, 2009, for the following purposes:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Closure and Post-closure costs	\$ 1,717,069	\$ --	\$ 1,717,069
Transit grant expenditures	35,334	--	35,334
Risk financing	--	1,391,323	1,391,323
	<u>\$ 1,752,403</u>	<u>\$ 1,391,323</u>	<u>\$ 3,143,726</u>

Investments

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	5%
Domestic Commercial Paper	31 days	20%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Non-negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	5%
U.S. Agency Obligations	3 years	None	5%
Demand Deposit Savings Accounts	5 years	None	None
State Warrants	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Medium-Term Notes U.S. Corporations under TLGP	3 years	30%	None
Commercial Paper under TLGP	270 days	40%	None

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

Investments (continued)

At June 30, 2009, the County had the following investments:

	Interest Rates	Maturities	Par	Carrying Value	Fair Value	WAM (Years)
Investments in Investment Pool						
Treasury Securities - Discount	0.045%-0.46%	07/02/09-11/19/09	\$ 107,300,000	\$ 107,254,290	\$ 107,280,023	0.11
Bankers Acceptance	0.15%-1.45%	07/03/09-10/13/09	47,293,871	47,216,282	47,255,840	0.16
California Local Agency Investment Fund	1.53%	On Demand	37,203,000	37,203,000	37,203,000	0.00
Medium Term Notes -TLGP	0.20%-2.625%	08/07/09-12/23/09	63,261,000	63,284,555	63,263,262	0.44
Total Investments in Investment Pool			\$ 255,057,871	\$ 254,958,127	\$ 255,002,125	0.18
Investments Outside Investment Pool						
Primary Government:						
<i>Cash held with Fiscal Agents</i>						
Money Market Mutual Funds	Variable	11/1/2009	\$ 1,056,932	\$ 1,056,932	\$ 1,056,932	--
Investment Contracts	7.45%	11/1/2009	1,191,190	1,191,190	1,191,190	--
			2,248,122	2,248,122	2,248,122	
Component Units:						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	1.53%	On Demand	3,539,049	3,539,049	3,539,049	--
Total Investments Outside Investment Pool			\$ 5,787,171	\$ 5,787,171	\$ 5,787,171	--

At June 30, 2009, the difference between the carrying value and fair value of cash and investments was not material (fair value was 100.02% 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, 2009, the investment pool had a weighted average maturity of 0.18 years.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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, 2009.

	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Treasury Securities - Discount	AAA	42.07%
Bankers Acceptance	A-1	18.52%
California Local Agency Investment Fund	Unrated	14.59%
Medium Term Notes -TLGP (see below)	A-1	24.82%
Total		<u>100.00%</u>

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

At June 30, 2009, the County held 5.59% of its entire investment pool in bankers acceptances issued by Bank of America. The investment policy allows a maximum portfolio percentage for bankers acceptances of no more than 5 % with any one bank.

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.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

Local Agency Investment Fund

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

At June 30, 2009, the County's investment position in LAIF was \$37.2 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 \$25.2 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA), whose balance at June 30, 2009 was \$50.7 billion. Of that amount, 14.71% was invested in structured notes and asset-backed securities. Fair value is based on information provided by the State for the Local Agency Investment Fund.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2009:

Statement of Net Assets

Net assets held for pool participants	\$ 394,278,460
Equity of internal pool participants	211,784,802
Equity of external pool participants	182,493,658
Total net assets	<u>\$ 394,278,460</u>

Statement of Changes in Net Assets

Net assets at July 1, 2008	\$ 392,084,968
Investment income	6,549,259
Investment expenses	(504,349)
Net contributions (withdrawals) by pool participants	(3,851,418)
Net assets at June 30, 2009	<u>\$ 394,278,460</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

The governmental funds include notes receivable of \$2,629,472 and special assessment receivables of \$1,867,109, which are not expected to be fully collected in the next fiscal year. The accounts receivable balances reported in other governmental funds include an allowance for uncollectible amounts of \$686,000. The governmental activities include a long-term note receivable of \$3,000,000, which is offset by a long-term note payable.

Note 4: **Capital Assets**

Capital Assets activity for the year ended June 30, 2009 was as follows:

	Restated Balance July 1, 2008	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2009
Governmental Activities					
Capital assets, not being depreciated					
Land and improvements	\$ 46,990,706	\$ 321,304	\$ --	\$ --	\$ 47,312,010
Construction in progress	7,245,616	2,327,691	--	(3,409,904)	6,163,403
Total capital assets not being depreciated	<u>54,236,322</u>	<u>2,648,995</u>	<u>--</u>	<u>(3,409,904)</u>	<u>53,475,413</u>
Capital assets, being depreciated					
Infrastructure	409,057,816	31,434,781	--	--	440,492,597
Structures and improvements	100,176,514	--	--	3,409,904	103,586,418
Equipment	43,809,683	4,191,795	(1,452,073)	--	46,549,405
Total capital assets being depreciated	<u>553,044,013</u>	<u>35,626,576</u>	<u>(1,452,073)</u>	<u>3,409,904</u>	<u>590,628,420</u>
Less accumulated depreciation for					
Infrastructure	(197,538,457)	(18,147,844)	--	--	(215,686,301)
Structures and improvements	(30,727,332)	(2,098,438)	--	--	(32,825,770)
Equipment	(25,478,294)	(3,668,284)	1,354,916	--	(27,791,662)
Total accumulated depreciation	<u>(253,744,083)</u>	<u>(23,914,566)</u>	<u>1,354,916</u>	<u>--</u>	<u>(276,303,733)</u>
Total capital assets being depreciated, net	<u>299,299,930</u>	<u>11,712,010</u>	<u>(97,157)</u>	<u>3,409,904</u>	<u>314,324,687</u>
Governmental activities capital assets, net	<u>\$ 353,536,252</u>	<u>\$ 14,361,005</u>	<u>\$ (97,157)</u>	<u>\$ --</u>	<u>\$ 367,800,100</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2009</u>
Business Type Activities					
Capital assets, not being depreciated					
Land	\$ 213,711	\$ --	\$ --	\$ --	\$ 213,711
Construction in progress	24,331	332,159	--	(23,816)	332,674
Total capital assets not being depreciated	<u>238,042</u>	<u>332,159</u>	<u>--</u>	<u>(23,816)</u>	<u>546,385</u>
Capital assets, being depreciated					
Structures and improvements	7,654,343	--	--	23,816	7,678,159
Equipment	134,804	--	(109,504)	--	25,300
Total capital assets being depreciated	<u>7,789,147</u>	<u>--</u>	<u>(109,504)</u>	<u>23,816</u>	<u>7,703,459</u>
Less Accumulated depreciation for					
Structures and improvements	(3,778,175)	(310,509)	--	--	(4,088,684)
Equipment	(128,075)	(5,501)	109,504	--	(24,072)
Total accumulated depreciation	<u>(3,906,250)</u>	<u>(316,010)</u>	<u>109,504</u>	<u>--</u>	<u>(4,112,756)</u>
Total capital assets being depreciated, net	<u>3,882,897</u>	<u>(316,010)</u>	<u>--</u>	<u>23,816</u>	<u>3,590,703</u>
Business type activities capital assets, net	<u>\$ 4,120,939</u>	<u>\$ 16,149</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,137,088</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,282,064
Public protection	1,821,230
Public ways and facilities	18,961,277
Health and sanitation	398,577
Public assistance	152,008
Education	245,605
Recreation and cultural services	135,376
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	918,429
Total depreciation expense governmental activities	<u>\$ 23,914,566</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

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

Airports	\$ 310,869
Other	5,141
Total depreciation expense business-type activities	<u>\$ 316,010</u>

The restatement of the June 30, 2008 capital assets was due entirely to the elimination of State owned road construction that had been included in the capitalized infrastructure additions in prior years. This reduction to the net governmental activity capital assets of \$6,125,737 included \$9,120,082 of infrastructure and \$2,994,345 of accumulated depreciation.

