

**COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2013**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

Table of Contents

	<u>Page</u>
Independent Auditor’s Report.....	1-2
Management’s Discussion and Analysis (Required Supplementary Information)	3-14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16-17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	19
Reconciliation of the Governmental Funds Balance Sheet to the Governmental-Wide Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Governmental-Wide Statement of Activities	22
Proprietary Funds:	
Statement of Net Position	23
Statement of Revenues, Expenses, and Changes in Net Position.....	24
Statement of Cash Flows.....	25-26
Fiduciary Funds:	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to the Basic Financial Statements.....	29-59
Required Supplementary Information:	
Schedules of Funding Progress – Pension and Retiree’s Health Benefit	61
Budgetary Comparison Schedule – General Fund.....	62-73
Budgetary Comparison Schedule – Road Fund	74-75
Budgetary Comparison Schedule – Silva Valley Interchange RIF Fund	76-77
Notes to the Budgetary Comparison Schedule	78
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Internal Service Funds:	
Combining Statement of Net Position	79
Combining Statement of Revenues, Expenses and Changes in Net Position	80
Combining Statement of Cash Flows.....	81

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of El Dorado (County), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the El Dorado County Transportation Commission, the Children and Families Commission, and the El Dorado County Transit Authority, which represent the following percentages of assets, liabilities and revenues as of and for the fiscal year ended June 30, 2013:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>
Discretely Presented Component Units	100%	100%	100%

Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the El Dorado County Transportation Commission, the Children and Families Commission, and the El Dorado County Transit Authority is based on the report 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Supervisors of
the County of El Dorado

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014 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, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Roseville, California
March 28, 2014



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

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

JOE HARN
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

March 28, 2014

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, 2013. 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 \$480.4 million (net position). Of this, \$31.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors, \$114.7 million is restricted for specific purposes (restricted net position), and \$334.3 million is net investment in capital assets.
- The total fund balances for the County's governmental funds amounted to \$210.9 million, an increase of \$18.2 million from the prior year. Approximately \$113.6 million of this total, or 53.9 percent, is either nonspendable or restricted for specific uses; and \$97.3 million, or 46.1 percent, is unrestricted as either committed, assigned, or unassigned and is available to meet the County's current and future spending needs.
- At the end of the fiscal year the County's primary operating fund, the General Fund, had a fund balance of \$57.1 million. Approximately \$998 thousand is nonspendable. The remaining \$56.1 million, which approximates to 33.4 percent of the General Fund's total expenditures for the year, is unrestricted.
- The County's net investment in capital assets as of June 30, 2013 was \$334.3 million. This balance consisted of \$330 million for governmental activities and \$4.3 million for business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information on all County assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual amount reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 organizations for which the County 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. Component units of the County include the El Dorado Transit Authority, Children and Families Commission, and the El Dorado County Transportation Commission.

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position can serve over time as a useful indicator of whether the County's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. The County's assets exceeded its liabilities by \$480.4 million at June 30, 2013. A comparative analysis of government-wide data is presented below.

	Net Position June 30, (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 289,788	\$ 276,398	\$ 310	\$ 157	\$ 290,098	\$ 276,555
Capital assets	330,010	337,992	4,259	3,774	334,269	341,766
Total assets	619,798	614,390	4,569	3,931	624,367	618,321
Liabilities:						
Current and other liabilities	29,900	33,252	137	27	30,037	33,279
Long-term liabilities	113,875	105,545	24	23	113,899	105,568
Total liabilities	143,775	138,797	161	50	143,936	138,847
Net Position:						
Net investment in capital assets	330,010	337,948	4,259	3,773	334,269	341,721
Restricted net position	114,665	111,698	41	41	114,706	111,739
Unrestricted net position	31,348	25,947	108	67	31,456	26,014
Total net position	\$ 476,023	\$ 475,593	\$ 4,408	\$ 3,881	\$ 480,431	\$ 479,474

Analysis of Net Position

By far the largest portion of the County's net position 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, this portion of net position is not available for future spending.

An additional portion of the County's net position, \$114.7 million or 23.9 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$31.4 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 position, for the government as a whole. The following table indicates the changes in net position for governmental and business-type activities:

Change in Net Position						
June 30,						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for services	\$ 45,311	\$ 40,471	\$ 728	\$ 698	\$ 46,039	\$ 41,169
Operating grants and contributions	154,687	149,602	-	-	154,687	149,602
Capital grants and contributions	191	3,235	715	16	906	3,251
General Revenues:						
Taxes	100,941	97,748	-	-	100,941	97,748
Use of money and property	841	723	-	-	841	723
Other revenues	3,280	6,466	2	1	3,282	6,467
Total revenues	<u>305,251</u>	<u>298,245</u>	<u>1,445</u>	<u>715</u>	<u>306,696</u>	<u>298,960</u>
Expenses						
General government	35,625	27,940	-	-	35,625	27,940
Public protection	99,923	97,786	-	-	99,923	97,786
Public ways and facilities	61,270	58,308	-	-	61,270	58,308
Health and sanitation	49,765	62,795	-	-	49,765	62,795
Public assistance	51,675	49,180	-	-	51,675	49,180
Education	3,507	3,619	-	-	3,507	3,619
Recreation and culture	1,315	1,369	-	-	1,315	1,369
Interest on long-term debt	65	13	-	-	65	13
Airports	-	-	1,094	1,117	1,094	1,117
SLT Transit Program	-	-	-	2	-	2
Total expenses	<u>303,145</u>	<u>301,010</u>	<u>1,094</u>	<u>1,119</u>	<u>304,239</u>	<u>302,129</u>
Excess (deficiency) before special items and transfers	2,106	(2,765)	351	(404)	2,457	(3,169)
Transfers	(176)	(87)	176	87	-	-
Change in net position	<u>1,930</u>	<u>(2,852)</u>	<u>527</u>	<u>(317)</u>	<u>2,457</u>	<u>(3,169)</u>
Net position at beginning of year	475,593	477,220	3,881	4,198	479,474	481,418
Restate net position, see below	(1,500)	1,225	-	-	(1,500)	1,225
Net position at beginning of year – restated	474,093	478,445	3,881	4,198	477,974	482,643
Net position at end of year	<u>\$476,023</u>	<u>\$475,593</u>	<u>\$ 4,408</u>	<u>\$ 3,881</u>	<u>\$ 480,431</u>	<u>\$ 479,474</u>

Restatement of net position. The net position at the beginning of 2013 was decreased by \$1.5 million. This restatement was to record a \$1.5 million long term note payable associated with the California Help Loan to Mercy Housing.

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

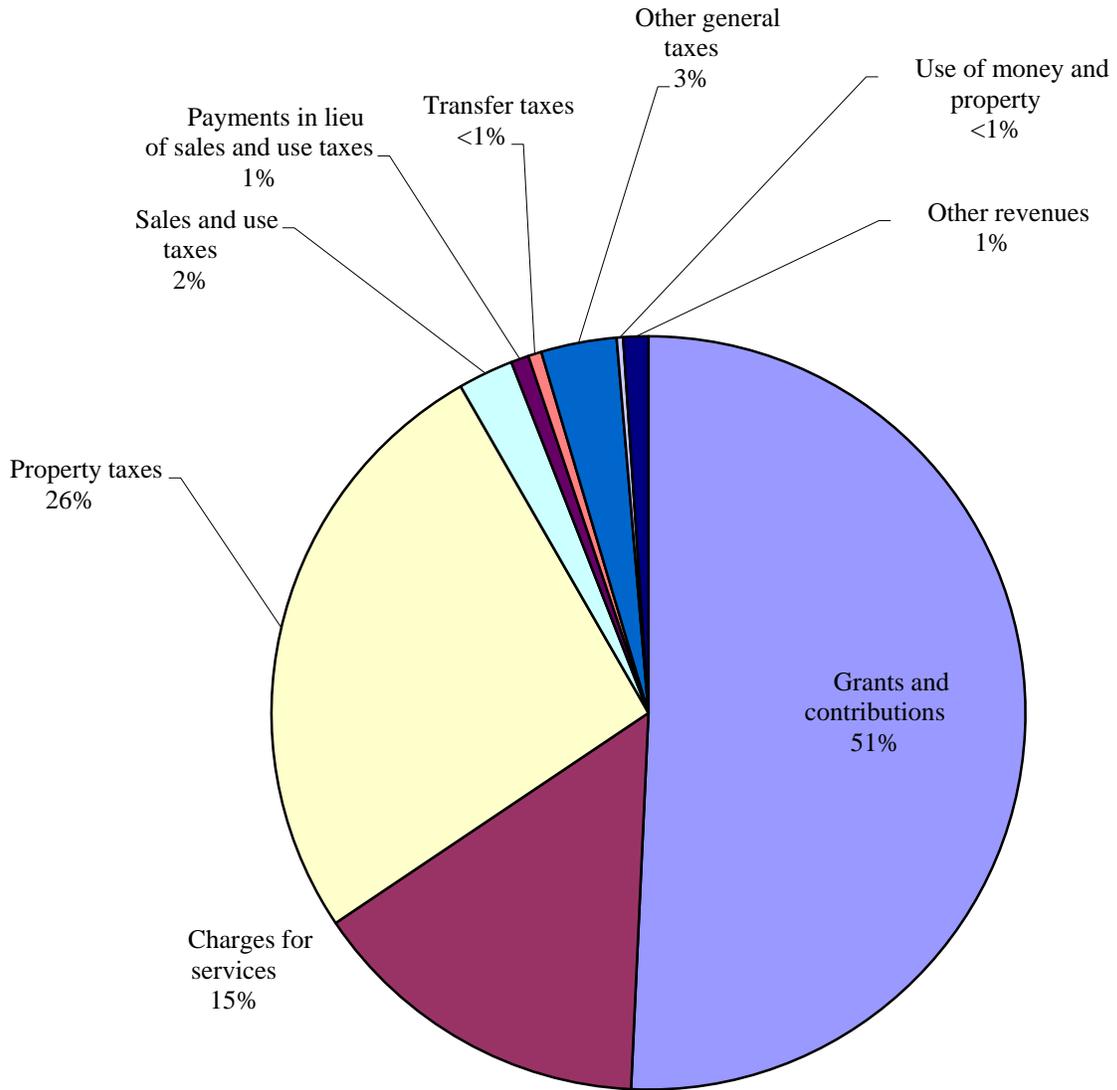
Governmental activities. The County experienced an overall increase in net position of \$2.5 million in 2013, compared to a \$3.2 million decrease in 2012. This increase in net position is attributable mostly to **governmental activities**. Specifically, the \$1.9 million increase in net position attributable to governmental activities, resulted from a \$7.7 million or 2.6 percent increase in revenues accompanied by a more moderate \$2.1 million increase in expenses. The largest revenue increase, \$5.1 million, occurred in the operating grants and contributions category, followed by a \$4.9 million increase in charges for services and \$3.2 million increase in taxes. Revenue increases were offset by a \$2.3 million reduction in capital grants and contributions and \$3.2 million decrease in other revenue types. The latter \$3.2 million decrease included decrease in other revenues received from insurance and third party settlements for the Meyers Landfill Site, SMUD cooperative agreement revenues associated with the Rubicon Trail, and El Dorado Hills TIM fee settlements from the El Dorado Hills Serrano Mello Roos District.

As mentioned, while total revenues increased by 2.6 percent, total expenses increased by less than one percent in 2013 when compared to 2012. Further, and while expenses increased moderately in most of the functional areas, general government expenses increased significantly, by \$7.7 million or 27.5 percent, in 2013 when compared to 2012. More than the majority of this increase, or \$8.3 million, occurred within the General Fund and is discussed later in the financial analysis of governmental funds and in the General Fund budgetary analysis. This and other increases in expenses by governmental activities have been offset by a decline in health and sanitation expenses, down by \$13.0 million or 20.8 percent in 2013 when compared to 2012. This decrease is mostly attributable to prior year's adjustment to recognize \$8.0 million of the total \$16.1 million in the liability associated the Union Mine closure and post closure costs. Additional information on the Union Mine landfill site can be found in note 8 in the notes to the financial statements.

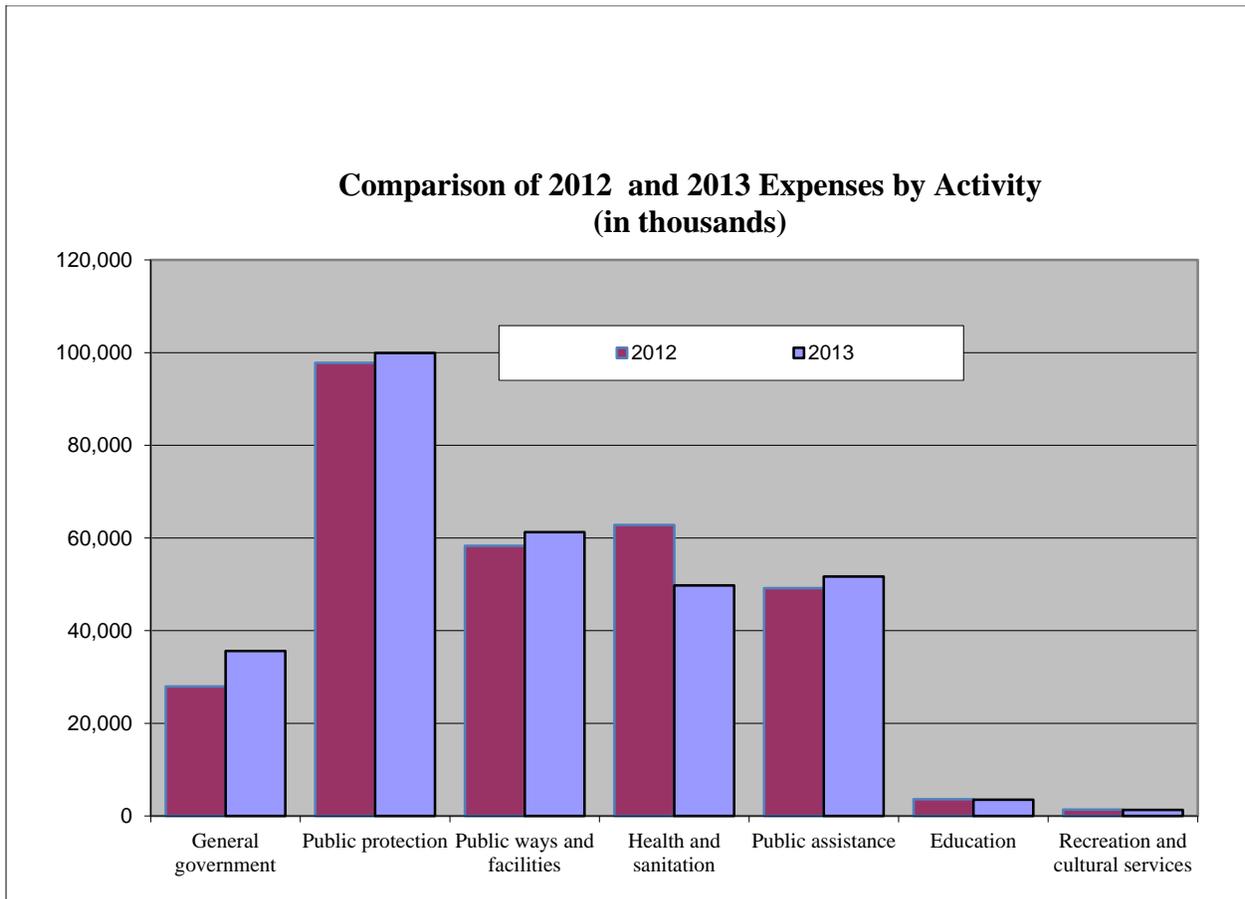
All functional expenses were affected by the recognition of the other post-employment benefits (OPEB) Retiree Health obligation (Retiree Health). With the continued enforcement of the County's cap on the aggregate cost of the County's share of benefit costs and other modifications to those employees entitled to receive these benefits, the annual Retiree Health cost was \$6.7 million in 2013 compared to \$6.6 million in 2012. Further, the Retiree Health liability increased by \$3.9 million in 2013 compared to \$4.4 million in 2012. The effect on benefits of the Retiree Health defined benefit plan was that the County's share of benefit costs was reduced by 37 percent in 2013 and 33 percent in 2012.