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, 2009, the various components of deferred revenue and unearned 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	\$ --	\$ 427,552	\$ 427,552
Road Fund:			
Various grants and charges	--	2,554,094	2,554,094
Other Governmental Funds:			
Various grants, charges, special assessments and loans	<u>5,499,338</u>	<u>5,012,598</u>	<u>10,511,936</u>
	<u>\$ 5,499,338</u>	<u>\$ 7,994,244</u>	<u>\$ 13,493,582</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 6: **Long-Term Debt**

Long-term liabilities at June 30, 2009 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, 2009</u>
<u>Governmental Activities</u>						
Bonds Payable:						
1997 Refunding Lease Revenue Bonds	1997	2009	4.0% - 5.0%	\$225,000 - \$4,180,000	\$ 16,860,000	<u>\$ 4,180,000</u> <u>4,180,000</u>
Notes Payable:						
California Energy Commission	2005	2013	4.00%	\$24,880 - \$124,324	\$ 800,000	469,055
HUD HOME Program ¹⁾	2003	2058	0.00%	²⁾	\$ 3,000,000	<u>3,000,000</u>
						<u>3,469,055</u>
Capital Leases:						
Banc of America (road equipment)	2005	2012	4.28%	\$133,719 - \$171,943	\$ 1,065,167	277,353
Banc of America (motor graders)	2006	2012	3.36%	\$106,788 - \$173,357	\$ 1,109,188	<u>547,380</u>
						<u>824,733</u>
Total Governmental Activities						<u>\$ 8,473,788</u>

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

²⁾ Principal payment is due in total at the end of note maturity.

Business-Type Activities

Notes Payable:						
Loan #ED-1-85-L-1	9/23/85	2011	8.03%	\$2,919	\$ 72,987	\$ 5,840
Loan #ED-1-86-L-2	9/16/86	2012	6.94%	\$1,577	\$ 39,426	4,731
Loan #ED-5-86-L-1	9/16/86	2012	6.94%	\$1,060	\$ 26,503	3,180
Loan #ED-1-87-L-3	10/6/87	2012	6.94%	\$930	\$ 23,251	<u>3,721</u>
						<u>\$ 17,472</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

The following is a summary of long-term liabilities transactions for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amounts Due Within One Year
Governmental Activities					
Lease revenue bonds	\$ 6,070,000	\$ --	\$ 1,890,000	\$ 4,180,000	\$ 4,180,000
Notes payable:					
California Energy Commission	45,555	--	45,555	--	--
California Energy Commission II	575,164	--	106,109	469,055	110,397
HUD Home Program	3,000,000	--	--	3,000,000	--
Compensated absences	13,873,534	960,491	1,007,012	13,827,013	1,007,012
Capital lease obligation	1,177,214	--	352,481	824,733	297,894
Landfill closure / post-closure liability	8,109,469	--	--	8,109,469	--
Liability for self-insurance claims	17,832,260	30,825,532	30,345,728	18,312,064	4,929,264
Other postemployment benefits	11,250,000	13,223,703	1,406,922	23,066,781	--
	<u>\$ 61,933,196</u>	<u>\$ 45,009,726</u>	<u>\$ 35,153,807</u>	<u>\$ 71,789,115</u>	<u>\$ 10,524,567</u>
Business-Type Activities					
Compensated absences	\$ 32,745	\$ --	\$ 10,853	\$ 21,892	\$ 1,751
Notes payable	26,935	--	9,463	17,472	6,487
	<u>\$ 59,680</u>	<u>\$ --</u>	<u>\$ 20,316</u>	<u>\$ 39,364</u>	<u>\$ 8,238</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, 2009, annual debt service requirements of governmental activities having fixed maturities are shown below. The \$3,000,000 HUD Home Program note payable is not included in the schedule.

Year Ending June 30:	Governmental Activities			
	Notes Payables		Bonds Payables	
	Principal	Interest	Principal	Interest
2010	\$ 110,397	\$ 17,673	\$ 4,180,000	\$ 99,275
2011	114,857	13,213	--	--
2012	119,477	8,593	--	--
2013	124,324	3,746	--	--
	<u>\$ 469,055</u>	<u>\$ 43,225</u>	<u>\$ 4,180,000</u>	<u>\$ 99,275</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

As of June 30, 2009, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities	
	Notes Payables	
	Principal	Interest
2010	\$ 6,487	\$ 1,276
2011	6,487	794
2012	3,567	312
2013	931	65
	<u>\$ 17,472</u>	<u>\$ 2,447</u>

Note 7: **Leases**

Operating Lease Obligations

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$4.2 million for the year ended June 30, 2009.

Future minimum operating lease commitments are as follows:

Year Ending June 30:	
2010	\$ 3,476,228
2011	3,011,182
2012	2,168,363
2013	858,106
2014	240,969
2015	<u>682</u>
Total	<u>\$ 9,755,530</u>

Capital Lease Obligations

The County accounts for capital leases in the governmental fund types in accordance with the provisions of GASB Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a general fixed asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. The total lease payments for the fiscal year were \$393,777 for which \$41,296 represented interest cost.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 7: **Leases** (continued)

Capital Lease Obligations (continued)

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

Year Ending June 30:		
2010	\$	326,148
2011		326,148
2012		178,506
2013		44,626
Total minimum lease payments		875,428
Less amount representing interest		(50,695)
Total	\$	824,733

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

	Governmental Activities
Road equipment	\$ 3,171,465
Less: accumulated depreciation	(951,954)
Net Value	\$ 2,219,511

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

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

The County ceased accepting waste from the public in 1997 and 8.2 acres or 19.4 percent of the landfill's 42.3 acres remain open to waste generated onsite. The estimated landfill closure care liability of \$1,717,069 reported as of June 30, 2009, 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 \$6,392,400 representing postclosure costs for the entire 42.3 acres has been recognized and is a cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes.

State and federal laws require the County to make contributions to a special fund in order to finance closure care. At June 30, 2009, cash and investments held of \$1,717,069 are part of the pooled funds held by the County treasurer and are reported as restricted assets on the Statement of Net Assets. Currently, the amount held as restricted cash is sufficient to cover the entire closure liability.

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 9: **Interfund Transactions**

The composition of interfund balances as of June 30, 2009 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Enterprise Fund - County Airports	\$ 86,990	Advance for fuel tank replacement and provide for cash flow
	Other Governmental Funds	1,804	Debt Service Fund administration cost due back to General Fund
	Other Governmental Funds	118,037	Realignment funds
	Other Governmental Funds	219,400	Advance to Community Services funds to cover cash shortfall
	Other Governmental Funds	478,000	Advance to Health funds to cover cash shortfall
	Other Governmental Funds	1,330,000	Advance to Erosion Control funds to cover cash shortfall
	Other Governmental Funds	54,278	Reimbursement for Auto Fraud program expenditures
	Other Governmental Funds	6,662	Reimbursement for Group Home Monthly Visit program expenditures
	Other Governmental Funds	114,695	Reimbursement for Child Support administration expenditures
			<u>2,409,866</u>
Road Fund	Other Governmental Funds	597,412	Capital Project funds for road improvements
		<u>597,412</u>	
Mental Health Fund	General Fund	1,095,643	General Fund contribution to Mental Health Fund
	Other Governmental Funds	390,437	Mental Health Sales Tax Realignment Funds
	Other Governmental Funds	56,604	Mental Health Vehicle License Fees
		<u>1,542,684</u>	
Other Governmental Funds	Other Governmental Funds	213,505	Sales Tax Realignment funds for Health programs
	Other Governmental Funds	331,204	Vehicle License Fees for Health programs
	Other Governmental Funds	281,751	Public Health MAA funds
	Other Governmental Funds	8,145	Community Services - Senior Day Care due from MAA
	Other Governmental Funds	25,840	ACO funds due from Criminal Justice Facility construction
	General Fund	331,204	Vehicle License Fees Health
	General Fund	56,604	Vehicle License Fees Mental Health
	General Fund	14,818	Vehicle License Fees Social Services
		<u>1,263,071</u>	
	Total	<u>\$ 5,813,033</u>	

Advances To/From Other Funds:

Advanced from	Advanced to	Amount	Purpose
General Fund	Other Governmental Funds	\$ 100,000	Advance to Housing Authority
	Other Governmental Funds	110,000	Advance to Public Authority
	Mental Health Fund	3,319,000	Advance to Mental Health
		<u>3,529,000</u>	
Silva Valley Interchange RIF Fund	Other Governmental Funds	1,401,199	Cash advance to El Dorado Hills TIM for Road Construction
		<u>1,401,199</u>	
	Total	<u>\$ 4,930,199</u>	

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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.