Below is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (51 percent), property taxes (26 percent), and charges for services (15 percent),

Revenue by Source-Governmental Activities



Below is a graph that presents a comparison of 2012 and 2013 expenses under each of the governmental activities,



Business-type activities. Business-type activities increased the County's net position by \$527 thousand. This net increase is the result of \$366 thousand in operating losses, offset by \$2 thousand in non-operating revenues, transfers in of \$176 thousand and \$715 thousand of capital grants and contributions. Similar to prior years, the County Airports continue to operate at a loss, \$366 thousand in 2013 compared to \$419 thousand last year.

To help finance the operations of business-type activities in 2013, County governmental funds contributed \$176 thousand to the County Airports during the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of June 30, 2013 the County's governmental funds reported a combined ending fund balance of \$210.9 million, compared to the \$192.6 million fund balance of the previous year. Approximately 46.1 percent of this fund balance, or \$97.3 million, is unrestricted and thus is available to meet the County's current and future spending needs. The remainder of the fund balance is either not spendable or restricted for specific uses.

The General Fund is the chief operating fund of the County. As of June 30, 2013, the General Fund's spendable and unrestricted fund balance was \$56.1 million; an increase of \$13.9 million from last year's spendable and unrestricted fund balance of \$42.2 million. This increase is entirely due to the net change or increase in the General Fund's balance of \$13.9 million during the year.

The June 30, 2013 spendable and unrestricted fund balance, as compared to General Fund expenditures for the year, is approximately 33.4 percent, compared to 27 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 122 days, compared to 99 days last year.

In addition to the General Fund, the County maintains two major governmental funds, the Road Fund and the Silva Valley Interchange Road Impact Fee (RIF) Fund. The Road Fund accounts for the planning, design, construction, maintenance, and administration of the County's transportation activities (public ways and facilities). The Road Fund recorded revenue of \$37.4 million in 2013, compared to \$35.9 million last year. This \$1.5 million increase was primarily due to an \$800 thousand increase in intergovernmental revenue plus a \$985 thousand increase in charges for services, offset or reduced by moderate declines in taxes, licenses and permits, interest, and other revenue sources. Similarly, expenditures increased from \$49.6 million in 2012 to \$50.3 million in 2013. Thus, the \$1.5 million increase in revenues, less the \$700 thousand increase in expenditures resulted in a \$12.8 million deficiency of revenues to expenditures compared to \$13.7 million deficit last year. With the additional or increase of \$3.3 million in transfers from other funds, the relative net change in fund balance went from a \$607 thousand increase in fiscal year 2012 to a \$4.8 million increase in 2013.

The Silva Valley Interchange Road Impact Fee (RIF) Fund's activity increased significantly when compared to prior years. Specifically, the RIF fund balance decreased by \$4.3 million in 2013, compared to \$373 thousand in the 2012. This decrease in fund balance is almost entirely attributable and equal to the cash transfers made or accrued to the Road Fund (also see note 9).

The combined governmental fund balances increased by \$18.2 million during 2013, compared to a \$14.5 million increase last year. This \$3.7 million additional increase to the net change in governmental fund balances was the result of similar or approximately 3% percent increases in both revenues and expenditures in 2013 when compared to 2012, resulting in a moderate increase in the excess of revenues over expenditures, \$15.5 million in 2013, compared to \$14.6 million in 2012, plus \$2.8 million in other financing sources, compared to a negative or other financing uses of \$110 thousand last year. Further, this latter increase is almost entirely attributable to the receipt of Federal loan program funding and the issuance of additional notes payable under the HUD program (also see note 6).

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

The internal service funds include the Fleet Management and Risk Management Authority funds. In fiscal year 2013, the Fleet Management realized a net operating loss of \$47 thousand dollars and the Risk Management Authority a net operating loss of \$9.7 million. The loss by Risk Management is primarily attributable to the recognition of the OPEB Retiree Health obligation. In prior fiscal years this obligation was partially funded in addition to pay-as-you-go via the Retiree Health internal service rates charges to the various County departments and programs. In fiscal year 2010 this practice was discontinued and the County reverted back to a pay-as-you-go basis. Thus, while this pay-as-you-go funding reduced the expenditures incurred at the governmental fund level, the recognition of this liability and expense by the

Risk Management Authority has resulted in \$46 million in deficit net position. Further, as a pay-as-you-go administered program, none of these additional costs were passed to the other funds, programs, or restricted funding sources via the internal service fund rates.

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

GENERAL FUND BUDGETARY ANALYSIS

The original and the final amended budgeted revenues and expenditures increased by \$16.4 million, or 8.0 percent. The largest of the revenue budget modifications included:

- \$854 thousand increase in Federal intergovernmental revenue,
- \$2.8 million decrease in State intergovernmental revenue,
- \$2.6 million increase in revenue from other governmental agencies, and
- \$14.9 million increase in other financing sources.

The largest expenditure budget modifications included:

- \$167 thousand increase to the County Administrative Office appropriations, including \$135 thousand increase in salaries and benefits, \$30 thousand increase in services and supplies, and \$2 thousand in fixed assets,
- \$158 thousand increase to the Human Resources services and supplies,
- \$2.9 million increase to the Contributions to Other Funds budget,
- \$800 thousand increase to the Other General other financing uses,
- \$450 thousand increase to Superior Court MOE services, supplies, and other charges,
- \$570 thousand increase to the District Attorney's budget, including \$373 thousand increase to salaries and benefits, \$108 thousand increase to services and supplies, and \$82 thousand increase in fixed assets.
- \$623 thousand increase to the Sheriff-Bailiff salaries and employee benefits,
- \$771 thousand increase to the Sheriff budget, including \$209 thousand increase to salaries and employee benefits, \$239 thousand increase to services and supplies, and \$317 thousand increase in fixed assets,
- \$1.1 million increase to the Planning and Zoning services and supplies,
- \$2.6 million increase to Categorical Aids,
- \$6.1 million increase to the appropriations for contingency budget.

The overall variance between final revenues budgeted and the actual amounts received were significant, with a negative or deficit variance of \$8 million or 3.6 percent. Specifically, compared to a final resource budget of \$205 million, actual funding equaled \$196.8 million. This variance included the following:

- \$3 million over budget taxes and assessments,
- \$4.2 million under budget Federal intergovernmental revenues,
- \$1.2 million under budget charges for services,
- \$5.3 million under budget other financing sources.

The differences between the budgeted and actual expenditures, not including contingency, were also significant. Specifically, expenditures fell \$27.1 million or 12.9 percent below the final budget. Variances occurred under each of the governmental activities, whereby departments' expenditures fell below projections, the most significant of which included:

- General Government – Actual expenditures fell below final budget by \$7.9 million or 14.0 percent. While almost all of the general government operating units had expenditures that fell below their final budget, some showed considerable differences whereby actual expenditures fell below

budget by \$200 thousand or more, including the Board of Supervisors, County Administrative Office (CAO), Auditor-Controller, Treasurer-Tax Collector, Assessor, Elections, Communications, County Promotion, Surveyor, and Contributions to Other Funds. There were also departments that exceeded their final budget; those included Revenue Recovery, Information Technologies, and Central Services.

- Public Protection – Actual expenditures fell below final budget by \$13.4 million or 13.0 percent. Similar to the general government function, most of the departments under public protection fell below their budgets, with many departments falling significantly below budget (budget exceeded actual expenditures by over \$200 thousand) including District Attorney, Child Support Services, Sheriff-Bailiff, Sheriff, Central Dispatch, Jail, Juvenile Hall, Probation, Building Inspector, Recorder-Clerk, Planning and Zoning, Animal Services, and Public Guardian. There were also departments that exceeded their final budget; those included Emergency Services and Cemeteries.
- Health and Sanitation Environmental Management – Actual expenditures fell below final budget by \$202 thousand or 8.7 percent, due mostly to the actual to budget variances of \$116 thousand in salaries and benefits and \$96 thousand in services and supplies. Intrafund transfers and abatements netted to reduce this variance by \$12 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$4.1 million or 9.4 percent under budget, mostly due to the Social Services Administration, Social Services Programs, and Categorical Aids, which fell below budget by \$2.3 million, \$336 thousand, and \$1.3 million respectively.
- Education – County library fell under budget by \$269 thousand, with salaries and benefits making up the majority, followed by services and supplies and intrafund transfers.
- Recreational and Cultural Services – Actual expenditures fell below budget by \$1.3 million or 54.8 percent.

In general, both General Fund inflows and outflows fell below budget. Specifically, actual revenues, not including budgetary fund balance, fell \$8.0 million or 3.9 percent under budget while expenditures fell \$27.1 million or 12.9 percent under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's net investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$334.3 million. The net investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Additions to capital assets totaled \$15.8 million in 2013.

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

- \$855 thousand in additions to the land and land improvements, right of way purchases by the Road fund,
- \$2.2 million in new road construction, including \$563 thousand for the US 50 El Dorado Hills Boulevard interchange, \$558 thousand US 50 Silva Valley Interchange, \$181 thousand Bass Lake Road Connection to Serrano Parkway, and \$600 thousand for the Sophia Parkway,
- \$4.3 million in road reconstruction, including the \$207 thousand for the Bass Lake Road US 50 Serrano Parkway, \$105 thousand State Highway 49 and Missouri Flat Road, \$504 thousand White Rock Road west county line to Windfield, \$959 thousand Green Valley Road at Tennessee Creek bridge replacement, \$321 thousand Green Valley Road at Weber Creek bridge replacement, \$951 thousand Wentworth Springs Road bridge at Gerle Creek, \$147 thousand Newtown Road at South Fork of Weber Creek bridge replacement, and \$129 thousand Bassi Road at Granite Creek bridge replacement.
- \$151 thousand for signals, safety and lighting,
- \$105 thousand for pedestrian ways and bike paths,
- \$2.1 million for storm drains,

- \$2 million in equipment, including \$123 thousand in road construction and maintenance equipment, \$550 thousand in law enforcement equipment, and \$842 thousand of new vehicle purchases by Fleet Management.

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

Debt Administration and Long-Term Debt. As of June 30, 2013 the County's outstanding long-term debt totaled \$7.5 million. The components of this obligation consist of notes payable associated with the California Housing Finance Agency (\$1.5 million), and Housing and Urban Development (HUD) Home program (\$5.7 million), and Community Development Block Grant (CDBG) Programs (\$260 thousand).

In addition to long-term debt, the County has long-term liabilities of \$112.1 million associated with compensated absences (\$13.2 million), landfill closure (\$16.1 million), self-insurance (\$16.5 million), and other post-employment benefits (\$66.3 million). Additional information on the County's long-term debt can be found in note 6 in the notes to the financial statements. Additional information on the County's other obligations follows.

OTHER COUNTY OBLIGATIONS

Post Employment Retirement Benefits.

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

As of June 30, 2013 the County calculated its unfunded liability at \$324.2 million, based on the market value of assets and actuarial reports dated June 30, 2012. The resulting computation of the unfunded liability as of June 30, 2012 may be summarized as follows:

Post Retirement Benefit Plan	Liability	Market Value of Plan Assets	Unfunded Liability (UL)
CalPERS Safety	\$ 246,982,366	\$ 153,607,995	\$ 93,374,371
CalPERS Misc	521,155,919	358,290,282	162,865,637
Retiree's Health	67,924,000	-	67,924,000
Total	\$ 836,062,285	\$ 511,898,277	\$ 324,164,008

The above Retiree's Health liability of \$67.9 million is based on the assumption that the Board of Supervisors has enforced and will continue to enforce a cap on the County's contribution. Because the Retiree's Health benefit plan is a defined benefit plan, generally accepted accounting principles required that the County recognize its retiree's health obligation without the cap limitation until it was enforced by the Board of Supervisor's and began to impact the pattern of shared costs. The Board of Supervisors voted to enforce the cap in fiscal year 2012 and as a result of the cap enforcement, the retiree's share of benefit costs increased from 33 percent in 2012 to 37 percent in 2013.

The Retiree's Health actuarial value of plan assets is valued at zero because the assets are not held in a qualifying trust. However, the County has charged departments and programs to set aside cash to fund this obligation, which as of June 30, 2013 and 2012 totaled \$12,752,807 and \$13,284,820 respectively.