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 86,978	Timber Tax to Sheriff's Office Patrol, Search and Rescue
	Other Governmental Funds	1,156,594	County Service Area #10 Special Tax Revenues to Library General Fund Operating
	Other Governmental Funds	27,432	State Off-Highway Vehicle Funds to Sheriff Operating
	Other Governmental Funds	477,064	Time Share and Redemption Fees to Auditor / TTC / Assessor
	Other Governmental Funds	3,091	Overages Treasurer Tax Collector Operating
	Other Governmental Funds	208,526	Park Fees to Parks and Grounds General Fund Operating
	Other Governmental Funds	855,298	Grant Revenues to District Attorney General Fund Operating
	Other Governmental Funds	457,971	Sheriff's Restricted Revenues (Fingerprint Identification, Grants) to Sheriff's Operating Grant Funding (TANF Block Grant, Title IV E Grant) and DNA Identification funds to Probation Operating
	Other Governmental Funds	193,092	Operating
	Other Governmental Funds	393,591	Faxed in Permits and Commercial Grading to Building Operating Micro, Computer System, Notary Public Confidential Marriage, Vital Health Statistics to Recorder Operating
	Other Governmental Funds	602,659	Operating
	Other Governmental Funds	839,720	Planning Projects Revenues to Planning; Ecological Preserve Fee distribution to Building and Planning
	Other Governmental Funds	350,556	Engineer Time and Materials to DOT County Engineer
	Other Governmental Funds	8,500	Animal Neuter Deposits Funds to Animal Control Operating
	Other Governmental Funds	9,030	License Plate Fees to Veteran Services Operating
	Other Governmental Funds	10,322	Purdy Trust/Mountain Democrat Kincaide Commuter funds to Library Operating
	Other Governmental Funds	245,446	Realignment funds to Health and Welfare: Animal Control
	Other Governmental Funds	177,130	Realignment funds to Health and Welfare: Environmental Health
	Other Governmental Funds	4,451,172	Realignment funds to Health and Welfare: Social Services
	Other Governmental Funds	165,649	Realignment funds to Health and Welfare: Probation
	Other Governmental Funds	448,063	Supplemental Law Enforcement Services Fund (SLESF) to Sheriff/DA/Probation Operating
	Other Governmental Funds	4,496,126	Child Support Enforcement Administration Funding to Operating
	Other Governmental Funds	19	Jensen Memorial Trust Funds to Library Operating
		<u>15,664,029</u>	
Road Fund	General Fund	143,127	General Fund Contribution in Lieu of MVLF Measure H
	Silva Valley Interchange RIF	320,737	Road Impact Fee to Road Fund Operating
	Other Governmental Funds	34,615,716	Road District Tax, Motor Vehicle Fees and Traffic Impact Fees to Road Fund Operating
		<u>35,079,580</u>	
Mental Health Fund	General Fund	3,060,643	General Fund Contribution for Year End Cash Deficit
	Other Governmental Funds	3,726,702	Realignment Funds to Mental Health
		<u>6,787,345</u>	

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

Transfers (continued)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
Enterprise Fund - Airports	General Fund	\$ 68,394	General Fund Contribution
	Other Governmental Funds	20,000	Special Aviation and Community Enhancement Funding
		<u>88,394</u>	
Other Governmental Funds	General Fund	1,481,460	General Fund Contribution to Community Services
	General Fund	5,550,292	General Fund Contribution to Public Health
	General Fund	190,001	Social Services SB163 Wraparound Funding
	General Fund	55,436	General Fund Contribution to IHSS Public Authority Fund
	General Fund	272,924	General Fund Transfer to Stat Off-Highway Vehicle
	General Fund	3,994	General Fund Transfer to Change Difference Shortage
	General Fund	22,873	General Fund Contribution to Human Services
	General Fund	4,798,697	General Fund Contribution to Health and Welfare
	General Fund	2,932	General Fund Return Interest to Child Support Services
	General Fund	92,337	General Fund Contribution to ACO Fund
	General Fund	1,737,723	General Fund Contribution to Debt Service Fund
	Other Governmental Funds	420,000	Transfer ACO Fund Bond Reserve to Debt Service Fund
	Other Governmental Funds	489,248	Criminal Justice Facility/Courthouse Construction Fund Contribution to ACO Fund
	Other Governmental Funds	55,798	River Use Permit Fund Contribution to ACO Fund
	Other Governmental Funds	380,137	Debt Svc Fund Transfer to DOT for Road Construction
Other Governmental Funds	59,603	Ecological Preserve Special Revenues to Rare Plant Preserve Permanent Fund	
		<u>15,613,455</u>	
	Total	<u>\$ 73,232,803</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 executive office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County makes the contributions required of its employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 13.050% for non-safety employees and 24.249% for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

Annual Pension Cost

For fiscal year 2008-2009, the County's annual pension cost of \$17,268,162 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial. Assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and 3.25% to 13.15% depending on age, service and type of employment for safety members. An inflation component of 3.0% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 15,701	100%	\$ --
6/30/08	16,709	100%	--
6/30/09	17,268	100%	--

Funded Status and funding Progress

The following is the funded status information for each plan as of June 30, 2008, the most recent actuarial valuation date:

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value Of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
Miscellaneous	\$ 408,587,433	\$ 345,143,065	\$ 63,444,368	84.5%	\$ 93,261,130	68.0%
Safety	180,264,741	143,638,407	36,626,334	79.7%	26,230,636	139.6%

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 actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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. Retirees are eligible for the following 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. The amount paid to each individual retiree will be limited such that total County contributions do not exceed 1.2% of total payroll.
- 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.

The above 1.2% payroll cap applies to the County’s contribution only. 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.

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 2008-2009 ARC is \$13,339,000.

Annual OPEB Cost and Net OPEB Obligation.

For 2009, the County’s annual OPEB cost (expense) was \$13,223,703 and the Net OPEB Obligation was \$23,066,781. Actual contributions made during the year were \$1,406,922.

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 two fiscal years are as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$13,224	10.6%	\$23,067
6/30/08	\$12,521	10.2%	\$11,250

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

Funded Status and Funding Progress. The funded status of the plan as of July 1, 2008, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$112,218
Actuarial value of plan assets	<u>\$ 0</u>
Unfunded actuarial accrued liability (UAAL)	\$112,218
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	\$129,300
UAAL as a percentage of covered payroll	86.8%

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 actuarial 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 July 1, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return based on the assumption that benefits will be paid from general County assets earmarked for purposes of County Postretirement Benefits, and not invested in a separate trust. This rate includes a 2.5% 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, 2009 was 18 years.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 12: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim and up to a maximum lifetime benefit of \$2 million in health insurance benefits through its Blue Shield health insurance program. The County's self-insured retention for its health insurance program is \$175,000 per employee. The County also offers two other health insurance programs to its employees which are not self-insured. Health benefits through Kaiser and Pacific Care are based on monthly premiums with no lifetime maximums per employee. The County purchases 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 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 \$18,312,064 reported in the Risk Management Fund at June 30, 2009 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, 2009 and 2008 were as follows:

	2009	2008
Unpaid claims, beginning of year	\$ 17,832,260	\$ 25,819,994
Plus estimated claims incurred	30,825,532	28,798,638
Less claims payments	(30,345,728)	(24,818,579)
Less reclassification of liability for post-employment benefits	--	(11,967,793)
Unpaid claims, end of year	\$ 18,312,064	\$ 17,832,260

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 13: **Commitments and Contingencies**

Grants

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

Pending Litigation

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

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

A. Net Assets/Fund Balances

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

- *Invested in Capital Assets, Net of Related Debt:* This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. Included in governmental activities restricted net assets at June 30, 2009, are net assets restricted by enabling legislation of \$89.4 million.
- *Unrestricted Net Assets:* This category represents net assets of the County, not restricted for any project or other project.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

A. **Net Assets/Fund Balances** (continued)

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

The County has “reserved” fund balances as follows:

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

A. **Net Assets/Fund Balances** (continued)

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

B. **Prior Period Adjustments**

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

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

	<u>Governmental Activities</u> <u>Government-Wide</u> <u>Statement of Activities</u> <u>Total</u> <u>Governmental</u> <u>Activities</u>
Net assets, June 30, 2008, as previously reported	\$ 539,536,006
Restatements:	
Adjust beginning infrastructure	(9,120,082)
Adjust beginning accumulated depreciation for infrastructure	2,994,345
Total restatements	<u>(6,125,737)</u>
Net assets, June 30, 2008, as restated	<u>\$ 533,410,269</u>

C. **Deficit Fund Balances**

The following fund had a fund balance deficit as of June 30, 2009:

Nonmajor Governmental Funds:	
Health: Alcohol Drug Program	\$ 438,386

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

The County has two Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2009, is as follows:

Component Units Statement of Net Assets
June 30, 2009

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
<u>ASSETS</u>			
Current and other assets	\$ 6,248,651	\$ 6,122,819	\$ 12,371,470
Capital assets	131,076	5,846,016	5,977,092
Restricted cash	--	1,391,323	1,391,323
Total Assets	<u>\$ 6,379,727</u>	<u>\$ 13,360,158</u>	<u>\$ 19,739,885</u>
<u>LIABILITIES</u>			
Current liabilities	\$ 294,963	\$ 4,110,486	\$ 4,405,449
Long-term liabilities	--	589,323	589,323
Total Liabilities	<u>294,963</u>	<u>4,699,809</u>	<u>4,994,772</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	131,076	5,846,016	5,977,092
Restricted	5,953,688	--	5,953,688
Unrestricted	--	2,814,333	2,814,333
Total Net Assets	<u>6,084,764</u>	<u>8,660,349</u>	<u>14,745,113</u>
Total Liabilities and Net Assets	<u>\$ 6,379,727</u>	<u>\$ 13,360,158</u>	<u>\$ 19,739,885</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

Component Units Statement of Activities
For the Year Ended June 30, 2009

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for current services	\$ --	\$ 1,256,635	\$ 1,256,635
Operating grants and contributions	2,124,820	3,843,537	5,968,357
Capital grants and contributions	--	1,355,777	1,355,777
General Revenues:			
Interest and investment earnings	93,613	87,275	180,888
Other revenues	--	18,603	18,603
Total Revenues	<u>2,218,433</u>	<u>6,561,827</u>	<u>8,780,260</u>
 Expenses:			
Health and sanitation	2,181,430	--	2,181,430
Public ways and facilities	--	5,870,289	5,870,289
Total Expenses	<u>2,181,430</u>	<u>5,870,289</u>	<u>8,051,719</u>
 Change in net assets	37,003	691,538	728,541
 Net Assets - Beginning of Year	<u>6,047,761</u>	<u>7,968,811</u>	<u>14,016,572</u>
 Net Assets - End of Year	<u><u>\$ 6,084,764</u></u>	<u><u>\$ 8,660,349</u></u>	<u><u>\$ 14,745,113</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Required Supplementary Information
For the Year Ended June 30, 2009

SCHEDULES OF FUNDING PROGRESS

The tables below show a three-year comparison of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the County Employee’s Retirement Pension Plan as of the actuarial valuation date.

Miscellaneous Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/06	\$ 343,482,244	\$ 285,498,483	\$ 57,983,761	83.1%	\$ 80,807,657	71.8%
6/30/07	379,808,188	316,605,643	63,202,545	83.4%	92,029,127	68.7%
6/30/08	408,587,433	345,143,065	63,444,368	84.5%	93,261,130	68.0%

Safety Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/06	\$ 153,493,254	\$ 118,945,127	\$ 34,548,127	77.5%	\$ 22,211,594	155.5%
6/30/07	167,483,888	131,342,533	36,141,355	78.4%	24,034,538	150.4%
6/30/08	180,264,741	143,638,407	36,626,334	79.7%	26,230,636	139.6%

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

Retiree’s Health

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
7/01/08	\$ 112,218,000	\$ --	\$ 112,218,000	0.0%	\$ 129,300,000	86.8%