REQUEST FOR INFORMATION

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

Respectfully submitted,

Joe Harn
El Dorado County Auditor-Controller

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

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF EI DORADO

Statement of Net Position
June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Assets				
Cash and investments	\$236,997,764	\$ 71,348	\$237,069,112	\$ 9,227,305
Restricted cash and investments	1,735,122	40,853	1,775,975	4,299,407
Cash with fiscal agent	247,958	--	247,958	--
Accounts receivable	5,161,132	738	5,161,870	54,459
Special assessments receivable	114,269	--	114,269	--
Interest receivable	324,237	--	324,237	716
Notes receivable, short term	4,852,132	--	4,852,132	--
Due from other governments	27,988,319	377,783	28,366,102	3,706,396
Inventory and prepayments	4,640,816	85,718	4,726,534	319,116
Internal balances	266,494	(266,494)	--	--
Notes receivable, long term	7,460,244	--	7,460,244	--
Capital Assets:				
Nondepreciable	52,176,956	1,176,575	53,353,531	667,038
Depreciable, net	277,832,648	3,082,669	280,915,317	9,363,025
Total Assets	<u>619,798,091</u>	<u>4,569,190</u>	<u>624,367,281</u>	<u>27,637,462</u>
Liabilities				
Accounts payable	13,048,247	123,742	13,171,989	411,528
Accrued expenses	--	--	--	121,566
Accrued salaries and benefits	6,067,359	10,190	6,077,549	9,332
Accrued interest payable	61,118	--	61,118	--
Due to other governments	891,774	--	891,774	1,452,980
Unearned revenue	3,942,756	--	3,942,756	6,883,346
Other Liabilities	198,763	--	198,763	43,750
Long-Term Liabilities:				
Liability for other post-employment benefits:				
Due beyond one year	66,342,823	--	66,342,823	--
Liability for self-insurance:				
Due within one year	4,428,870	--	4,428,870	--
Due beyond one year	12,030,130	--	12,030,130	389,983
Liability for landfill closure and post-closure:				
Due beyond one year	16,142,895	--	16,142,895	--
Compensated absences				
Due within one year	1,460,274	2,984	1,463,258	177,242
Due beyond one year	11,700,227	24,139	11,724,366	161,892
Other Liabilities:				
Due beyond one year	7,460,244	--	7,460,244	--
Total Liabilities	<u>143,775,480</u>	<u>161,055</u>	<u>143,936,535</u>	<u>9,651,619</u>
Net Position				
Net investment in capital assets	330,009,604	4,259,244	334,268,848	10,030,063
Restricted for:				
Capital projects	11,272,422	--	11,272,422	--
Debt service	198,763	--	198,763	--
Public safety	17,591,077	--	17,591,077	--
Community resources and public facilities	42,631,265	--	42,631,265	1,972,723
Health and public assistance	32,358,029	--	32,358,029	--
General government and support programs	9,830,165	--	9,830,165	--
Other purpose	783,341	40,853	824,194	2,678,307
Unrestricted	31,347,945	108,038	31,455,983	3,304,750
Total Net Position	<u>\$476,022,611</u>	<u>\$ 4,408,135</u>	<u>\$480,430,746</u>	<u>\$17,985,843</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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 35,625,446	\$ 7,986,894	\$ 12,089,475	\$ -
Public protection	99,923,155	10,682,519	28,349,380	-
Public ways and facilities	61,270,145	8,189,861	37,061,910	191,335
Health and sanitation	49,763,469	17,007,148	28,004,930	-
Public assistance	51,675,469	764,827	48,330,002	-
Education	3,506,505	431,200	220,346	-
Recreation and cultural services	1,315,415	248,129	630,511	-
Debt Service:				
Interest and fiscal charges	65,037		--	--
Total Governmental Activities	303,144,641	45,310,578	154,686,554	191,335
Business-Type Activities:				
Airports	1,094,174	728,449	--	715,283
Total Business-Type Activities	1,094,174	728,449	--	715,283
Total Primary Government	304,238,815	46,039,027	154,686,554	906,618
Components Units:				
El Dorado Transit Authority	\$ 6,613,328	\$ 1,514,112	\$ 3,844,151	\$ 579,369
Children and Families Commission	1,553,078	--	1,302,637	--
El Dorado County Transportation Commission	6,231,879	--	1,797,416	--
Total Component Units	\$ 14,398,285	\$ 1,514,112	\$ 6,944,204	\$ 579,369

General Revenues:

Taxes:
 Property taxes
 Sales and use taxes
 Payment in lieu of sales and use taxes
 Transfer taxes
 Other general taxes
 Unrestricted interest and investment earnings
 Other revenues
 Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - July 1, Restated

Net Position - June 30

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (15,549,077)	\$ --	\$ (15,549,077)	
(60,891,256)	--	(60,891,256)	
(15,827,039)	--	(15,827,039)	
(4,751,391)	--	(4,751,391)	
(2,580,640)	--	(2,580,640)	
(2,854,959)	--	(2,854,959)	
(436,775)	--	(436,775)	
(65,037)	--	(65,037)	
<u>(102,956,174)</u>	<u>--</u>	<u>(102,956,174)</u>	
--	349,558	349,558	
--	349,558	349,558	
<u>(102,956,174)</u>	<u>349,558</u>	<u>(102,606,616)</u>	
			\$ (675,696)
			(250,441)
			<u>(4,434,463)</u>
			<u>(5,360,600)</u>
79,714,793	--	79,714,793	--
7,250,826	--	7,250,826	4,710,117
2,332,151	--	2,332,151	--
1,751,015	--	1,751,015	--
9,892,140	--	9,892,140	--
840,739	83	840,822	29,916
3,279,671	1,655	3,281,326	204,736
(176,264)	176,264	--	--
<u>104,885,071</u>	<u>178,002</u>	<u>105,063,073</u>	<u>4,944,769</u>
1,928,897	527,560	2,456,457	(415,831)
<u>474,093,714</u>	<u>3,880,575</u>	<u>477,974,289</u>	<u>18,401,674</u>
<u>\$ 476,022,611</u>	<u>\$ 4,408,135</u>	<u>\$ 480,430,746</u>	<u>\$ 17,985,843</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF EL DORADO

Balance Sheet
Governmental Funds
June 30, 2013

	General	Road Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$54,468,688	\$ 8,116,529	\$18,446,937	\$118,968,004	\$200,000,158
Restricted cash and investments	--	--	--	1,735,122	1,735,122
Accounts receivable	260,573	322,753	--	4,322,677	4,906,003
Special assessments receivable	--	--	--	114,269	114,269
Due from other governments	7,337,700	10,439,149	--	10,211,470	27,988,319
Notes receivable	--	--	--	4,852,132	4,852,132
Interest receivable	--	--	--	263,119	263,119
Due from other funds	1,936,815	1,479,043	--	881,405	4,297,263
Advances to other funds	430,000	--	--	--	430,000
Inventories	--	712,156	--	79,867	792,023
Prepaid expenses	568,359	502,312	--	374,207	1,444,878
Total Assets	<u>\$65,002,135</u>	<u>\$21,571,942</u>	<u>\$18,446,937</u>	<u>\$141,802,272</u>	<u>\$246,823,286</u>
Liabilities					
Accounts payable	\$ 2,914,683	\$ 5,427,724	\$ --	\$ 3,796,683	\$ 12,139,090
Accrued salaries and benefits	4,654,453	660,258	--	724,376	6,039,087
Due to other governments	286,199	--	--	605,575	891,774
Due to other funds	2,405	--	1,455,350	2,573,014	4,030,769
Advances from other funds	--	--	--	430,000	430,000
Deferred revenue	62,066	326,113	--	12,040,812	12,428,991
Total Liabilities	<u>7,919,806</u>	<u>6,414,095</u>	<u>1,455,350</u>	<u>20,170,460</u>	<u>35,959,711</u>
Fund Balances					
Nonspendable	998,359	1,214,468	--	2,529,729	4,742,556
Restricted	--	4,548,176	16,991,587	87,319,524	108,859,287
Committed	17,650,608	9,395,203	--	17,256,593	44,302,404
Assigned	275,003	--	--	14,582,929	14,857,932
Unassigned	38,158,359	--	--	(56,963)	38,101,396
Total Fund Balances	<u>57,082,329</u>	<u>15,157,847</u>	<u>16,991,587</u>	<u>121,631,812</u>	<u>210,863,575</u>
Total Liabilities and Fund Balances	<u>\$65,002,135</u>	<u>\$21,571,942</u>	<u>\$18,446,937</u>	<u>\$141,802,272</u>	<u>\$246,823,286</u>

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

COUNTY OF EI DORADO

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2013

Fund Balance - total governmental funds	\$ 210,863,575
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	7,521,362
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	323,770,968
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	8,486,235
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 position. The net position of internal service funds is:	(37,626,146)
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.	(61,118)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Notes payable	(7,460,244)
Compensated absences	(13,130,363)
Liability for landfill closure and post-closure	(16,142,895)
Other long-term liabilities	<u>(198,763)</u>
Net position of governmental activities	<u>\$476,022,611</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	Road Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 86,511,857	\$ 5,688	\$ --	\$ 14,471,505	\$ 100,989,050
Licenses and permits	5,523,109	746,900	--	1,605,100	7,875,109
Intergovernmental	55,089,793	34,387,718	--	65,227,469	154,704,980
Use of money and property	111,628	15,658	41,854	714,899	884,039
Charges for current services	9,591,848	2,217,552	--	22,141,232	33,950,632
Fines, forfeitures and penalties	1,033,041	--	--	1,599,109	2,632,150
Other revenues	1,005,870	68,947	--	2,166,002	3,240,819
Total Revenues	<u>158,867,146</u>	<u>37,442,463</u>	<u>41,854</u>	<u>107,925,316</u>	<u>304,276,779</u>
Expenditures:					
Current:					
General government	33,250,122	--	--	492,275	33,742,397
Public protection	88,474,323	--	--	5,578,463	94,052,786
Public ways and facilities	--	48,788,799	--	794,957	49,583,756
Health and sanitation	1,604,331	--	--	46,771,596	48,375,927
Public assistance	39,091,456	--	--	14,355,474	53,446,930
Education	3,093,992	--	--	--	3,093,992
Recreation and cultural services	1,062,539	--	--	38,744	1,101,283
Capital outlay	1,019,836	1,487,280	--	2,731,094	5,238,210
Debt service:					
Principal	124,324	--	--	44,254	168,578
Interest and fiscal charges	3,745	--	--	372	4,117
Total Expenditures	<u>167,724,668</u>	<u>50,276,079</u>	<u>--</u>	<u>70,807,229</u>	<u>288,807,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,857,522)</u>	<u>(12,833,616)</u>	<u>41,854</u>	<u>37,118,087</u>	<u>15,468,803</u>
Other Financing Sources (Uses):					
Issuance of debt	--	--	--	2,960,244	2,960,244
Transfers in	35,012,380	17,603,077	--	12,260,170	64,875,627
Transfers out	<u>(12,253,473)</u>	<u>--</u>	<u>(4,298,988)</u>	<u>(48,509,014)</u>	<u>(65,061,475)</u>
Total Other Financing Sources (Uses)	<u>22,758,907</u>	<u>17,603,077</u>	<u>(4,298,988)</u>	<u>(33,288,600)</u>	<u>2,774,396</u>
Net Changes in Fund Balances	13,901,385	4,769,461	(4,257,134)	3,829,487	18,243,199
Fund Balances, Beginning of Year	<u>43,180,944</u>	<u>10,388,386</u>	<u>21,248,721</u>	<u>117,802,325</u>	<u>192,620,376</u>
Fund Balances, End of Year	<u>\$ 57,082,329</u>	<u>\$ 15,157,847</u>	<u>\$ 16,991,587</u>	<u>\$ 121,631,812</u>	<u>\$ 210,863,575</u>

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

COUNTY OF EL DORADO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 1900

Net change to fund balance - total governmental funds \$ 18,243,199

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	\$ 13,648,051	
Depreciation	<u>(22,160,456)</u>	(8,512,405)

Disposal of capital assets: proceeds from the sale of capital assets are a financial resource in governmental funds, but only the net gain or loss is presented in the statement of activities. (37,881)

Because long-term receivables will not be collected within the year, they are not considered available resources and are deferred in the governmental funds. Deferred revenues increased by this amount this year: 1,137,657

Because long-term receivables will not be collected within the year, they are not considered available resources and are not reported in governmental funds. Repayment from long-term receivables are recognized as revenues in the governmental funds. Long-term receivables increased by this amount: 2,860,507

Proceeds from debt issuance are recognized as other financing sources in governmental funds, but are reported as increases to liabilities in the statement of net position. (2,960,244)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 168,578

Some revenues reported in the statement of activities do not result in the increase of current financial resources and, therefore, are not reported as revenues in governmental funds. 555,648

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		163,945
Change in accrued interest payable		(60,920)
Change in other long-term liabilities		37,921

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. (9,667,108)

Change in net position of governmental activities		<u>\$ 1,928,897</u>
---	--	---------------------

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

COUNTY OF EL DORADO

Statement of Net Position
 Proprietary Funds
 June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake Tahoe Transit	Total Enterprise Funds	Internal Service Funds
Assets				
Current Assets:				
Cash and investments	\$ 71,348	\$ --	\$ 71,348	\$ 36,997,606
Cash with fiscal agent	--	--	--	247,958
Accounts receivable	738	--	738	255,129
Due from other governments	377,783	--	377,783	--
Deposits	41,269	--	41,269	83,100
Due from other funds	2,506	--	2,506	--
Inventory	41,662	--	41,662	41,494
Prepaid expenses	2,787	--	2,787	2,279,321
Total Current Assets	538,093	--	538,093	39,904,608
Noncurrent Assets:				
Capital Assets:				
Land	319,665	--	319,665	40,000
Construction in progress	856,910	--	856,910	--
Structures and improvements	8,359,912	--	8,359,912	659,905
Equipment	43,703	--	43,703	10,926,123
Accumulated depreciation	(5,320,946)	--	(5,320,946)	(5,387,392)
Total Capital Assets	4,259,244	--	4,259,244	6,238,636
Net of Accumulated Depreciation	4,259,244	--	4,259,244	6,238,636
Restricted Assets:				
Restricted cash	--	40,853	40,853	--
Total Non-Current Assets	4,259,244	40,853	4,300,097	6,238,636
Total Assets	4,797,337	40,853	4,838,190	46,143,244
Liabilities				
Current Liabilities:				
Accounts payable	123,742	--	123,742	909,157
Accrued salaries and benefits	10,190	--	10,190	28,272
Due to other funds	269,000	--	269,000	--
Liability for self-insurance	--	--	--	4,428,870
Compensated absences	2,984	--	2,984	3,315
Total Current Liabilities	405,916	--	405,916	5,369,614
Noncurrent Liabilities:				
Liability for self-insurance	--	--	--	12,030,130
Liability for other post-employment benefits	--	--	--	66,342,823
Compensated absences	24,139	--	24,139	26,823
Total Noncurrent Liabilities	24,139	--	24,139	78,399,776
Total Liabilities	430,055	--	430,055	83,769,390
Net Position				
Net investment in capital assets	4,259,244	--	4,259,244	6,238,636
Restricted	--	40,853	40,853	2,129,735
Unrestricted	108,038	--	108,038	(45,994,517)
Total Net Position (Deficit)	\$ 4,367,282	\$ 40,853	\$ 4,408,135	\$ (37,626,146)

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

COUNTY OF EL DORADO

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake	Total	Internal
		Tahoe Transit		Service Funds
Operating Revenues:				
Service fees	\$ 728,449	\$ --	\$ 728,449	\$ 32,241,385
Total Operating Revenues	<u>728,449</u>	<u>--</u>	<u>728,449</u>	<u>32,241,385</u>
Operating Expenses:				
Salaries and benefits	233,886	--	233,886	705,949
Services and supplies	551,797	--	551,797	40,593,896
Depreciation	308,412	--	308,412	731,419
Total Operating Expenses	<u>1,094,095</u>	<u>--</u>	<u>1,094,095</u>	<u>42,031,264</u>
Operating Income (Loss)	<u>(365,646)</u>	<u>--</u>	<u>(365,646)</u>	<u>(9,789,879)</u>
Non-Operating Revenue (Expenses):				
Interest income	--	83	83	76,910
Interest expense	(79)	--	(79)	--
Gain (loss) on sale of capital assets	--	--	--	3,112
Miscellaneous nonoperating revenue	1,655	--	1,655	33,165
Total Non-Operating Revenue (Expenses)	<u>1,576</u>	<u>83</u>	<u>1,659</u>	<u>113,187</u>
Income (Loss) Before Transfers and Capital Contributions	(364,070)	83	(363,987)	(9,676,692)
Transfers in	176,264	--	176,264	9,584
Capital contributions	715,283	--	715,283	--
Change in Net Position	527,477	83	527,560	(9,667,108)
Net Position - Beginning of Year	<u>3,839,805</u>	<u>40,770</u>	<u>3,880,575</u>	<u>(27,959,038)</u>
Net Position - End of Year	<u>\$ 4,367,282</u>	<u>\$ 40,853</u>	<u>\$ 4,408,135</u>	<u>\$ (37,626,146)</u>