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 15,652,476	\$ 16,010,493	\$ 16,010,493	\$ --
Resources (inflows):				
Taxes	95,517,938	92,163,630	92,310,649	147,019
Licenses, permits and franchises	6,700,570	4,884,914	4,667,120	(217,794)
Fines, forfeits and penalties	918,247	995,486	930,969	(64,517)
Use of money or property	1,647,125	377,125	345,135	(31,990)
Intergovernmental revenue - State	35,221,398	34,248,305	34,536,629	288,324
Intergovernmental revenue - Federal	20,050,708	21,319,305	18,857,051	(2,462,254)
Revenue other governmental agencies	1,339,093	853,600	1,390,309	536,709
Charges for services	20,719,938	20,816,301	18,711,860	(2,104,441)
Miscellaneous revenue	1,508,317	1,539,870	1,650,353	110,483
Other financing sources	20,446,478	20,699,841	15,664,029	(5,035,812)
	<u>204,069,812</u>	<u>197,898,377</u>	<u>189,064,104</u>	<u>(8,834,273)</u>
Amounts available for appropriation	<u>219,722,288</u>	<u>213,908,870</u>	<u>205,074,597</u>	<u>(8,834,273)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and employee benefits	1,397,251	1,360,271	1,323,956	36,315
Services and supplies	130,035	83,762	76,262	7,500
Other charges	625	625	130	495
Intrafund transfers	58,127	58,127	51,982	6,145
Intrafund abatement	(668)	(668)	(668)	--
	<u>1,585,370</u>	<u>1,502,117</u>	<u>1,451,662</u>	<u>50,455</u>
County Administrative Office				
Salaries and employee benefits	1,493,127	1,480,447	1,415,862	64,585
Services and supplies	149,919	86,521	80,053	6,468
Other charges	27,000	27,000	26,639	361
Intrafund transfers	32,934	32,934	31,454	1,480
	<u>1,702,980</u>	<u>1,626,902</u>	<u>1,554,008</u>	<u>72,894</u>
Annual Audit				
Services and supplies	105,970	105,970	99,970	6,000
	<u>105,970</u>	<u>105,970</u>	<u>99,970</u>	<u>6,000</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller				
Salaries and employee benefits	\$ 3,045,329	\$ 2,681,870	\$ 2,670,229	\$ 11,641
Services and supplies	109,479	86,324	73,216	13,108
Other charges	200	200	--	200
Intrafund transfers	313,655	313,655	307,833	5,822
Intrafund abatement	(55,643)	(55,643)	(58,437)	2,794
	<u>3,413,020</u>	<u>3,026,406</u>	<u>2,992,841</u>	<u>33,565</u>
Treasurer/Tax Collector				
Salaries and employee benefits	1,872,631	1,825,270	1,713,565	111,705
Services and supplies	512,544	507,231	410,618	96,613
Other charges	400	400	--	400
Other financing uses	4,500	4,500	3,994	506
Intrafund transfers	391,968	391,968	357,911	34,057
Intrafund abatement	(5,500)	(5,500)	(3,105)	(2,395)
	<u>2,776,543</u>	<u>2,723,869</u>	<u>2,482,983</u>	<u>240,886</u>
Assessor				
Salaries and employee benefits	3,579,284	3,494,700	3,488,565	6,135
Services and supplies	156,739	141,739	115,053	26,686
Other charges	2,000	2,000	--	2,000
Intrafund transfers	429,525	429,525	367,681	61,844
	<u>4,167,548</u>	<u>4,067,964</u>	<u>3,971,299</u>	<u>96,665</u>
Purchasing				
Salaries and employee benefits	521,524	431,810	414,359	17,451
Services and supplies	28,161	24,692	28,415	(3,723)
Intrafund transfers	25,830	23,830	25,095	(1,265)
	<u>575,515</u>	<u>480,332</u>	<u>467,869</u>	<u>12,463</u>
Revenue Recovery				
Salaries and employee benefits	329,290	351,476	346,681	4,795
Services and supplies	39,017	59,259	59,427	(168)
Intrafund transfers	12,555	12,555	13,111	(556)
Intrafund abatement	(10,100)	(14,149)	(14,252)	103
	<u>370,762</u>	<u>409,141</u>	<u>404,967</u>	<u>4,174</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
County Council				
Salaries and employee benefits	\$ 2,430,928	\$ 2,222,368	\$ 2,205,236	\$ 17,132
Services and supplies	343,423	290,998	193,329	97,669
Other charges	80	--	--	--
Residual equity transfer	--	20,000	--	20,000
Intrafund transfers	49,900	44,522	41,429	3,093
Intrafund abatement	--	--	(35,858)	35,858
	<u>2,824,331</u>	<u>2,577,888</u>	<u>2,404,136</u>	<u>173,752</u>
Human Resources				
Salaries and employee benefits	933,898	804,631	778,644	25,987
Services and supplies	149,489	109,175	91,602	17,573
Intrafund transfers	31,846	30,846	29,470	1,376
	<u>1,115,233</u>	<u>944,652</u>	<u>899,716</u>	<u>44,936</u>
Recorder - Elections				
Salaries and employee benefits	839,316	877,704	826,018	51,686
Services and supplies	886,095	1,107,448	631,427	476,021
Other charges	400	--	--	--
Capital assets	--	23,988	23,749	239
Intrafund transfers	37,771	45,686	43,604	2,082
	<u>1,763,582</u>	<u>2,054,826</u>	<u>1,524,798</u>	<u>530,028</u>
Communications				
Salaries and employee benefits	678,569	616,116	672,260	(56,144)
Services and supplies	1,568,164	1,836,040	1,503,016	333,024
Services and supplies abatements	--	(400,000)	(281,663)	(118,337)
Capital assets	60,000	60,000	--	60,000
Intrafund transfers	4,709	4,539	2,684	1,855
Intrafund abatement	(800,000)	(856,779)	(838,633)	(18,146)
	<u>1,511,442</u>	<u>1,259,916</u>	<u>1,057,664</u>	<u>202,252</u>
Mail and Courier				
Salaries and employee benefits	53,667	27,877	28,543	(666)
Services and supplies	22,746	19,746	21,396	(1,650)
Intrafund transfers	1,770	1,770	184	1,586
Intrafund abatement	(101,017)	(101,017)	(101,014)	(3)
	<u>(22,834)</u>	<u>(51,624)</u>	<u>(50,891)</u>	<u>(733)</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Buildings and Grounds				
Salaries and employee benefits	\$ 2,809,516	\$ 2,664,743	\$ 2,361,999	\$ 302,744
Services and supplies	1,756,074	1,756,074	1,434,086	321,988
Other charges	277,207	369,660	307,003	62,657
Intrafund transfers	96,561	96,561	95,868	693
Intrafund abatement	(173,864)	(173,864)	(180,976)	7,112
	<u>4,765,494</u>	<u>4,713,174</u>	<u>4,017,980</u>	<u>695,194</u>
Property Management				
Salaries and employee benefits	21,716	21,716	15,832	5,884
Services and supplies	21,075	21,075	2,567	18,508
Other charges	150	150	552	(402)
Intrafund transfers	2,366	2,366	446	1,920
	<u>45,307</u>	<u>45,307</u>	<u>19,397</u>	<u>25,910</u>
County Promotion				
Services and supplies	802,562	802,562	621,146	181,416
	<u>802,562</u>	<u>802,562</u>	<u>621,146</u>	<u>181,416</u>
Information Technologies				
Salaries and employee benefits	4,547,953	4,487,067	4,426,680	60,387
Services and supplies	2,093,323	1,891,420	1,555,882	335,538
Other charges	200	100	100	--
Capital assets	222,000	461,817	327,671	134,146
Intrafund transfers	121,812	144,506	136,580	7,926
Intrafund abatement	(3,779,896)	(3,611,801)	(3,447,829)	(163,972)
	<u>3,205,392</u>	<u>3,373,109</u>	<u>2,999,084</u>	<u>374,025</u>
Surveyor				
Salaries and employee benefits	1,912,368	1,845,328	1,796,317	49,011
Services and supplies	159,321	145,920	83,235	62,685
Other charges	--	480	480	--
Capital assets	27,520	7,095	4,842	2,253
Intrafund transfers	174,592	174,592	146,337	28,255
Intrafund abatement	(365,128)	(365,128)	(325,456)	(39,672)
	<u>1,908,673</u>	<u>1,808,287</u>	<u>1,705,755</u>	<u>102,532</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
General Services Administration				
Salaries and employee benefits	\$ 862,874	\$ 862,874	\$ 890,086	\$ (27,212)
Services and supplies	74,752	74,752	39,346	35,406
Other charges	27,080	79,400	52,320	27,080
Other financing uses	33,689	33,689	--	33,689
Intrafund transfers	36,720	36,720	18,664	18,056
Intrafund abatement	(32,718)	(32,718)	--	(32,718)
	<u>1,002,397</u>	<u>1,054,717</u>	<u>1,000,416</u>	<u>54,301</u>
Employee Benefits				
Salaries and employee benefits	500,001	307,576	11,190	296,386
	<u>500,001</u>	<u>307,576</u>	<u>11,190</u>	<u>296,386</u>
Engineer				
Services and supplies	505,000	505,000	64,318	440,682
Other charges	2,054,881	2,054,881	1,303,388	751,493
Intrafund transfers	41,000	41,000	34,888	6,112
	<u>2,600,881</u>	<u>2,600,881</u>	<u>1,402,594</u>	<u>1,198,287</u>
Contribution to Other Funds				
Services and supplies	765,655	402,516	395,703	6,813
Other charges	120,738	120,738	112,492	8,246
Capital assets	(50,000)	--	--	--
Other financing uses	21,075,827	23,080,504	15,757,391	7,323,113
	<u>21,912,220</u>	<u>23,603,758</u>	<u>16,265,586</u>	<u>7,338,172</u>
Contribution to Other Agencies				
Services and supplies	5,000	5,000	--	5,000
Other charges	1,447,782	1,455,426	1,455,426	--
	<u>1,452,782</u>	<u>1,460,426</u>	<u>1,455,426</u>	<u>5,000</u>
Contribution to Airports				
Other financing uses	106,816	106,816	68,394	38,422
	<u>106,816</u>	<u>106,816</u>	<u>68,394</u>	<u>38,422</u>
Other General				
Services and supplies	55,000	55,000	18,215	36,785
Other financing uses	473,764	473,764	440,201	33,563
Intrafund abatement	(97,515)	(97,515)	(97,515)	--
	<u>431,249</u>	<u>431,249</u>	<u>360,901</u>	<u>70,348</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Central Services				
Salaries and employee benefits	\$ 184,209	\$ 184,209	\$ 173,070	\$ 11,139
Services and supplies	36,214	333,214	285,729	47,485
Services and supplies abatements	--	(297,000)	(265,066)	(31,934)
Other charges	600	600	109	491
Intrafund transfers	21,910	21,910	12,910	9,000
Intrafund abatement	(107,800)	(107,800)	(107,800)	--
	<u>135,133</u>	<u>135,133</u>	<u>98,952</u>	<u>36,181</u>
General Government	<u>60,758,369</u>	<u>61,171,354</u>	<u>49,287,843</u>	<u>11,883,511</u>
<u>Public Protection</u>				
Superior Court MOE				
Services and supplies	1,314,000	1,414,000	1,392,678	21,322
Other charges	1,161,283	1,203,309	1,164,643	38,666
	<u>2,475,283</u>	<u>2,617,309</u>	<u>2,557,321</u>	<u>59,988</u>
Grand Jury				
Salaries and employee benefits	187	187	187	--
Services and supplies	98,474	97,277	76,159	21,118
Intrafund transfers	8,350	9,547	9,547	--
	<u>107,011</u>	<u>107,011</u>	<u>85,893</u>	<u>21,118</u>
District Attorney				
Salaries and employee benefits	7,353,816	7,325,276	7,214,735	110,541
Services and supplies	664,175	652,093	538,678	113,415
Other charges	--	6,314	6,314	--
Capital assets	18,600	18,600	6,551	12,049
Intrafund transfers	197,267	198,035	198,035	--
Intrafund abatement	--	(125,000)	(125,000)	--
	<u>8,233,858</u>	<u>8,075,318</u>	<u>7,839,313</u>	<u>236,005</u>
Child Support Services				
Salaries and employee benefits	4,118,042	3,969,711	3,817,389	152,322
Services and supplies	536,104	627,300	589,069	38,231