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

COUNTY OF EL DORADO

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake	Total	Internal
		Tahoe Transit	Enterprise Funds	Service Funds
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 733,935	\$ --	\$ 733,935	\$ --
Cash receipts from internal fund services provided	--	--	--	32,146,978
Cash paid to suppliers for goods and services	(444,560)	--	(444,560)	(36,043,656)
Cash paid to employees for services	(231,004)	--	(231,004)	(709,891)
Net Cash Provided (Used) by Operating Activities	<u>58,371</u>	<u>--</u>	<u>58,371</u>	<u>(4,606,569)</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from (paid to) other funds	442,758	--	442,758	9,584
Non-operating receipts	1,655	--	1,655	33,165
Net Cash Provided (Used) by Noncapital Financing Activities	<u>444,413</u>	<u>--</u>	<u>444,413</u>	<u>42,749</u>
Cash Flows from Capital and Related Financing Activities:				
Principal repayments on debt	(930)	--	(930)	--
Proceeds from sale of capital assets	--	--	--	105,300
Payments related to the acquisition of capital assets	(793,708)	--	(793,708)	(845,674)
Interest paid on debt	(65)	--	(65)	--
Capital contributions	337,500	--	337,500	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(457,203)</u>	<u>--</u>	<u>(457,203)</u>	<u>(740,374)</u>
Cash Flows from Investing Activities:				
Interest received (paid)	(79)	83	4	76,910
Net Cash Provided (Used) by Investing Activities	<u>(79)</u>	<u>83</u>	<u>4</u>	<u>76,910</u>
Net Increase (Decrease) in Cash and Cash Equivalents	45,502	83	45,585	(5,227,284)
Cash and Cash Equivalents, Beginning of Year	<u>25,846</u>	<u>40,770</u>	<u>66,616</u>	<u>42,472,848</u>
Cash and Cash Equivalents, End of Year	<u>\$ 71,348</u>	<u>\$ 40,853</u>	<u>\$ 112,201</u>	<u>\$ 37,245,564</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:				
Cash and investments	\$ 71,348	\$ --	\$ 71,348	\$ 36,997,606
Cash with fiscal agent	--	--	--	247,958
Restricted cash in Treasury	--	40,853	40,853	--
Total Cash and Cash Equivalents	<u>\$ 71,348</u>	<u>\$ 40,853</u>	<u>\$ 112,201</u>	<u>\$ 37,245,564</u>

continued

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

COUNTY OF EL DORADO

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake	Total	Internal
		Tahoe Transit	Enterprise Funds	Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (365,646)	\$ --	\$ (365,646)	\$ (9,789,879)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	308,412	--	308,412	731,419
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	5,486	--	5,486	(94,407)
Inventory	9,238	--	9,238	(8,628)
Deposits and prepaid expenses	(10,519)	--	(10,519)	(77,424)
Increase (decrease) in:				
Accounts payable	108,518	--	108,518	128,359
Salaries payable	1,901	--	1,901	2,133
Liability for compensated absences	981	--	981	(6,075)
Liability for self-insurance	--	--	--	591,000
Liability for other post employment benefits (OPEB)	--	--	--	3,916,933
Net Cash Provided (Used) by Operating Activities	\$ 58,371	\$ --	\$ 58,371	\$ (4,606,569)

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

COUNTY OF EL DORADO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 187,614,105	\$ 3,982,306
Interest receivable	703,599	14,066
Taxes receivable	--	25,372,197
Total Assets	188,317,704	29,368,569
Liabilities		
Accounts payable	2,511,167	1,996,397
Accrued salaries and benefits	1,051,896	--
Fiduciary liabilities	--	27,372,172
Total Liabilities	3,563,063	29,368,569
Net Position		
Net position held in trust for investment pool	184,754,641	--
Total Net Position	\$ 184,754,641	\$ --

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

COUNTY OF EL DORADO

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 1900

	Investment Trust Funds
Additions	
Contributions to investment pool	\$ 1,064,238,541
Interest and investment income	454,394
Total Additions	<u>1,064,692,935</u>
Deductions	
Distributions from investment pool	<u>1,070,057,293</u>
Total Deductions	<u>1,070,057,293</u>
Change in Net Position	(5,364,358)
Net Position - Beginning, restated	<u>190,118,999</u>
Net Position - Ending	<u>\$ 184,754,641</u>

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

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

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The following circumstances set forth the County's financial accountability for a legally separate organization.

- The County is financially accountable if it appoints a voting majority of the organization's governing body *and* (1) it is able to impose its will on that organization *or* (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
- The County is financially accountable if an organization is fiscally dependent on *and* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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 County. 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 and the County's management has operational responsibility for these component units.

- The County Service Areas are separate legal entities created to provide services such as water, sewer, lighting and road maintenance throughout the County.
- The El Dorado Hills Business Park Light and Landscape District was formed to provide lighting and landscaping to the business park in El Dorado Hills.
- The Air Quality Control District was established as a separate legal entity to maintain and improve the County's air quality.
- The El Dorado County Housing Authority was formed to issue certificates and vouchers for Section 8 housing.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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

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

Blended Component Units: (continued)

- 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.

The following component unit is blended into the County's financial statements because its total debt outstanding, if any, is expected to be repaid entirely or almost entirely with the County's resources.

- The County Water Agency is a separate legal entity formed to provide water service within the County.

Discretely Presented Component Units: The following component units are discretely presented because their governing boards are not substantively the same as that of the County and they do not meet other criteria as blending component units.

- The El Dorado County Transit Authority (EDCTA) was established pursuant to a joint exercise of powers agreement by and between the County and the City of Placerville to provide transit services. The County Board appoints three of the five EDCTA board members.
- The Children and Families Commission of El Dorado County (the Commission) was established in December 1998, under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The County Board appointed all members of the Commission. The Board can remove appointed members at will. The Commission accounts for receipts and disbursements of California Children and First Families Trust Fund (Proposition 10) allocations and appropriations for the Commission.
- The El Dorado County Transportation Commission (EDCTC) was created pursuant to Section 29532 and 29535 of the California Government Code as a local transportation commission for the western slope of the County in 1975 to administer transportation planning and allocate the funds in accordance with the Transportation Development Act. Provided by the law change through California Assembly Bill No. 1204, the County Board appoints four of the seven EDCTC board members.

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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

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

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

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

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net position 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 components of net position are available, restricted resources are used just before the unrestricted resources are used.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

The County reports the following nonmajor enterprise funds:

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (continued)

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

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

C. **Basis of Accounting**

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

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 accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every month. This method differs from the fair value method used to value investments in these financial statements, on an annual basis, as unrealized gains or losses are not apportioned to pool participants.

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

E. Cash and Cash Equivalents

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

F. Mortgages Receivables

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

G. Inventories

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

H. Capital Assets and Depreciation

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets and Depreciation (continued)

The estimated useful lives are as follows:

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

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

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

I. Property Tax Levy, Collection and Maximum Rates

The State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2012-2013 net assessed valuation of the County was \$25,168,731,184.

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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 position.

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

K. Interfund Transactions

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

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

L. Self-Insurance

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

M. Use of Estimates

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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

N. Implementation of GASB Statement No. 63

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is effective for the year ending June 30, 2013. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, as introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. This statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement was implemented by the County during fiscal year ended June 30, 2013. However, as of June 30, 2013, the County did not have any deferred outflows of resources or deferred inflows of resources to report under GASB Statement No. 63.

O. New Accounting Pronouncements

GASB recently released several new accounting and financial reporting standards. The following new standards may have a significant impact on the County’s financial reporting process.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, *Technical Corrections – 2012*, is effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by resolving conflicting guidance that resulted from issuance of GASB Statements Nos. 54 and 62.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. The principal objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees – both active employees and inactive employees – are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain non-employer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

NOTE 2: **CASH AND INVESTMENTS**

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, public trust, and yield.

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

At June 30, 2013, total County cash and investments were as follows:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Cash:			
Imprest cash	\$ --	\$ 12,720	\$ 12,720
Cash on hand	500		500
Deposits	<u>128,914,574</u>	<u>9,093,499</u>	<u>138,008,073</u>
Total Cash	<u>128,915,074</u>	<u>9,106,219</u>	<u>138,021,293</u>
Investments	<u>305,015,315</u>	<u>1,179,560</u>	<u>306,194,875</u>
Total Cash and Investments	<u>\$ 433,930,389</u>	<u>\$ 10,285,779</u>	<u>\$ 444,216,168</u>

Total cash and investments at June 30, 2013 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	\$ 237,056,792	\$ 191,359,517	\$ 2,738,486	\$ 431,154,795
Restricted	1,775,975	--	999,619	2,775,594
Total in County Investment Pool	<u>238,832,767</u>	<u>191,359,517</u>	<u>3,738,105</u>	<u>433,930,389</u>
External to Pool:				
Cash with fiscal agents	247,958	--	--	247,958
Other restricted cash and investments	--	--	3,299,788	3,299,788
Other unrestricted cash and investments	--	236,894	6,488,419	6,725,313
Imprest cash	<u>12,320</u>	<u>--</u>	<u>400</u>	<u>12,720</u>
Total External to Pool	<u>260,278</u>	<u>236,894</u>	<u>9,788,607</u>	<u>10,285,779</u>
Total Cash and Investments	<u>\$ 239,093,045</u>	<u>\$ 191,596,411</u>	<u>\$ 13,526,712</u>	<u>\$ 444,216,168</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

In the Statement of Fiduciary Net Position, the total cash and investments balance for Investment Trust and Agency Funds in the amount of \$191,596,411 includes, and is decreased by the negative cash balances maintained in certain agency funds used to allocate property taxes under the alternate method of tax apportionment (Teeter Plan). The total cash deficits of these Teeter Plan funds of \$12,513,110 is entirely offset by, and is significantly less than, the total \$18,347,341 that has been recorded by these funds as taxes receivable.

Cash and investments were restricted at June 30, 2013, for the following purposes:

	Primary Government	Component Units	Total
Closure and post-closure costs	\$ 1,735,122	\$ --	\$ 1,735,122
Transit and transportation grant expenditures	40,853	4,211,118	4,251,971
Risk financing	--	88,289	88,289
	<u>\$ 1,775,975</u>	<u>\$ 4,299,407</u>	<u>\$ 6,075,382</u>

Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer *
U.S. Treasury Obligations	5 years	100%	100%
Bankers Acceptances	180 days	40%	5%
Domestic Commercial Paper	31 days	20%	5%
Certificates of Deposit, Negotiable	5 years	30%	5%
Certificates of Deposit, Non-negotiable	5 years	100%	100%
Repurchase Agreements	1 year	100%	5%
U.S. Agency Obligations	3 years	100%	5%
Demand Deposit Savings Accounts	5 years	100%	100%
State Warrants	1 year	100%	100%
Local Agency Investment Fund (LAIF)**	N/A	100%	100%
Medium-Term Notes U.S. Corporations under the Temporary Liquidity Guarantee Program (TLGP)	3 years	30%	30%
Commercial Paper under TLGP	270 days	40%	40%
Money Market Account	N/A	100%	5%
Certificate of Deposit Account Registry Service	5 years	30%	30%
Federally Insured Cash Account	N/A	100%	\$250,000

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

At June 30, 2013, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>WAM (Years)</u>
Investments in Investment Pool						
Treasury Securities - Coupon	0.125%-2.25%	07/31/13-10/31/17	\$ 185,000,000	\$ 185,567,915	\$ 185,533,977	1.65
California Local Agency Investment Fund	0.245%	On Demand	50,000,000	50,000,000	50,000,000	0.00
Money Market Account	0.100%-0.350%	On Demand	69,447,400	69,447,400	69,447,400	0.00
Total Investments in Investment Pool			<u>\$ 304,447,400</u>	<u>\$ 305,015,315</u>	<u>\$ 304,981,377</u>	1.00
Investments Outside Investment Pool						
Component Units:						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	0.245%	On Demand	\$ 1,179,560	\$ 1,179,560	\$ 1,179,560	--
Total Investments Outside Investment Pool			<u>\$ 1,179,560</u>	<u>\$ 1,179,560</u>	<u>\$ 1,179,560</u>	--

At June 30, 2013 the difference between the carrying value and fair value of cash and investments was not material (fair value was 99.99% 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, 2013, the investment pool had a weighted average maturity of 1 year.

Credit Risk

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

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, 2013.

	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Treasury Securities - Coupon	AA	60.84%
California Local Agency Investment Fund	Unrated	16.39%
Money Market Account	Unrated	22.77%
Total		<u>100.00%</u>

Custodial Credit Risk

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (continued)

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

Local Agency Investment Fund

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

At June 30, 2013, the County's investment position in LAIF was \$50 million, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$21.2 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA), whose balance at June 30, 2013 was \$58.8 billion. Of that amount, 1.96% was invested in structured notes and asset-backed securities.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2013:

Statement of Net Position

Net position held for pool participants	<u>\$ 433,930,389</u>
Equity of internal pool participants	242,578,179
Equity of external pool participants	<u>191,352,210</u>
Total net position	<u>\$ 433,930,389</u>

Statement of Changes in Net Position

Net position at July 1, 2012	\$ 428,354,627
Investment income	1,493,705
Investment expenses	(508,521)
Net contributions (withdrawals) by pool participants	<u>4,590,578</u>
Net position at June 30, 2013	<u>\$ 433,930,389</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 3: LONG-TERM NOTES, INTEREST AND ASSESSMENT RECEIVABLES

The accounts receivable balances reported in other governmental funds include an allowance for uncollectible amounts of \$7,162,888. Among these accounts receivables, \$3,468,746 (net of uncollectible amount) are long-term accounts receivables. The interest receivable balances reported in other governmental funds include long-term interest receivables of \$51,088. These long-term accounts receivables and long-term interest receivables are not expected to be fully collected in the next fiscal year and are equally offset by the deferred revenue. Similarly, the governmental funds report notes receivables of \$4,852,132, and special assessment receivables of \$114,269 (net of uncollectible amounts of \$1,737,171), which are also not expected to be fully collected in the next fiscal year and are therefore equally offset by the deferred revenue. Further, the governmental activities include long-term notes receivables of \$7,460,244, which are offset by long-term notes payables.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2013</u>
Governmental Activities					
Capital assets, not being depreciated					
Land and improvements	\$ 49,228,971	\$ 875,309	\$ -	\$ -	\$ 50,104,280
Construction in progress	1,341,287	2,441,383	-	(1,709,994)	2,072,676
Total capital assets not being depreciated	<u>50,570,258</u>	<u>3,316,692</u>	<u>-</u>	<u>(1,709,994)</u>	<u>52,176,956</u>
Capital assets, being depreciated					
Infrastructure	411,516,132	9,022,635	-	-	420,538,767
Structures and improvements	105,739,625	675,318	-	1,687,518	108,102,461
Equipment	47,303,710	2,034,728	(1,662,517)	22,476	47,698,397
Total capital assets being depreciated	<u>564,559,467</u>	<u>11,732,681</u>	<u>(1,662,517)</u>	<u>1,709,994</u>	<u>576,339,625</u>
Less accumulated depreciation for					
Infrastructure	(208,733,416)	(18,107,110)	-	-	(226,840,526)
Structures and improvements	(37,576,505)	(2,239,878)	-	-	(39,816,383)
Equipment	(30,827,629)	(2,544,887)	1,522,448	-	(31,850,068)
Total accumulated depreciation	<u>(277,137,550)</u>	<u>(22,891,875)</u>	<u>1,522,448</u>	<u>-</u>	<u>(298,506,977)</u>
Total capital assets being depreciated, net	<u>287,421,917</u>	<u>(11,159,194)</u>	<u>(140,069)</u>	<u>1,709,994</u>	<u>277,832,648</u>
Governmental activities capital assets, net	<u>\$ 337,992,175</u>	<u>\$ (7,842,502)</u>	<u>\$ (140,069)</u>	<u>\$ -</u>	<u>\$ 330,009,604</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2012	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2013
Business Type Activities					
Capital assets, not being depreciated					
Land	\$ 319,665	\$ -	\$ -	\$ -	\$ 319,665
Construction in progress	63,202	793,708	-	-	856,910
Total capital assets not being depreciated	382,867	793,708	-	-	1,176,575
Capital assets, being depreciated					
Structures and improvements	8,359,912	-	-	-	8,359,912
Equipment	43,703	-	-	-	43,703
Total capital assets being depreciated	8,403,615	-	-	-	8,403,615
Less accumulated depreciation for					
Structures and improvements	(4,986,343)	(306,622)	-	-	(5,292,965)
Equipment	(26,191)	(1,790)	-	-	(27,981)
Total accumulated depreciation	(5,012,534)	(308,412)	-	-	(5,320,946)
Total capital assets being depreciated, net	3,391,081	(308,412)	-	-	3,082,669
Business type activities capital assets, net	\$ 3,773,948	\$ 485,296	-	-	\$ 4,259,244

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 517,794
Public protection	1,607,699
Public ways and facilities	19,000,092
Health and sanitation	365,697
Public assistance	287,307
Education	232,681
Recreation and cultural services	149,186
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	731,419
Total depreciation expense governmental activities	<u>\$ 22,891,875</u>

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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, 2013, the various components of deferred revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental Funds:			
General Fund:			
Various grants and charges	\$ -	\$ 62,066	\$ 62,066
Road Fund:			
Various grants and charges	-	326,113	326,113
Other Governmental Funds:			
Various grants, charges, and special assessments and loans	<u>8,486,235</u>	<u>3,554,577</u>	<u>12,040,812</u>
	<u><u>\$ 8,486,235</u></u>	<u><u>\$ 3,942,756</u></u>	<u><u>\$ 12,428,991</u></u>

NOTE 6: LONG-TERM LIABILITIES

Long-term debt at June 30, 2013 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, 2013</u>
Governmental Activities						
Note Payable:						
California Housing Finance Agency:						
HELP Program ¹⁾	2009	2014	3.50%	³⁾	\$ 100,000	\$ 100,000
HELP Program ²⁾	2012	2017	3.50%	³⁾	1,400,000	1,400,000
HUD HOME Program ²⁾	2003	2058	0.00%	³⁾	3,000,000	3,000,000
HUD HOME Program ²⁾	2013	2067	3.00%	³⁾	2,700,000	2,700,000
HUD State CDBG Program ²⁾	2013	2068	3.00%	³⁾	260,244	<u>260,244</u>
Total Governmental Activities						<u><u>\$ 7,460,244</u></u>

¹⁾ Note payable is offset by a long-term note receivable.

²⁾ Note payable is offset by a long-term note receivable secured by a deed of trust.

³⁾ Principal payment is due in total at the end of note maturity.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of long-term liabilities transactions for the year ended June 30, 2013:

	Restated Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities					
Notes payable:					
California Energy Commission II	\$ 124,324	\$ -	\$ 124,324	\$ -	\$ -
California Housing Finance Agency	1,500,000	-	-	1,500,000	-
HUD HOME Program	3,000,000	2,700,000	-	5,700,000	-
HUD State CDBG Program	-	260,244	-	260,244	-
Compensated absences	13,330,521	1,285,328	1,455,348	13,160,501	1,460,274
Capital lease obligation	44,254	-	44,254	-	-
Landfill closure / post-closure liability	16,142,895	-	-	16,142,895	-
Liability for self-insurance claims	15,868,000	36,074,793	35,483,793	16,459,000	4,428,870
Other postemployment benefits	62,425,890	6,708,218	2,791,285	66,342,823	-
	<u>\$ 112,435,884</u>	<u>\$ 47,028,583</u>	<u>\$ 39,899,004</u>	<u>\$ 119,565,463</u>	<u>\$ 5,889,144</u>
Business-Type Activities					
Compensated absences	\$ 26,142	\$ 981	\$ -	\$ 27,123	\$ 2,984
Notes payable	930	-	930	-	-
	<u>\$ 27,072</u>	<u>\$ 981</u>	<u>\$ 930</u>	<u>\$ 27,123</u>	<u>\$ 2,984</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, 2013, there are no annual debt service requirements of governmental activities with fixed maturities.

As of June 30, 2013, there are no annual debt service requirements of business-type activities to maturity.

NOTE 7: LEASES

Operating Lease Obligations

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$3.1 million for the year ended June 30, 2013.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7: **LEASES** (CONTINUED)

Operating Lease Obligations (continued)

Future minimum operating lease commitments are as follows:

Year Ending June 30:	
2014	\$ 1,362,486
2015	818,639
2016	424,279
2017	236,387
2018	65,421
2019-2023	167,917
2024	<u>3,349</u>
Total	<u>\$ 3,078,478</u>

Capital Lease Obligations

The County accounts for capital leases in the governmental fund types in accordance with the provisions of National Council on Governmental Accounting (NCGA) Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a capital asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. The total lease payments for the fiscal year were \$44,626 for which \$372 represented interest cost.

These assets are included in the County's capital assets. As of June 30, 2013, the County paid off all capital leases and therefore, there are no future minimum lease payments relating to these assets.

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

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

The County ceased accepting waste from the public in 1997 and 8.2 acres or 19.4 percent of the landfill's 42.3 acres remain open to waste generated onsite. The estimated landfill closure care liability of \$2,247,151 reported as of June 30, 2013, is the current cost estimate of closing the remaining 8.2 acres. Because the landfill is no longer accepting waste from the public, the additional liability of \$13,895,744 representing postclosure costs for the entire 42.3 acres has been recognized and is a cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 8: LIABILITY FOR CLOSURE AND POST-CLOSURE COSTS (CONTINUED)

State and federal laws require the County to make contributions to a special fund in order to finance closure care. At June 30, 2013, cash and investments held of \$1,735,122 in this special fund are part of the pooled funds held by the County treasurer and are reported as restricted assets on the Statement of Net Position. Currently, the amount held as restricted cash, combined with due from other funds in the amount of \$515,523 recorded in this special fund, is sufficient to cover the entire closure liability.

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

NOTE 9: INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2013 is as follows:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise Fund - County Airports	\$ 269,000	Advance for cash flow
	Other Governmental Funds	156,115	Realignment Funds
	Other Governmental Funds	462,628	County Local Revenue Fund 2011
	Other Governmental Funds	824,000	Advance to Community Services Funds to cover cash shortfall
	Other Governmental Funds	52,000	Advance to Mental Health Fund to cover cash shortfall
	Other Governmental Funds	93,043	Reimbursement for Insurance Fraud Program Expenditures
	Other Governmental Funds	80,029	Reimbursement for SB678 Expenditures
		<u>1,936,815</u>	
Road Fund	Silva Valley Interchange RIF Fund	1,455,350	Billing for Road Work
	Other Governmental Funds	23,693	Billing for Road Work
		<u>1,479,043</u>	
Enterprise Fund - Airports	Other Governmental Funds	2,506	Billing for ACO Funds
		<u>2,506</u>	
Other Governmental Funds	Other Governmental Funds	119,317	Sales Tax Realignment Funds for Health Programs
	Other Governmental Funds	241,649	Mental Health Sales Tax Realignment Funds
	Other Governmental Funds	515,523	Landfill Closure Funds
	Other Governmental Funds	2,511	ACO Funds due from Courthouse Construction
	General Fund	2,405	Contribution to IHSS Public Authority Fund
		<u>881,405</u>	
	Total	<u>\$ 4,299,769</u>	

Advance To/From Other Funds:

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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.

Transfer to	Transfer from	Amount	Purpose
General Fund	Other Governmental Funds	\$ 267,352	Timber Tax to Sheriff's Office Patrol, Search and Rescue
	Other Governmental Funds	1,230,315	County Service Area #10 Special Tax Revenues to Library General Fund Operating
	Other Governmental Funds	59,330	State Off-Highway Vehicle Funds to CAO and Rubicon Trail
	Other Governmental Funds	95,730	El Dorado-SMUD Cooperation Agreement Funds to Rubicon Trail and Sheriff OHV Rubicon
	Other Governmental Funds	7,745,184	Tobacco Settlement
	Other Governmental Funds	506,222	Time Share and Redemption Fees to BOS / Auditor / TTC / Assessor
	Other Governmental Funds	3,083	Overages Treasurer Tax Collector Operating
	Other Governmental Funds	831,123	Grant Revenues to District Attorney General Fund Operating
	Other Governmental Funds	412,158	Grant Revenues to Sheriff's Operating
	Other Governmental Funds	396,213	Probation CCPIF SB678 Reimbursement to General Fund Adult Supervision
	Other Governmental Funds	35,879	Commercial Grading to Building Operating
	Other Governmental Funds	515,357	Micro, Computer System, Vital Health Statistics to Recorder Operating
	Other Governmental Funds	542,310	Planning Projects Revenues to Planning
	Other Governmental Funds	268,013	Engineer Time and Materials to DOT County Engineer
	Other Governmental Funds	210,731	Park / River Fees to Parks and Rivers General Fund Operating
	Other Governmental Funds	55,000	License Plate Fees to Veteran Services Operating
	Other Governmental Funds	21,129	Literacy Action Council, Kincade, and Bookmobile Funds to Library Operating
	Other Governmental Funds	214,057	Realignment Funds to Animal Services
	Other Governmental Funds	181,125	Realignment Funds to Environmental Health
	Other Governmental Funds	9,120,687	Realignment Funds to Social Services
Other Governmental Funds	156,756	Realignment Funds to Probation	
Other Governmental Funds	31,728	County Local Revenue Funds to DA	
Other Governmental Funds	3,233,471	County Local Revenue Funds to Sheriff	
Other Governmental Funds	1,377,322	County Local Revenue Funds to Probation	
Other Governmental Funds	6,616,974	County Local Revenue Funds to Social Services	
Other Governmental Funds	885,131	Supplemental Law Enforcement Services Fund (SLESF) to Sheriff/DA/Probation Operating	
		<u>35,012,380</u>	

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 9: INTERFUND TRANSACTIONS (CONTINUED)

Transfers (continued)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
Road Fund	General Fund	\$ 501,535	General Fund Billing
	Silva Valley Interchange RIF Fund	4,298,988	Road Projects Billing and Road Impact Fees to Road Fund Operating
	Other Governmental Funds	9,494,297	Road District Tax to Road Fund Operating
	Other Governmental Funds	50,240	El Dorado-SMUD Cooperation Agreement Fund Billing
	Other Governmental Funds	3,258,017	Road Projects Billing and Traffic Impact Fees to Road Fund Operating
		<u>17,603,077</u>	
Internal Services Fund - Fleet	General Fund	9,584	General Fund Contribution
		<u>9,584</u>	
Enterprise Fund - Airports	General Fund	73,062	General Fund Contribution
	Other Governmental Funds	20,000	Special Aviation Funding
	Other Governmental Funds	83,202	ACO Fund Billing
		<u>176,264</u>	
Other Governmental Funds	General Fund	1,082,836	General Fund Contribution to Community Services
	General Fund	6,304,845	General Fund Contribution to Public Health
	General Fund	1,864	General Fund Parcel Detachment Cost Reimbursements
	General Fund	137,618	General Fund Contribution to IHSS Public Authority Fund
	General Fund	3,189	General Fund Transfer to Change Difference Shortage
	General Fund	265,707	General Fund Return 11/12 Unused CalMMET Funds
	General Fund	707,487	General Fund Contribution to Meyer's Landfill Fund
	General Fund	2,363,159	General Fund Contribution to Health and Welfare
	General Fund	802,587	General Fund Reimbursements to ACO Fund
	Other Governmental Funds	590,878	Criminal Justice Facility/Courthouse Construction Fund to ACO Fund
		<u>12,260,170</u>	
	Total	<u>\$ 65,061,475</u>	

NOTE 10: PENSION PLAN

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 10: PENSION PLAN (CONTINUED)

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and miscellaneous employees are required to contribute 7%. In 2012-2013, the employees paid a portion of their required PERS contribution to PERS and the County paid the remaining portion on their behalf and for their account. Specifically, miscellaneous employees paid 3% of their covered compensation; safety employees paid 6% and the full 9% of their covered compensation in the first and second half of the fiscal year respectively. Further, the County is required to contribute at an actuarially determined rate; the current rate is 14.606% for miscellaneous employees and 27.287% for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2012-2013, the County's annual pension cost of \$17,571,610 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial. Assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary ranging from 3.55% to 14.45% for miscellaneous members and 3.55% to 13.15% for safety members depending on age, service and type of employment. An inflation component of 3.0% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 15,603	100%	\$ -
6/30/12	16,942	100%	-
6/30/13	17,572	100%	-

Funded Status and funding Progress

The following is the funded status information for each plan as of June 30, 2012, the most recent actuarial valuation date:

	<u>Accrued Liability</u>	<u>Market Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
Miscellaneous	\$ 521,155,919	\$ 358,290,282	\$ 162,865,637	68.7%	\$ 77,132,460	211.2%
Safety	246,982,366	153,607,995	93,374,371	62.2%	25,525,956	365.8%

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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

Funded Status and funding Progress (continued)

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

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

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

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

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

Funding Policy. The contribution requirements of the plan members and the County are established and may be amended by the County. The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The 2012-2013 ARC is \$8,967,000.

Annual OPEB Cost and Net OPEB Obligation.

For 2012-2013, the County’s annual OPEB cost (expense) was \$6,708,218 and the Net OPEB Obligation was \$66,342,823. Actual contributions made during the year were \$2,791,285.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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

Annual OPEB Cost and Net OPEB Obligation. (continued)

The following table shows the components of the County's Annual OPEB Cost for the year ended June 30, 2013, the amount actually contributed to the plan, and changes in the County's Net OPEB Obligation/(Asset).

Annual Required Contributions	\$ 8,967,000
Interest on Net OPEB Obligation/(Asset)	2,441,210
Adjustment to Annual Required Contributions	<u>(4,699,992)</u>
Annual OPEB Cost (Expense)	6,708,218
Contributions Made	<u>(2,791,285)</u>
Increase to Net OPEB Obligations/(Asset)	3,916,933
Net OPEB Obligation/(Asset) - Beginning of Year	<u>62,425,890</u>
 Net OPEB Obligation/(Asset) - End of Year	 <u><u>\$ 66,342,823</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 20,837	14.4%	\$ 58,035
6/30/12	6,583	33.3%	62,426
6/30/13	6,708	41.6%	66,343

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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

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

In the June 30, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return based on the assumption that benefits will be paid from general County assets earmarked for purposes of County Postretirement Benefits, and not invested in a separate trust. This rate includes a 3.0% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 20 years on a closed basis. The remaining amortization period at June 30, 2013 was 14 years.