Other charges	--	--	2,065	(2,065)
Capital assets	--	32,135	30,925	1,210
Intrafund transfers	272,996	297,996	288,730	9,266
	<u>4,927,142</u>	<u>4,927,142</u>	<u>4,728,178</u>	<u>198,964</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Defender				
Salaries and employee benefits	\$ 2,803,247	\$ 2,735,089	\$ 2,736,900	\$ (1,811)
Services and supplies	260,900	287,537	277,878	9,659
Other charges	400	--	--	--
Capital assets	2,700	--	--	--
Intrafund transfers	46,248	55,573	53,222	2,351
	<u>3,113,495</u>	<u>3,078,199</u>	<u>3,068,000</u>	<u>10,199</u>
Sheriff-Bailiff				
Salaries and employee benefits	3,275,778	3,275,778	3,062,522	213,256
Services and supplies	126,950	144,400	92,797	51,603
Capital assets	3,620	3,620	3,620	--
Intrafund transfers	1,870	1,870	2,208	(338)
	<u>3,408,218</u>	<u>3,425,668</u>	<u>3,161,147</u>	<u>264,521</u>
Sheriff				
Salaries and employee benefits	29,200,073	28,243,818	28,013,023	230,795
Services and supplies	6,452,124	5,224,234	4,574,851	649,383
Other charges	72,280	554,655	521,208	33,447
Capital assets	723,498	1,352,974	704,358	648,616
Other financing uses	104,000	194,634	92,337	102,297
Intrafund transfers	389,766	365,335	349,212	16,123
Intrafund abatement	--	--	(4,260)	4,260
	<u>36,941,741</u>	<u>35,935,650</u>	<u>34,250,729</u>	<u>1,684,921</u>
Central Dispatch				
Salaries and employee benefits	2,845,937	2,609,717	2,137,474	472,243
Services and supplies	37,858	37,858	28,987	8,871
Intrafund transfers	20,038	20,538	14,922	5,616
	<u>2,903,833</u>	<u>2,668,113</u>	<u>2,181,383</u>	<u>486,730</u>
Jail				
Salaries and employee benefits	12,308,379	11,519,474	11,892,895	(373,421)
Services and supplies	2,059,129	1,994,109	1,845,410	148,699
Other charges	23,319	23,319	35,865	(12,546)
Capital assets	33,850	13,200	10,405	2,795
Intrafund transfers	96,569	176,656	178,959	(2,303)
	<u>14,521,246</u>	<u>13,726,758</u>	<u>13,963,534</u>	<u>(236,776)</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Juvenile Hall				
Salaries and employee benefits	\$ 4,683,014	\$ 4,512,553	\$ 4,356,512	\$ 156,041
Services and supplies	725,728	725,728	577,535	148,193
Other charges	114,125	63,000	14,997	48,003
Capital assets	1,500	--	--	--
Intrafund transfers	89,216	89,216	56,639	32,577
	<u>5,613,583</u>	<u>5,390,497</u>	<u>5,005,683</u>	<u>384,814</u>
Probation Department				
Salaries and employee benefits	6,402,733	6,367,733	6,046,176	321,557
Services and supplies	1,386,704	1,264,538	808,024	456,514
Other charges	12,000	12,000	150	11,850
Capital assets	8,912	12,578	11,126	1,452
Intrafund transfers	366,150	366,150	326,823	39,327
	<u>8,176,499</u>	<u>8,022,999</u>	<u>7,192,299</u>	<u>830,700</u>
Agricultural Commission				
Salaries and employee benefits	1,080,262	1,056,862	1,033,114	23,748
Services and supplies	323,174	268,630	210,675	57,955
Other charges	1,000	24,993	24,972	21
Capital assets	--	11,551	10,868	683
Intrafund transfers	59,611	59,611	55,560	4,051
	<u>1,464,047</u>	<u>1,421,647</u>	<u>1,335,189</u>	<u>86,458</u>
Building Inspector				
Salaries and employee benefits	5,002,056	4,051,075	3,999,174	51,901
Services and supplies	720,932	441,209	417,895	23,314
Other charges	2,490	2,490	1,272	1,218
Intrafund transfers	1,940,841	1,940,841	782,722	1,158,119
Intrafund abatement	(1,765,303)	(1,765,303)	(16,556)	(1,748,747)
	<u>5,901,016</u>	<u>4,670,312</u>	<u>5,184,507</u>	<u>(514,195)</u>
Coroner				
Salaries and employee benefits	653,661	610,334	606,803	3,531
Services and supplies	267,602	254,675	226,510	28,165
Intrafund transfers	2,358	2,358	1,219	1,139
	<u>923,621</u>	<u>867,367</u>	<u>834,532</u>	<u>32,835</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Emergency Services				
Salaries and employee benefits	\$ 437,653	\$ 437,653	\$ 540,786	\$ (103,133)
Services and supplies	63,772	63,772	42,274	21,498
Intrafund transfers	3,930	4,230	12,602	(8,372)
	<u>505,355</u>	<u>505,655</u>	<u>595,662</u>	<u>(90,007)</u>
Recorder/Clerk				
Salaries and employee benefits	1,092,235	1,094,660	1,076,687	17,973
Services and supplies	575,341	535,074	198,722	336,352
Other charges	500	--	--	--
Capital assets	13,500	13,500	--	13,500
Intrafund transfers	123,012	117,138	112,328	4,810
	<u>1,804,588</u>	<u>1,760,372</u>	<u>1,387,737</u>	<u>372,635</u>
Planning and Zoning				
Salaries and employee benefits	2,563,059	2,008,163	2,002,826	5,337
Services and supplies	227,117	167,175	176,170	(8,995)
Other charges	105,000	85,787	85,787	--
Intrafund transfers	615,756	615,756	23,006	592,750
	<u>3,510,932</u>	<u>2,876,881</u>	<u>2,287,789</u>	<u>589,092</u>
Animal Control				
Salaries and employee benefits	1,456,062	1,393,062	1,364,975	28,087
Services and supplies	671,042	691,042	555,286	135,756
Other charges	313,312	300,417	290,001	10,416
Capital assets	12,000	2,000	--	2,000
Intrafund transfers	82,108	82,108	66,895	15,213
	<u>2,534,524</u>	<u>2,468,629</u>	<u>2,277,157</u>	<u>191,472</u>
Public Guardian				
Salaries and employee benefits	955,676	913,860	910,872	2,988
Services and supplies	100,856	100,856	99,238	1,618
Other charges	221,923	221,923	6,468	215,455
Intrafund transfers	28,672	28,672	27,876	796
	<u>1,307,127</u>	<u>1,265,311</u>	<u>1,044,454</u>	<u>220,857</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Cemeteries				
Salaries and employee benefits	\$ 34,599	\$ 34,599	\$ 34,754	\$ (155)
Services and supplies	49,241	49,241	14,908	34,333
Other charges	235	235	233	2
Capital assets	8,000	8,000	--	8,000
Other financing uses	6,738	6,738	--	6,738
Intrafund transfers	20,458	20,458	2,612	17,846
	<u>119,271</u>	<u>119,271</u>	<u>52,507</u>	<u>66,764</u>
Public Protection	<u>108,492,390</u>	<u>103,930,109</u>	<u>99,033,014</u>	<u>4,897,095</u>
<u>Health and Sanitation</u>				
Public Health				
Salaries and employee benefits	2,479,106	2,399,106	2,244,218	154,888
Services and supplies	269,042	258,042	171,203	86,839
Other charges	394	2,894	1,120	1,774
Intrafund transfers	580,358	588,858	491,566	97,292
Intrafund abatement	(469,306)	(469,306)	(401,524)	(67,782)
	<u>2,859,594</u>	<u>2,779,594</u>	<u>2,506,583</u>	<u>273,011</u>
Health and Sanitation	<u>2,859,594</u>	<u>2,779,594</u>	<u>2,506,583</u>	<u>273,011</u>
<u>Public Assistance</u>				
Social Services Administration				
Salaries and employee benefits	11,065,624	10,634,909	11,003,691	(368,782)
Services and supplies	2,088,179	2,225,813	2,063,640	162,173
Other charges	1,099,620	1,264,620	971,994	292,626
Capital assets	161,632	430,150	59,770	370,380
Intrafund transfers	668,415	854,756	790,533	64,223
	<u>15,083,470</u>	<u>15,410,248</u>	<u>14,889,628</u>	<u>520,620</u>
Social Services Programs				
Salaries and employee benefits	4,688,534	4,488,534	4,094,656	393,878
Services and supplies	1,044,487	1,244,487	1,137,483	107,004
Other charges	1,911,640	2,077,655	1,717,559	360,096
Other financing uses	25,000	25,000	22,873	2,127
Intrafund abatement	--	--	460	(460)
	<u>7,669,661</u>	<u>7,835,676</u>	<u>6,973,031</u>	<u>862,645</u>
Categorical Aids				
Other charges	<u>13,479,227</u>	<u>15,234,375</u>	<u>15,060,102</u>	<u>174,273</u>
	<u>13,479,227</u>	<u>15,234,375</u>	<u>15,060,102</u>	<u>174,273</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Aids to Indigents				
Services and supplies	\$ 24,000	\$ 24,000	\$ 23,900	\$ 100
Other charges	164,000	164,000	99,029	64,971
	<u>188,000</u>	<u>188,000</u>	<u>122,929</u>	<u>65,071</u>
Veterans' Services				
Salaries and employee benefits	377,806	350,198	339,294	10,904
Services and supplies	100,545	94,965	59,647	35,318
Other charges	100	100	--	100
Capital assets	3,500	3,500	--	3,500
Intrafund transfers	21,167	26,747	24,497	2,250
	<u>503,118</u>	<u>475,510</u>	<u>423,438</u>	<u>52,072</u>
Public Assistance	<u>36,923,476</u>	<u>39,143,809</u>	<u>37,469,128</u>	<u>1,674,681</u>
<u>Education</u>				
County Library				
Salaries and employee benefits	2,390,739	2,384,491	2,378,688	5,803
Services and supplies	600,004	758,560	701,892	56,668
Other charges	1,200	1,200	4,801	(3,601)
Capital assets	9,000	9,000	8,508	492
Intrafund transfers	98,065	105,665	100,042	5,623
	<u>3,099,008</u>	<u>3,258,916</u>	<u>3,193,931</u>	<u>64,985</u>
University of California				
Cooperative Extension				
Salaries and employee benefits	234,357	213,752	216,882	(3,130)
Services and supplies	24,628	21,748	17,229	4,519
Other charges	86,526	86,438	86,438	--
Intrafund transfers	17,532	17,532	15,710	1,822
	<u>363,043</u>	<u>339,470</u>	<u>336,259</u>	<u>3,211</u>
Education	<u>3,462,051</u>	<u>3,598,386</u>	<u>3,530,190</u>	<u>68,196</u>
<u>Recreation and Cultural Services</u>				
Recreation				
Salaries and employee benefits	734,737	734,737	554,591	180,146
Services and supplies	403,733	425,733	196,048	229,685
Other charges	21,632	21,632	26,805	(5,173)
Capital assets	14,000	14,000	11,183	2,817
Intrafund transfers	91,785	91,785	48,536	43,249
Intrafund abatement	(54,997)	(54,997)	--	(54,997)
	<u>1,210,890</u>	<u>1,232,890</u>	<u>837,163</u>	<u>395,727</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Historical Museum				
Salaries and employee benefits	\$ 86,826	\$ 86,826	\$ 82,328	\$ 4,498
Services and supplies	30,075	30,075	22,688	7,387
Capital assets	2,400	2,400	--	2,400
Intrafund transfers	6,506	6,506	6,293	213
	<u>125,807</u>	<u>125,807</u>	<u>111,309</u>	<u>14,498</u>
Recreation and Cultural Services	<u>1,336,697</u>	<u>1,358,697</u>	<u>948,472</u>	<u>410,225</u>
<u>Contingency</u>				
Other financing uses	--	--	1,095,643	(1,095,643)
Appropriation for contingencies	5,889,711	1,926,921	--	1,926,921
	<u>5,889,711</u>	<u>1,926,921</u>	<u>1,095,643</u>	<u>831,278</u>
Contingency	<u>5,889,711</u>	<u>1,926,921</u>	<u>1,095,643</u>	<u>831,278</u>
Total Charges to Appropriations	<u>219,722,288</u>	<u>213,908,870</u>	<u>193,870,873</u>	<u>20,037,997</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 11,203,724</u>	<u>\$ 11,203,724</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
General Fund (continued)
For the Fiscal Year Ended June 30, 2009