NOTE 12: RISK MANAGEMENT

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

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$16,459,000 reported in the Risk Management Fund at June 30, 2013 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, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 15,868,000	\$ 16,707,714
Plus estimated claims incurred	36,074,793	33,385,947
Less claims payments	<u>(35,483,793)</u>	<u>(34,225,661)</u>
Unpaid claims, end of year	<u>\$ 16,459,000</u>	<u>\$ 15,868,000</u>

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 13: COMMITMENTS AND CONTINGENCIES

Grants

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

Pending Litigation

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

Encumbrances

The County uses an encumbrances system to control expenditures for the year and to enhance cash management. Under this system, purchase orders and contracts are recorded in order to reserve that portion of applicable appropriations. Encumbrances still open at the end of the year are not accounted for as expenditures and liabilities but rather as part of the fund balances. As of June 30, 2013, General Fund had a total of \$275,003 in encumbrances, which were reported as part of the assigned fund balances on the governmental fund balance sheet. Road Fund had a total of \$299,071 in encumbrances, which were reported as part of the restricted fund balances. Other (nonmajor) governmental funds had a total of \$487,130 in encumbrances, which were reported as part of the restricted or assigned fund balances.

Construction Commitments and Other Significant Commitments

At June 30, 2013, the County has ongoing construction commitments that totaled approximately \$10.1 million and other significant commitments that totaled \$19.7 million.

Road Improvement Reimbursement Agreements

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

Bass Lake Road Serrano Pakrway Intersection	\$ 362,301
Sofia Parkway	253,826
White Rock Road West	1,513,459
Bass Lake Road	<u>3,692,150</u>
Total	<u><u>\$ 5,821,736</u></u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

NOTE 14: NET POSITION / FUND BALANCES

A. **Net Position**

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

- *Net Investment in Capital Assets:* This category groups all capital assets, including infrastructure, into one component of net position. 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 Position:* 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 position at June 30, 2013, is net position restricted by enabling legislation of \$109.4 million.
- *Unrestricted Net Position:* This category represents net position of the County, not restricted for any project or other purpose.

B. **Fund Balances**

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in those funds. As of June 30, 2013, fund balances for governmental funds comprise the followings based on the relative strength of the constraints that control how specific amounts can be spent:

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 14: NET POSITION / FUND BALANCES (CONTINUED)

B. Fund Balances (continued)

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

Fund balances for all the major and nonmajor governmental funds as of June 30, 2013, were presented as follows:

	General	Road Fund	Silva Valley Interchange RIF Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Advances	\$ 430,000	\$ -	\$ -	\$ -	\$ 430,000
Inventory	-	712,156	-	79,867	792,023
Prepaid expenses	568,359	502,312	-	374,207	1,444,878
Permanent fund principal	-	-	-	2,075,655	2,075,655
Subtotal	<u>998,359</u>	<u>1,214,468</u>	<u>-</u>	<u>2,529,729</u>	<u>4,742,556</u>
Restricted for:					
Capital projects	-	-	-	11,272,422	11,272,422
Debt service	-	-	-	198,763	198,763
Public protection	-	-	-	17,522,758	17,522,758
Public ways and facilities	-	4,548,176	16,991,587	19,877,034	41,416,797
Health and sanitation	-	-	-	31,176,242	31,176,242
Public assistance	-	-	-	804,534	804,534
General government	-	-	-	5,700,430	5,700,430
Education	-	-	-	736,136	736,136
Recreation & Cultural Services	-	-	-	31,205	31,205
Subtotal	<u>-</u>	<u>4,548,176</u>	<u>16,991,587</u>	<u>87,319,524</u>	<u>108,859,287</u>
Committed to:					
Capital projects	17,650,608	9,395,203	-	16,050,797	43,096,608
Public protection	-	-	-	88,670	88,670
Public ways and facilities	-	-	-	1,103,171	1,103,171
General government	-	-	-	13,955	13,955
Subtotal	<u>17,650,608</u>	<u>9,395,203</u>	<u>-</u>	<u>17,256,593</u>	<u>44,302,404</u>
Assigned to:					
Debt service	-	-	-	1,796,887	1,796,887
Public protection	-	-	-	3,200,598	3,200,598
Public ways and facilities	-	-	-	54	54
Health and sanitation	-	-	-	7,168,752	7,168,752
Public assistance	-	-	-	1,628,473	1,628,473
General government	275,003	-	-	391,041	666,044
Education	-	-	-	10,762	10,762
Recreation & Cultural Services	-	-	-	386,362	386,362
Subtotal	<u>275,003</u>	<u>-</u>	<u>-</u>	<u>14,582,929</u>	<u>14,857,932</u>
Unassigned	<u>38,158,359</u>	<u>-</u>	<u>-</u>	<u>(56,963)</u>	<u>38,101,396</u>
Total	<u>\$ 57,082,329</u>	<u>\$ 15,157,847</u>	<u>\$ 16,991,587</u>	<u>\$ 121,631,812</u>	<u>\$ 210,863,575</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 14: NET POSITION / FUND BALANCES (CONTINUED)

C. Prior Period Adjustments

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

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

	Primary Government				Component Units	
	Governmental Activities		Fiduciary Funds		Statement of Net Position	
	Fund Financial Statements	Government-Wide Statement of Net Position	Statement of Net Position	Component Unit's Private Purpose Trust	El Dorado County Transportation Commission	Total Component Units
	Other Governmental Funds	Total Governmental Activities	Investment Trust Funds			
Fund Balances / Net Position, June 30, 2012, as previously reported	\$ 117,802,325	\$ 475,593,714	\$ 190,560,313	\$ 695,330	\$ 179,134	\$ 16,709,798
Restatements:						
Overstatement of notes receivable	(1,500,000)	(1,500,000)	-	-	-	-
Understatement of long-term notes receivable	-	1,500,000	-	-	-	-
Overstatement of deferred revenue (unavailable)	1,500,000	-	-	-	-	-
Understatement of long-term notes payable	-	(1,500,000)	-	-	-	-
El Dorado County Transportation Commission fund type changes	-	-	(441,314)	(695,330)	1,691,876	1,691,876
Total restatements	-	(1,500,000)	(441,314)	(695,330)	1,691,876	1,691,876
Fund Balances / Net Position, June 30, 2012, as restated	\$ 117,802,325	\$ 474,093,714	\$ 190,118,999	\$ -	\$ 1,871,010	\$ 18,401,674

D. Deficit Fund Balances / Net Position

The following funds had deficit fund balances or net position as of June 30, 2013:

Nonmajor Governmental Funds:

CDBG 1st Time Homebuyers Grant \$ 253

Internal Service Fund:

Risk Management Authority 45,965,474

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 15: CONDENSED SEGMENT INFORMATION ON COMPONENT UNITS

The County has three Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2013, is as follows:

**Component Units Statement of Net Position
June 30, 2013**

	Children and Families Commission	El Dorado County Transit Authority	El Dorado County Transportation Commission	Total
ASSETS				
Current and other assets	\$ 3,014,783	\$ 7,626,706	\$ 2,666,503	\$ 13,307,992
Capital assets	605,387	9,383,119	41,557	10,030,063
Restricted cash	-	2,562,292	1,737,115	4,299,407
Total Assets	<u>3,620,170</u>	<u>19,572,117</u>	<u>4,445,175</u>	<u>27,637,462</u>
LIABILITIES				
Current liabilities	336,476	6,584,572	2,134,946	9,055,994
Long-term liabilities	-	521,175	74,450	595,625
Total Liabilities	<u>336,476</u>	<u>7,105,747</u>	<u>2,209,396</u>	<u>9,651,619</u>
NET POSITION				
Net investment in capital assets	605,387	9,383,119	41,557	10,030,063
Restricted	2,678,307	-	1,972,723	4,651,030
Unrestricted	-	3,083,251	221,499	3,304,750
Total Net Position	<u>\$ 3,283,694</u>	<u>\$ 12,466,370</u>	<u>\$ 2,235,779</u>	<u>\$ 17,985,843</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

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

**Component Units Statement of Activities
For the Year Ended June 30, 2013**

	<u>Children and Families Commission</u>	<u>El Dorado County Transit Authority</u>	<u>El Dorado County Transportation Commission</u>	<u>Total</u>
Revenues:				
Program Revenues:				
Charges for current services	\$ -	\$ 1,514,112	\$ -	\$ 1,514,112
Operating grants and contributions	1,302,637	3,844,151	1,797,416	6,944,204
Capital grants and contributions	-	579,369	-	579,369
General Revenues:				
Taxes	-	-	4,710,117	4,710,117
Interest and investment earnings	5,722	17,980	6,214	29,916
Other revenues	9,529	112,306	82,901	204,736
Total Revenues	<u>1,317,888</u>	<u>6,067,918</u>	<u>6,596,648</u>	<u>13,982,454</u>
Expenses:				
Health and sanitation	1,553,078	-	-	1,553,078
Public ways and facilities	-	6,613,328	6,231,879	12,845,207
Total Expenses	<u>1,553,078</u>	<u>6,613,328</u>	<u>6,231,879</u>	<u>14,398,285</u>
Change in net position	(235,190)	(545,410)	364,769	(415,831)
Net Position - Beginning of Year (Restated)	<u>3,518,884</u>	<u>13,011,780</u>	<u>1,871,010</u>	<u>18,401,674</u>
Net Position - End of Year	<u>\$ 3,283,694</u>	<u>\$ 12,466,370</u>	<u>\$ 2,235,779</u>	<u>\$ 17,985,843</u>

NOTE 16: SUBSEQUENT EVENTS

Risk Management Authority Return of Excess Funds

On August 22, 2013, the State Controller's review of the County's 2013-2014 Countywide Cost Allocation Plan revealed that the County's Risk Management Authority had overbilled the participants in its previous self-insured health program. Specifically, as of June 30, 2013 the Risk Management Authority had accumulated in excess of \$5,000,000 of health insurance reserves. Further analysis by County staff determined that \$1,465,208 would be refunded to the current and past employees as well as participating external agencies and another \$4,493,760 would be refunded to the County departments for their share of the costs. The current employee refunds were completed in November 2013, while the past employee and the external agency refunds were made in January 2014. The County department refunds were made in March 2014.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF EL DORADO

Required Supplementary Information
For the Year Ended June 30, 2013

SCHEDULES OF FUNDING PROGRESS

The tables below show a three-year comparison of the market value of plan assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the County Employee's Retirement Pension Plans as of the actuarial valuation date. Similar to the prior year, as of June 30, 2012 CALPERS reported the actuarial value of plan assets greater than the market value of plan assets. Because the actuarial value of plan assets was significantly greater than the market value in the past three valuations, the market value of plan assets was used in the below schedules of funding progress for each respective year.

Miscellaneous Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Market Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/10	\$ 463,646,274	\$304,007,643	\$ 159,638,631	65.6%	\$ 81,538,638	195.8%
6/30/11	498,510,496	365,327,819	133,182,677	73.3%	78,603,424	169.4%
6/30/12	521,155,919	358,290,282	162,865,637	68.7%	77,132,460	211.2%

Safety Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Market Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/10	\$ 213,403,602	\$128,647,899	\$ 84,755,703	60.3%	\$ 26,755,342	316.8%
6/30/11	232,382,099	155,289,700	77,092,399	66.8%	25,867,788	298.0%
6/30/12	246,982,366	153,607,995	93,374,371	62.2%	25,525,956	365.8%

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

Retiree's Health

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

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 15,796,030	\$ 16,596,030	\$ 16,596,030	\$ --
Resources (inflows):				
Taxes	83,541,061	83,541,061	86,511,857	2,970,796
Licenses, permits and franchises	5,733,623	5,733,623	5,523,109	(210,514)
Fines, forfeits and penalties	994,000	994,000	1,033,041	39,041
Revenue from use of money or property	171,650	171,650	111,628	(60,022)
Intergovernmental revenue - State	28,642,722	25,823,652	25,980,272	156,620
Intergovernmental revenue - Federal	25,246,041	26,099,572	21,888,992	(4,210,580)
Revenue other governmental agencies	4,479,798	7,079,798	7,220,529	140,731
Charges for services	13,637,586	13,671,694	12,499,424	(1,172,270)
Miscellaneous revenue	1,307,685	1,390,921	1,000,870	(390,051)
Other financing sources	25,457,919	40,322,324	35,017,380	(5,304,944)
	<u>189,212,085</u>	<u>204,828,295</u>	<u>196,787,102</u>	<u>(8,041,193)</u>
Amounts available for appropriation	<u>205,008,115</u>	<u>221,424,325</u>	<u>213,383,132</u>	<u>(8,041,193)</u>
Charges to appropriations (outflows):				
General Government				
Board of Supervisors				
Salaries and employee benefits	1,430,582	1,426,582	1,242,130	184,452
Services and supplies	118,015	118,015	58,422	59,593
Other charges	250	250	--	250
Fixed assets	--	4,000	3,095	905
Intrafund transfers	36,791	36,791	14,611	22,180
Intrafund abatement	(668)	(668)	--	(668)
	<u>1,584,970</u>	<u>1,584,970</u>	<u>1,318,258</u>	<u>266,712</u>
County Administrative Office				
Salaries and employee benefits	2,092,035	2,227,035	1,644,286	582,749
Services and supplies	110,730	140,594	65,265	75,329
Other charges	--	--	6,422	(6,422)
Fixed assets	--	2,000	3,312	(1,312)
Intrafund transfers	45,533	45,533	52,239	(6,706)
Intrafund abatement	(63,626)	(63,626)	(4,190)	(59,436)
	<u>2,184,672</u>	<u>2,351,536</u>	<u>1,767,334</u>	<u>584,202</u>
Annual Audit				
Services and supplies	92,000	92,000	89,125	2,875
	<u>92,000</u>	<u>92,000</u>	<u>89,125</u>	<u>2,875</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller				
Salaries and employee benefits	\$ 2,877,398	\$ 2,868,874	\$ 2,497,819	\$ 371,055
Services and supplies	100,646	124,170	98,519	25,651
Fixed assets	1,800	1,800	1,706	94
Intrafund transfers	304,833	304,833	20,695	284,138
Intrafund abatement	(103,050)	(103,050)	(143,069)	40,019
	<u>3,181,627</u>	<u>3,196,627</u>	<u>2,475,670</u>	<u>720,957</u>
Treasurer/Tax Collector				
Salaries and employee benefits	1,917,013	1,917,013	1,836,582	80,431
Services and supplies	497,552	494,252	390,064	104,188
Fixed assets	--	3,300	--	3,300
Other financing uses	3,600	3,600	3,189	411
Intrafund transfers	290,315	290,315	28,631	261,684
Intrafund abatement	(23,011)	(23,011)	(8,782)	(14,229)
	<u>2,685,469</u>	<u>2,685,469</u>	<u>2,249,684</u>	<u>435,785</u>
Assessor				
Salaries and employee benefits	2,960,751	2,960,751	2,910,471	50,280
Services and supplies	131,580	131,580	90,857	40,723
Other charges	500	500	--	500
Intrafund transfers	272,305	272,305	23,777	248,528
	<u>3,365,136</u>	<u>3,365,136</u>	<u>3,025,105</u>	<u>340,031</u>
Purchasing				
Salaries and employee benefits	566,168	566,168	540,016	26,152
Services and supplies	13,837	13,837	12,381	1,456
Intrafund transfers	7,317	7,317	2,429	4,888
	<u>587,322</u>	<u>587,322</u>	<u>554,826</u>	<u>32,496</u>
Revenue Recovery				
Salaries and employee benefits	430,604	430,604	458,509	(27,905)
Services and supplies	92,290	90,090	93,067	(2,977)
Other charges	--	2,200	--	2,200
Other financing uses	--	--	2,119	(2,119)
Intrafund transfers	25,975	25,975	11,735	14,240
Intrafund abatement	(14,000)	(14,000)	(9,134)	(4,866)
	<u>534,869</u>	<u>534,869</u>	<u>556,296</u>	<u>(21,427)</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
County Counsel				
Salaries and employee benefits	\$ 2,374,602	\$ 2,481,102	\$ 2,358,571	\$ 122,531
Services and supplies	268,379	268,379	235,541	32,838
Other charges	160	160	--	160
Intrafund transfers	36,765	36,765	12,752	24,013
Intrafund abatement	(30,000)	(30,000)	(10,293)	(19,707)
	<u>2,649,906</u>	<u>2,756,406</u>	<u>2,596,571</u>	<u>159,835</u>
Human Resources				
Salaries and employee benefits	823,879	787,879	775,558	12,321
Services and supplies	185,084	342,914	294,672	48,242
Intrafund transfers	27,142	25,642	8,207	17,435
	<u>1,036,105</u>	<u>1,156,435</u>	<u>1,078,437</u>	<u>77,998</u>
Recorder - Elections				
Salaries and employee benefits	926,399	926,399	761,129	165,270
Services and supplies	1,550,435	1,550,435	1,386,926	163,509
Other charges	80,247	80,247	--	80,247
Intrafund transfers	50,767	50,767	27,788	22,979
	<u>2,607,848</u>	<u>2,607,848</u>	<u>2,175,843</u>	<u>432,005</u>
Communications				
Salaries and employee benefits	638,437	638,437	577,480	60,957
Services and supplies	1,600,508	1,470,224	1,223,975	246,249
Services and supplies abatements	(308,000)	(308,000)	(280,945)	(27,055)
Fixed assets	120,000	250,284	175,856	74,428
Intrafund transfers	2,056	2,056	2,171	(115)
Intrafund abatement	(675,000)	(675,000)	(656,593)	(18,407)
	<u>1,378,001</u>	<u>1,378,001</u>	<u>1,041,944</u>	<u>336,057</u>
Courier and Messenger				
Salaries and employee benefits	156,750	156,750	81,435	75,315
Services and supplies	30,369	30,369	24,460	5,909
Intrafund transfers	4,197	4,197	184	4,013
Intrafund abatement	(142,990)	(142,990)	(139,787)	(3,203)
	<u>48,326</u>	<u>48,326</u>	<u>(33,708)</u>	<u>82,034</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Buildings and Grounds				
Salaries and employee benefits	\$ 2,875,573	\$ 2,875,573	\$ 2,639,054	\$ 236,519
Services and supplies	1,693,251	1,665,751	1,825,352	(159,601)
Other charges	170,000	197,500	227,725	(30,225)
Fixed assets	21,300	21,300	28,343	(7,043)
Intrafund transfers	61,026	61,026	13,633	47,393
Intrafund abatement	--	--	(17,291)	17,291
	<u>4,821,150</u>	<u>4,821,150</u>	<u>4,716,816</u>	<u>104,334</u>
County Promotion				
Salaries and employee benefits	218,761	218,761	92,232	126,529
Services and supplies	1,337,436	1,334,836	762,913	571,923
Other charges	10,000	10,000	163	9,837
Fixed assets	4,000	4,000	--	4,000
Intrafund transfers	152,573	152,573	1,002	151,571
	<u>1,722,770</u>	<u>1,720,170</u>	<u>856,310</u>	<u>863,860</u>
Information Technologies				
Salaries and employee benefits	3,786,970	3,806,970	3,277,879	529,091
Services and supplies	1,886,933	1,885,433	1,483,634	401,799
Other charges	94,553	99,553	94,699	4,854
Fixed assets	260,600	260,600	140,121	120,479
Intrafund transfers	149,729	149,729	114,605	35,124
Intrafund abatement	(2,616,595)	(2,616,595)	(101,701)	(2,514,894)
	<u>3,562,190</u>	<u>3,585,690</u>	<u>5,009,237</u>	<u>(1,423,547)</u>
Surveyor				
Salaries and employee benefits	1,419,218	1,419,218	1,363,406	55,812
Services and supplies	116,549	116,549	72,473	44,076
Other charges	300	300	191	109
Fixed assets	13,038	13,038	7,899	5,139
Intrafund transfers	108,243	108,243	9,500	98,743
Intrafund abatement	(1,000)	(1,000)	--	(1,000)
	<u>1,656,348</u>	<u>1,656,348</u>	<u>1,453,469</u>	<u>202,879</u>
Employee Benefits				
Salaries and employee benefits	20,000	20,000	16,320	3,680
	<u>20,000</u>	<u>20,000</u>	<u>16,320</u>	<u>3,680</u>
Engineer				
Services and supplies	207,500	59,500	42,863	16,637
Other charges	1,255,369	1,417,369	1,350,615	66,754
Intrafund transfers	30,000	16,000	10,293	5,707
	<u>1,492,869</u>	<u>1,492,869</u>	<u>1,403,771</u>	<u>89,098</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Contribution to Other Funds				
Services and supplies	\$ 1,325,223	\$ 1,217,382	\$ 394,079	\$ 823,303
Other charges	428,376	3,172,638	3,144,415	28,223
Other financing uses	14,629,124	14,894,831	11,146,792	3,748,039
	<u>16,382,723</u>	<u>19,284,851</u>	<u>14,685,286</u>	<u>4,599,565</u>
Contribution to Other Agencies				
Services and supplies	146,642	--	--	--
Other charges	--	146,642	146,642	--
	<u>146,642</u>	<u>146,642</u>	<u>146,642</u>	<u>--</u>
Contribution to Airports				
Other financing uses	75,495	75,495	73,062	2,433
	<u>75,495</u>	<u>75,495</u>	<u>73,062</u>	<u>2,433</u>
Other General				
Services and supplies	20,000	20,000	23,285	(3,285)
Other financing uses	235,666	1,035,666	983,380	52,286
Intrafund abatement	(61,264)	(61,264)	(61,264)	--
	<u>194,402</u>	<u>994,402</u>	<u>945,401</u>	<u>49,001</u>
Central Services				
Salaries and employee benefits	34,240	34,240	97,904	(63,664)
Services and supplies	224,358	224,358	146,939	77,419
Services and supplies abatements	(220,000)	(220,000)	(135,111)	(84,889)
Other charges	--	--	765	(765)
Intrafund transfers	921	921	738	183
Intrafund abatement	(25,756)	(25,756)	(29,436)	3,680
	<u>13,763</u>	<u>13,763</u>	<u>81,799</u>	<u>(68,036)</u>
General Government	<u>52,024,603</u>	<u>56,156,325</u>	<u>48,283,498</u>	<u>7,872,827</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Public Protection				
Superior Court MOE				
Services and supplies	\$ 1,161,000	\$ 1,596,000	\$ 1,584,225	\$ 11,775
Other charges	1,306,000	1,321,000	1,275,036	45,964
	<u>2,467,000</u>	<u>2,917,000</u>	<u>2,859,261</u>	<u>57,739</u>
Grand Jury				
Salaries and employee benefits	554	554	520	34
Services and supplies	93,037	93,037	48,746	44,291
Intrafund transfers	5,899	5,899	2,679	3,220
	<u>99,490</u>	<u>99,490</u>	<u>51,945</u>	<u>47,545</u>
District Attorney				
Salaries and employee benefits	6,983,477	7,356,531	7,142,695	213,836
Services and supplies	608,408	716,678	642,016	74,662
Other charges	2,500	9,500	8,516	984
Fixed assets	53,277	134,827	133,916	911
Intrafund transfers	176,856	176,856	62,657	114,199
Intrafund abatement	(250,000)	(250,000)	(195,994)	(54,006)
	<u>7,574,518</u>	<u>8,144,392</u>	<u>7,793,806</u>	<u>350,586</u>
Child Support Services				
Salaries and employee benefits	3,984,984	4,047,984	3,986,054	61,930
Services and supplies	609,509	524,009	461,832	62,177
Other charges	--	16,500	--	16,500
Other financing uses	--	--	16,421	(16,421)
Intrafund transfers	218,305	224,305	121,164	103,141
	<u>4,812,798</u>	<u>4,812,798</u>	<u>4,585,471</u>	<u>227,327</u>
Public Defender				
Salaries and employee benefits	2,601,847	2,601,847	2,591,647	10,200
Services and supplies	227,365	270,563	213,768	56,795
Intrafund transfers	50,815	50,815	16,928	33,887
	<u>2,880,027</u>	<u>2,923,225</u>	<u>2,822,343</u>	<u>100,882</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Sheriff-Bailiff				
Salaries and employee benefits	\$ 2,960,037	\$ 3,582,738	\$ 2,743,882	\$ 838,856
Services and supplies	187,095	187,095	113,681	73,414
Other charges	--	--	5,569	(5,569)
Intrafund transfers	1,364	1,364	1,961	(597)
	<u>3,148,496</u>	<u>3,771,197</u>	<u>2,865,093</u>	<u>906,104</u>
Sheriff				
Salaries and employee benefits	25,951,092	26,159,893	24,112,052	2,047,841
Services and supplies	5,480,352	5,718,880	4,167,331	1,551,549
Other charges	385,050	376,850	270,814	106,036
Fixed assets	507,669	824,518	368,671	455,847
Other financing uses	50,000	65,400	26,224	39,176
Intrafund transfers	291,227	291,227	105,505	185,722
Intrafund abatement	--	--	(4,392)	4,392
Appropriations for contingencies	300,000	300,000	--	300,000
	<u>32,965,390</u>	<u>33,736,768</u>	<u>29,046,205</u>	<u>4,690,563</u>
Central Dispatch				
Salaries and employee benefits	2,061,168	2,061,168	1,840,925	220,243
Services and supplies	49,193	49,193	45,930	3,263
Fixed assets	1,550	1,550	--	1,550
Intrafund transfers	12,554	12,554	11,168	1,386
	<u>2,124,465</u>	<u>2,124,465</u>	<u>1,898,023</u>	<u>226,442</u>
Jail				
Salaries and employee benefits	11,490,724	11,490,724	10,342,670	1,148,054
Services and supplies	2,121,258	1,986,258	1,703,579	282,679
Other charges	--	--	33	(33)
Fixed assets	70,000	118,667	28,819	89,848
Intrafund transfers	74,947	74,947	30,043	44,904
	<u>13,756,929</u>	<u>13,670,596</u>	<u>12,105,144</u>	<u>1,565,452</u>
Juvenile Hall				
Salaries and employee benefits	5,004,174	5,004,174	4,487,202	516,972
Services and supplies	809,356	809,356	693,892	115,464
Other charges	120,000	120,000	108,837	11,163
Fixed assets	38,000	38,000	30,785	7,215
Intrafund transfers	27,115	27,115	16,232	10,883
	<u>5,998,645</u>	<u>5,998,645</u>	<u>5,336,948</u>	<u>661,697</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Probation Department				
Salaries and employee benefits	\$ 6,709,240	\$ 6,709,240	\$ 6,179,675	\$ 529,565
Services and supplies	1,435,162	1,420,162	794,848	625,314
Other charges	5,000	5,000	959	4,041
Fixed assets	10,000	10,000	1,596	8,404
Intrafund transfers	231,984	231,984	54,602	177,382
	<u>8,391,386</u>	<u>8,376,386</u>	<u>7,031,680</u>	<u>1,344,706</u>
Agricultural Commission				
Salaries and employee benefits	1,037,745	1,037,745	999,721	38,024
Services and supplies	208,362	214,200	143,468	70,732
Other charges	4,000	14,933	9,020	5,913
Fixed assets	--	5,687	5,304	383
Intrafund transfers	52,675	52,675	8,180	44,495
	<u>1,302,782</u>	<u>1,325,240</u>	<u>1,165,693</u>	<u>159,547</u>
Building Inspector				
Salaries and employee benefits	3,766,750	3,766,750	3,302,695	464,055
Services and supplies	389,449	379,949	187,694	192,255
Other charges	--	2,000	1,542	458
Fixed assets	--	7,500	3,077	4,423
Intrafund transfers	618,771	618,771	208,379	410,392
	<u>4,774,970</u>	<u>4,774,970</u>	<u>3,703,387</u>	<u>1,071,583</u>
Coroner				
Salaries and employee benefits	925,889	925,889	894,186	31,703
Services and supplies	278,875	278,875	275,478	3,397
Other charges	--	--	314	(314)
Intrafund transfers	1,706	1,706	2,029	(323)
	<u>1,206,470</u>	<u>1,206,470</u>	<u>1,172,007</u>	<u>34,463</u>
Emergency Services				
Salaries and employee benefits	552,952	552,952	637,320	(84,368)
Services and supplies	45,442	45,442	51,517	(6,075)
Other charges	--	--	617	(617)
Fixed assets	--	--	8,301	(8,301)
Intrafund transfers	7,858	7,858	4,461	3,397
	<u>606,252</u>	<u>606,252</u>	<u>702,216</u>	<u>(95,964)</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Recorder/Clerk				
Salaries and employee benefits	\$ 1,139,943	\$ 1,139,943	\$ 1,048,407	\$ 91,536
Services and supplies	319,530	319,530	137,711	181,819
Fixed assets	15,000	15,000	4,351	10,649
Intrafund transfers	129,987	129,987	27,888	102,099
	<u>1,604,460</u>	<u>1,604,460</u>	<u>1,218,357</u>	<u>386,103</u>
Planning and Zoning				
Salaries and employee benefits	1,023,949	1,023,949	1,057,383	(33,434)
Services and supplies	182,335	1,244,578	407,174	837,404
Intrafund transfers	6,416	6,416	9,831	(3,415)
	<u>1,212,700</u>	<u>2,274,943</u>	<u>1,474,388</u>	<u>800,555</u>
Animal Services				
Salaries and employee benefits	1,336,095	1,336,095	1,175,074	161,021
Services and supplies	595,995	595,995	492,357	103,638
Other charges	479,611	479,611	347,409	132,202
Fixed assets	16,245	16,245	1,562	14,683
Intrafund transfers	81,874	81,874	23,232	58,642
	<u>2,509,820</u>	<u>2,509,820</u>	<u>2,039,634</u>	<u>470,186</u>
Public Guardian				
Salaries and employee benefits	1,306,205	1,306,205	1,118,402	187,803
Services and supplies	88,778	88,778	70,167	18,611
Other charges	144,000	144,000	--	144,000
Fixed assets	27,000	27,000	8,797	18,203
Intrafund transfers	33,186	33,186	9,110	24,076
	<u>1,599,169</u>	<u>1,599,169</u>	<u>1,206,476</u>	<u>392,693</u>
Cemeteries				
Services and supplies	19,950	5,950	1,861	4,089
Other charges	49,639	63,639	96,580	(32,941)
Intrafund transfers	30	30	--	30
	<u>69,619</u>	<u>69,619</u>	<u>98,441</u>	<u>(28,822)</u>
Public Protection	<u>99,105,386</u>	<u>102,545,905</u>	<u>89,176,518</u>	<u>13,369,387</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Health and Sanitation				
Environmental Management				
Salaries and employee benefits	\$ 2,298,076	\$ 2,298,076	\$ 2,182,406	\$ 115,670
Services and supplies	270,551	267,551	171,478	96,073
Other charges	2,150	5,150	3,083	2,067
Intrafund transfers	483,432	483,432	218,941	264,491
Intrafund abatement	(723,656)	(723,656)	(447,016)	(276,640)
	<u>2,330,553</u>	<u>2,330,553</u>	<u>2,128,892</u>	<u>201,661</u>
Health and Sanitation	<u>2,330,553</u>	<u>2,330,553</u>	<u>2,128,892</u>	<u>201,661</u>
Public Assistance				
Social Services Administration				
Salaries and employee benefits	13,617,230	13,732,230	12,523,416	1,208,814
Services and supplies	2,401,336	2,401,336	1,909,627	491,709
Other charges	695,500	695,500	578,054	117,446
Fixed assets	70,675	70,675	23,383	47,292
Other financing uses	--	--	2,288	(2,288)
Intrafund transfers	876,973	876,973	437,227	439,746
	<u>17,661,714</u>	<u>17,776,714</u>	<u>15,473,995</u>	<u>2,302,719</u>
Social Services Programs				
Salaries and employee benefits	4,293,079	4,214,079	4,101,387	112,692
Services and supplies	1,211,141	1,211,141	1,333,856	(122,715)
Other charges	1,941,826	1,922,853	1,604,296	318,557
Fixed assets	14,900	14,900	12,000	2,900
Other financing uses	25,000	25,000	--	25,000
Intrafund transfers	--	--	360	(360)
	<u>7,485,946</u>	<u>7,387,973</u>	<u>7,051,899</u>	<u>336,074</u>
Categorical Aids				
Other charges	14,947,878	17,546,901	16,217,662	1,329,239
	<u>14,947,878</u>	<u>17,546,901</u>	<u>16,217,662</u>	<u>1,329,239</u>
Aids to Indigents				
Services and supplies	40,500	40,500	29,895	10,605
Other charges	37,200	37,200	28,672	8,528
Intrafund transfers	--	--	30	(30)
	<u>77,700</u>	<u>77,700</u>	<u>58,597</u>	<u>19,103</u>
Veterans' Services				
Salaries and employee benefits	329,729	329,729	248,220	81,509
Services and supplies	75,097	75,097	71,770	3,327
Fixed assets	--	2,600	--	2,600
Intrafund transfers	18,641	18,641	10,771	7,870
	<u>423,467</u>	<u>426,067</u>	<u>330,761</u>	<u>95,306</u>
Public Assistance	<u>40,596,705</u>	<u>43,215,355</u>	<u>39,132,914</u>	<u>4,082,441</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Education				
County Library				
Salaries and employee benefits	\$ 2,487,397	\$ 2,470,577	\$ 2,340,118	\$ 130,459
Services and supplies	698,912	791,218	705,608	85,610
Other charges	2,000	3,000	2,936	64
Fixed assets	--	13,700	7,364	6,336
Intrafund transfers	91,379	91,379	45,330	46,049
	<u>3,279,688</u>	<u>3,369,874</u>	<u>3,101,356</u>	<u>268,518</u>
Education	<u>3,279,688</u>	<u>3,369,874</u>	<u>3,101,356</u>	<u>268,518</u>
Recreation and Cultural Services				
Recreation				
Salaries and employee benefits	231,880	231,880	165,523	66,357
Services and supplies	445,240	445,240	232,657	212,583
Other charges	1,455,377	1,455,377	502,131	953,246
Fixed assets	41,000	41,000	--	41,000
Intrafund transfers	51,047	51,047	41,031	10,016
	<u>2,224,544</u>	<u>2,224,544</u>	<u>941,342</u>	<u>1,283,202</u>
Historical Museum				
Salaries and employee benefits	85,597	85,597	85,135	462
Services and supplies	25,929	34,129	31,848	2,281
Intrafund transfers	5,110	5,110	4,214	896
	<u>116,636</u>	<u>124,836</u>	<u>121,197</u>	<u>3,639</u>
Recreation and Cultural Services	<u>2,341,180</u>	<u>2,349,380</u>	<u>1,062,539</u>	<u>1,286,841</u>
Contingency				
Appropriation for contingencies	5,330,000	11,456,933	--	11,456,933
	<u>5,330,000</u>	<u>11,456,933</u>	<u>--</u>	<u>11,456,933</u>
Total Charges to Appropriations	<u>205,008,115</u>	<u>221,424,325</u>	<u>182,885,717</u>	<u>38,538,608</u>
Budgetary Balances, June 30	\$ --	\$ --	\$ 30,497,415	\$ 30,497,415