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	\$ 205,074,597
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	(16,010,493)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(15,664,029)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(6,413,083)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 166,986,992</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 193,870,873
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	(17,480,833)
Interfund expenditures from other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(6,413,083)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 169,976,957</u>

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 Road Fund
 For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 7,829,221	\$ 6,707,221	\$ 6,707,221	\$ --
Resources (inflows):				
Taxes and assessments	19,239	19,239	5,023	(14,216)
Licenses, permits and franchises	135,658	135,658	61,843	(73,815)
Revenue from use of money or property	106,042	106,042	105,520	(522)
Intergovernmental revenue - State	27,671,039	23,824,903	14,881,337	(8,943,566)
Intergovernmental revenue - Federal	10,344,282	11,742,226	6,672,363	(5,069,863)
Charges for services	3,752,885	3,768,885	2,817,716	(951,169)
Miscellaneous revenues	13,567,208	13,567,208	937,890	(12,629,318)
Other financing sources	60,786,963	66,304,159	35,092,095	(31,212,064)
	<u>116,383,316</u>	<u>119,468,320</u>	<u>60,573,787</u>	<u>(58,894,533)</u>
Amounts available for appropriations	<u>124,212,537</u>	<u>126,175,541</u>	<u>67,281,008</u>	<u>(58,894,533)</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Salaries and employee benefits	24,015,350	24,015,350	21,567,328	2,448,022
Services and supplies	80,450,832	82,312,714	32,667,059	49,645,655
Other charges	15,893,237	15,933,237	2,667,232	13,266,005
Capital assets	6,288,671	6,349,793	5,238,719	1,111,074
Other financing uses				
Intrafund transfers	8,946,715	8,946,715	7,755,114	1,191,601
Intrafund abatement	<u>(11,382,268)</u>	<u>(11,382,268)</u>	<u>(9,843,405)</u>	<u>(1,538,863)</u>
Public Ways and Facilities	<u>124,212,537</u>	<u>126,175,541</u>	<u>60,052,047</u>	<u>66,123,494</u>
Total Charges to Appropriations	<u>124,212,537</u>	<u>126,175,541</u>	<u>60,052,047</u>	<u>66,123,494</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,228,961</u>	<u>\$ 7,228,961</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
Road Fund (continued)
For the Fiscal Year Ended June 30, 2009

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	\$ 67,281,008
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	(6,707,221)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(35,079,580)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,324,196)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 23,170,011</u></u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 60,052,047
Difference budget to GAAP	
Interfund expenditures from other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes.	<u>(2,324,196)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 57,727,851</u></u>

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 Mental Health Fund
 For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	<u>\$ (1,061,288)</u>	<u>\$ (1,381,288)</u>	<u>\$ (1,381,288)</u>	<u>\$ --</u>
Resources (inflows):				
Intergovernmental revenue - State	7,950,149	6,880,727	6,981,212	100,485
Intergovernmental revenue - Federal	294,865	294,865	221,280	(73,585)
Charges for services	1,211,844	835,844	707,123	(128,721)
Miscellaneous revenues	145,000	145,000	68,171	(76,829)
Other financing sources	3,924,507	6,831,837	6,787,345	(44,492)
	<u>13,526,365</u>	<u>14,988,273</u>	<u>14,765,131</u>	<u>(223,142)</u>
Amounts available for appropriations	<u>12,465,077</u>	<u>13,606,985</u>	<u>13,383,843</u>	<u>(223,142)</u>
Charges to appropriations (outflows):				
<u>Health and Sanitation</u>				
Salaries and employee benefits	8,026,257	10,218,257	10,177,419	40,838
Services and supplies	3,425,615	4,296,515	3,942,962	353,553
Other charges	1,451,305	1,782,313	1,747,999	34,314
Capital assets	29,800	31,800	30,813	987
Other financing uses				
Intrafund transfers	282,726	9,951,726	9,948,183	3,543
Intrafund abatement	(750,626)	(12,673,626)	(12,595,427)	(78,199)
Health and Sanitation	<u>12,465,077</u>	<u>13,606,985</u>	<u>13,251,949</u>	<u>355,036</u>
Total Charges to Appropriations	<u>12,465,077</u>	<u>13,606,985</u>	<u>13,251,949</u>	<u>355,036</u>
Budgetary fund balances, June 30	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 131,894</u></u>	<u><u>\$ 131,894</u></u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
Mental Health Fund (continued)
For the Fiscal Year Ended June 30, 2009

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	\$ 13,383,843
Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	1,381,288
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(6,787,345)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes.	<u>(18,476)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 7,959,310</u></u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 13,251,949
Difference budget to GAAP	
Interfund expenditures from other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes.	<u>(18,476)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 13,233,473</u></u>

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 Silva Valley Interchange RIF Fund
 For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	<u>\$ 14,316,000</u>	<u>\$ 14,316,000</u>	<u>\$ 22,208,530</u>	<u>\$ 7,892,530</u>
Resources (inflows):				
Revenue from use of money or property	<u>--</u>	<u>--</u>	<u>340,142</u>	<u>340,142</u>
	<u>--</u>	<u>--</u>	<u>340,142</u>	<u>340,142</u>
Amounts available for appropriations	<u>14,316,000</u>	<u>14,316,000</u>	<u>22,548,672</u>	<u>8,232,672</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Services and supplies	<u>--</u>	<u>--</u>	<u>3,628</u>	<u>(3,628)</u>
Other financing uses	<u>14,316,000</u>	<u>14,316,000</u>	<u>320,737</u>	<u>13,995,263</u>
Public Ways and Facilities	<u>14,316,000</u>	<u>14,316,000</u>	<u>324,365</u>	<u>13,991,635</u>
Total Charges to Appropriations	<u>14,316,000</u>	<u>14,316,000</u>	<u>324,365</u>	<u>13,991,635</u>
Budgetary fund balances, June 30	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 22,224,307</u></u>	<u><u>\$ 22,224,307</u></u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
Silva Valley Interchange RIF Fund (continued)
For the Fiscal Year Ended June 30, 2009

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	\$ 22,548,672
Difference budget to GAAP The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(22,208,530)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 340,142</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 324,365
Difference budget to GAAP Transfers out to other funds is a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(320,737)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 3,628</u>

COUNTY OF EL DORADO

Required Supplementary Information Notes to the Budgetary Comparison Schedule For the Fiscal Year Ended June 30, 2009

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation 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 recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

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

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

SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2009

	Fleet Management	Risk Management Authority	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 2,976,752	\$ 47,147,570	\$ 50,124,322
Cash with fiscal agent	--	221,786	221,786
Account receivable	--	25,637	25,637
Deposits	--	83,100	83,100
Inventory	29,352	--	29,352
Total Current Assets	3,006,104	47,478,093	50,484,197
Capital assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	10,947,955	55,028	11,002,983
Accumulated depreciation	(5,641,485)	(25,407)	(5,666,892)
Total Capital Assets, net of accumulated depreciation	6,006,375	29,621	6,035,996
Total Assets	\$ 9,012,479	\$ 47,507,714	\$ 56,520,193
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 582,019	\$ 1,368,437	\$ 1,950,456
Salaries and benefits payable	7,490	11,380	18,870
Compensated absences-due within one year	913	1,828	2,741
Liability for self-insurance	--	4,929,264	4,929,264
Total Current Liabilities	590,422	6,310,909	6,901,331
Long-Term Liabilities:			
Liability for self-insurance	--	13,382,800	13,382,800
Liability for other post-employment benefits	--	23,066,781	23,066,781
Compensated absences-due beyond one year	10,500	21,017	31,517
Total Long-Term Liabilities	10,500	36,470,598	36,481,098
Total Liabilities	600,922	42,781,507	43,382,429
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	6,006,375	29,621	6,035,996
Restricted	2,267,287	--	2,267,287
Unrestricted	137,895	4,696,586	4,834,481
Total Net Assets	8,411,557	4,726,207	13,137,764
Total Liabilities and Net Assets	\$ 9,012,479	\$ 47,507,714	\$ 56,520,193

COUNTY OF EL DORADO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2009

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Totals</u>
Operating Revenues:			
Service fees	\$ 1,491,899	\$ 29,258,286	\$ 30,750,185
Operating Expenses:			
Salaries and benefits	419,615	612,589	1,032,204
Services and supplies	716,959	37,144,976	37,861,935
Depreciation	916,628	1,801	918,429
Total Operating Expenses	<u>2,053,202</u>	<u>37,759,366</u>	<u>39,812,568</u>
Operating Income (Loss)	<u>(561,303)</u>	<u>(8,501,080)</u>	<u>(9,062,383)</u>
Non Operating Revenues (Expenses):			
Interest income	34,998	630,855	665,853
Gain (loss) on sale of capital assets	(831)	--	(831)
Miscellaneous nonoperating revenue	1,680	566,011	567,691
Total Non-Operating Revenues (Expenses)	<u>35,847</u>	<u>1,196,866</u>	<u>1,232,713</u>
Change in Net Assets	(525,456)	(7,304,214)	(7,829,670)
Net Assets - Beginning of Year	<u>8,937,013</u>	<u>12,030,421</u>	<u>20,967,434</u>
Net Assets - End of Year	<u>\$ 8,411,557</u>	<u>\$ 4,726,207</u>	<u>\$ 13,137,764</u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2009

	Fleet Management	Risk Management Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from internal fund services provided	\$ 1,503,778	\$ 29,490,391	\$ 30,994,169
Cash paid to suppliers for goods and services	(198,807)	(25,741,756)	(25,940,563)
Cash paid to employees for salaries and benefits	(439,947)	(619,861)	(1,059,808)
	<u>865,024</u>	<u>3,128,774</u>	<u>3,993,798</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from (paid to) other funds	23,430	--	23,430
Non-operating revenues	1,680	566,011	567,691
	<u>25,110</u>	<u>566,011</u>	<u>591,121</u>
Net cash provided (used) by noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	71,961	--	71,961
Payments related to the acquisition of capital assets	(647,278)	--	(647,278)
	<u>(575,317)</u>	<u>--</u>	<u>(575,317)</u>
Net cash provided (used) by capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	34,998	630,855	665,853
Net cash provided by investing activities	<u>34,998</u>	<u>630,855</u>	<u>665,853</u>
Net increase (decrease) in cash and cash equivalents	349,815	4,325,640	4,675,455
Cash and cash equivalents, beginning of year	<u>2,626,937</u>	<u>43,043,716</u>	<u>45,670,653</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,976,752</u></u>	<u><u>\$ 47,369,356</u></u>	<u><u>\$ 50,346,108</u></u>

continued

COUNTY OF EL DORADO

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2009

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (561,303)	\$ (8,501,080)	\$ (9,062,383)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	916,628	1,801	918,429
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	11,879	232,105	243,984
Inventory	9,146	--	9,146
Increase (decrease) in:			
Accounts payable	509,006	(175,572)	333,434
Salaries payable	(2,051)	(1,957)	(4,008)
Liability for compensated absences	(18,281)	(5,315)	(23,596)
Liability for self-insurance	--	479,804	479,804
Liability for other post employment benefits	--	11,098,988	11,098,988
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 865,024</u>	<u>\$ 3,128,774</u>	<u>\$ 3,993,798</u>