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2013

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

Sources/inflows of resources:

Actual amount (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 213,383,132
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	(16,596,030)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(35,012,380)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,907,576)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 158,867,146</u></u>

Uses/outflow of resources:

Actual amount (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 182,885,717
Difference budget to GAAP	
Transfers out to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(12,253,473)
Interfund expenditures to other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,907,576)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 167,724,668</u></u>

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 Road Fund
 For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balances, July 1	\$ 672,469	\$ 359,008	\$ 359,008	\$ --
Resources (inflows):				
Taxes and assessments	2,800	2,800	5,688	2,888
Licenses, permits and franchises	713,028	713,028	746,900	33,872
Revenue from use of money or property	29,742	29,742	15,658	(14,084)
Intergovernmental revenue - State	30,063,632	30,550,632	25,018,188	(5,532,444)
Intergovernmental revenue - Federal	16,950,965	16,950,965	9,369,530	(7,581,435)
Charges for services	5,969,911	6,006,368	4,962,546	(1,043,822)
Miscellaneous revenues	2,580,882	2,564,980	63,264	(2,501,716)
Other financing sources	23,010,476	23,358,099	17,608,760	(5,749,339)
	<u>79,321,436</u>	<u>80,176,614</u>	<u>57,790,534</u>	<u>(22,386,080)</u>
Amounts available for appropriations	<u>79,993,905</u>	<u>80,535,622</u>	<u>58,149,542</u>	<u>(22,386,080)</u>
Charges to appropriations (outflows):				
Public Ways and Facilities				
Salaries and employee benefits	18,332,603	18,260,250	17,357,189	903,061
Services and supplies	45,782,532	46,336,249	30,623,731	15,712,518
Other charges	13,828,646	13,900,999	4,622,490	9,278,509
Fixed Assets	2,437,105	2,425,105	1,487,280	937,825
Intrafund transfers	5,948,459	5,929,459	5,532,295	397,164
Intrafund abatement	(7,226,638)	(7,207,638)	(6,601,912)	(605,726)
Appropriations for Contingencies	891,198	891,198	--	891,198
Public Ways and Facilities	<u>79,993,905</u>	<u>80,535,622</u>	<u>53,021,073</u>	<u>27,514,549</u>
Total Charges to Appropriations	<u>79,993,905</u>	<u>80,535,622</u>	<u>53,021,073</u>	<u>27,514,549</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,128,469</u>	<u>\$ 5,128,469</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
Road Fund (continued)
For the Year Ended June 30, 2013

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

Sources/inflows of resources:

Actual amount (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 58,149,542
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	(359,008)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(17,603,077)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,744,994)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 37,442,463</u></u>

Uses/outflow of resources:

Actual amount (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 53,021,073
Difference budget to GAAP Interfund expenditures to other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,744,994)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 50,276,079</u></u>

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 Silva Valley Interchange RIF Fund
 June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	<u>\$ 7,625,600</u>	<u>\$ 7,625,600</u>	<u>\$ 7,625,600</u>	<u>\$ --</u>
Resources (inflows):				
Revenue from use of money or property	<u>56,400</u>	<u>56,400</u>	<u>41,854</u>	<u>(14,546)</u>
	<u>56,400</u>	<u>56,400</u>	<u>41,854</u>	<u>(14,546)</u>
Amounts available for appropriations	<u>7,682,000</u>	<u>7,682,000</u>	<u>7,667,454</u>	<u>(14,546)</u>
Charges to appropriations (outflows):				
Public Ways and Facilities				
Intrafund transfers	<u>7,682,000</u>	<u>7,682,000</u>	<u>4,298,988</u>	<u>3,383,012</u>
Public Ways and Facilities	<u>7,682,000</u>	<u>7,682,000</u>	<u>4,298,988</u>	<u>3,383,012</u>
Total Charges to Appropriations	<u>7,682,000</u>	<u>7,682,000</u>	<u>4,298,988</u>	<u>3,383,012</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,368,466</u>	<u>\$ 3,368,466</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
Silva Valley Interchange RIF Fund (continued)
June 30, 2013

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

Sources/inflows of resources:

Actual amount (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 7,667,454
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>(7,625,600)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 41,854</u>

Uses/outflow of resources:

Actual amount (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 4,298,988
Difference budget to GAAP Transfers out to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(4,298,988)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ --</u>

COUNTY OF EL DORADO

Required Supplementary Information Notes to the Budgetary Comparison Schedule For the Year Ended June 30, 2013

BUDGETARY BASIS OF ACCOUNTING

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

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may legally not exceed appropriations. The County Administrator approves any budget amendments transferring appropriation within object categories such as salaries and benefits or services and supplies. In addition, the County Administrator also approves budget amendments transferring appropriations between object categories. The Board of Supervisors approves budget amendments transferring appropriations 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 debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are reported as part of the restricted, committed, or assigned fund balances since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

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

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

SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF EL DORADO

Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 2,317,048	\$ 34,680,558	\$ 36,997,606
Cash with fiscal agent	--	247,958	247,958
Account receivable	370	254,759	255,129
Deposits	--	83,100	83,100
Inventory	41,494	--	41,494
Prepaid expenses	--	2,279,321	2,279,321
Total Current Assets	<u>2,358,912</u>	<u>37,545,696</u>	<u>39,904,608</u>
Capital Assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	10,879,280	46,843	10,926,123
Accumulated depreciation	<u>(5,363,496)</u>	<u>(23,896)</u>	<u>(5,387,392)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>6,215,689</u>	<u>22,947</u>	<u>6,238,636</u>
Total Assets	<u>8,574,601</u>	<u>37,568,643</u>	<u>46,143,244</u>
Liabilities			
Current Liabilities:			
Accounts payable	213,689	695,468	909,157
Salaries and benefits payable	10,329	17,943	28,272
Compensated absences-due within one year	1,238	2,077	3,315
Liability for self-insurance	--	4,428,870	4,428,870
Total Current Liabilities	<u>225,256</u>	<u>5,144,358</u>	<u>5,369,614</u>
Long-Term Liabilities			
Liability for self-insurance	--	12,030,130	12,030,130
Liability for other post-employment benefits	--	66,342,823	66,342,823
Compensated absences-due beyond year one	10,017	16,806	26,823
Total Long-Term Liabilities	<u>10,017</u>	<u>78,389,759</u>	<u>78,399,776</u>
Total Liabilities	<u>235,273</u>	<u>83,534,117</u>	<u>83,769,390</u>
Net Position			
Net investment in capital assets	6,215,689	22,947	6,238,636
Restricted	2,129,735	--	2,129,735
Unrestricted	<u>(6,096)</u>	<u>(45,988,421)</u>	<u>(45,994,517)</u>
Total Net Position	<u>\$ 8,339,328</u>	<u>\$(45,965,474)</u>	<u>\$(37,626,146)</u>

COUNTY OF EL DORADO

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Operating Revenues:			
Service fees	<u>\$ 1,575,830</u>	<u>\$ 30,665,555</u>	<u>\$ 32,241,385</u>
Operating Expenses:			
Salaries and benefits	292,463	413,486	705,949
Services and supplies	602,170	39,991,726	40,593,896
Depreciation	<u>728,111</u>	<u>3,308</u>	<u>731,419</u>
Total Operating Expenses	<u>1,622,744</u>	<u>40,408,520</u>	<u>42,031,264</u>
Operating Income (Loss)	<u>(46,914)</u>	<u>(9,742,965)</u>	<u>(9,789,879)</u>
Non-Operating Revenues (Expenses):			
Interest income	4,078	72,832	76,910
Gain (loss) on sale of capital assets	3,112	--	3,112
Miscellaneous nonoperating revenue	<u>100</u>	<u>33,065</u>	<u>33,165</u>
Total Non-Operating Revenues (Expenses)	<u>7,290</u>	<u>105,897</u>	<u>113,187</u>
Income (Loss) Before Transfers	<u>(39,624)</u>	<u>(9,637,068)</u>	<u>(9,676,692)</u>
Transfers In	<u>9,584</u>	<u>--</u>	<u>9,584</u>
Change in Net Position	<u>(30,040)</u>	<u>(9,637,068)</u>	<u>(9,667,108)</u>
Net Position - Beginning of Year	<u>8,369,368</u>	<u>(36,328,406)</u>	<u>(27,959,038)</u>
Net Position - End of Year	<u><u>\$ 8,339,328</u></u>	<u><u>\$(45,965,474)</u></u>	<u><u>\$(37,626,146)</u></u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Fleet Management	Risk Management Authority	Total
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,623,858	\$ 30,523,120	\$ 32,146,978
Cash paid to suppliers for goods and services	(426,455)	(35,617,201)	(36,043,656)
Cash paid to employees for salaries and benefits	(291,621)	(418,270)	(709,891)
Net cash provided (used) by operating activities	<u>905,782</u>	<u>(5,512,351)</u>	<u>(4,606,569)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from (paid to) other funds	9,584	--	9,584
Non-operating revenues	100	33,065	33,165
Net cash provided (used) by noncapital financing activities	<u>9,684</u>	<u>33,065</u>	<u>42,749</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	105,300	--	105,300
Payments related to the acquisition of capital assets	(841,834)	(3,840)	(845,674)
Net cash provided (used) by capital and related financing activities	<u>(736,534)</u>	<u>(3,840)</u>	<u>(740,374)</u>
Cash Flows from Investing Activities:			
Interest received	4,078	72,832	76,910
Net cash provided by investing activities	<u>4,078</u>	<u>72,832</u>	<u>76,910</u>
Net Increase (Decrease) in Cash and Cash Equivalents	183,010	(5,410,294)	(5,270,033)
Cash and Cash Equivalents, Beginning of Year	<u>2,134,038</u>	<u>40,338,810</u>	<u>42,472,848</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,317,048</u>	<u>\$ 34,928,516</u>	<u>\$ 37,245,564</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and investments	\$ 2,317,048	\$ 34,680,558	\$ 36,997,606
Cash with fiscal agent	--	247,958	247,958
Total Cash and Cash Equivalents	<u>\$ 2,317,048</u>	<u>\$ 34,928,516</u>	<u>\$ 37,245,564</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (46,914)	\$ (9,742,965)	\$ (9,789,879)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	728,111	3,308	731,419
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	48,028	(142,435)	(94,407)
Inventory	(8,628)	--	(8,628)
Prepaid expenses	--	(77,424)	(77,424)
Increase (decrease) in:			
Accounts payable	184,343	(55,984)	128,359
Salaries payable	(2,297)	4,430	2,133
Liability for compensated absences	3,139	(9,214)	(6,075)
Liability for self-insurance	--	591,000	591,000
Liability for other post employment benefits	--	3,916,933	3,916,933
Net Cash Provided (Used) by Operating Activities	<u>\$ 905,782</u>	<u>\$ (5,512,351)</u>	<u>\$ (4,606,569)</u>