

COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2008

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ANNUAL FINANCIAL REPORT
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BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Lake Tahoe Transit Enterprise Fund and the Children and Families Commission as of and for the year ended June 30, 2008, which represents the following percentages of assets, liabilities and revenues of the opinion units as noted below:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>
Business-Type Activities	4.39 %	45.01 %	12.37 %
Discretely Presented Component Units	34.65%	10.29%	27.35%

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

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

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

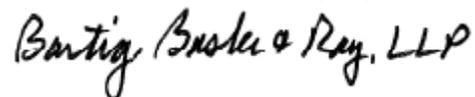
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover, dated February 25, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

BARTIG, BASLER & RAY, LLP
A GALLINA LLP Company



Roseville, California
February 25, 2009



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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JOE HARN
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

January 8, 2009

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, 2008. 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 \$544.0 million (net assets). Of this, \$29.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$157.6 million is restricted for specific purposes (restricted net assets), and \$356.5 million is invested in capital assets, net of depreciation and related debts.
- The County experienced an overall increase in net assets of \$18.4 million. This is almost entirely attributable to governmental activities and is \$38.0 million less than the prior year's increase of \$56.4 million.
- As of June 30, 2008, the County's governmental funds reported combined fund balances of \$188.3 million. Approximately 80.5 percent of this amount, or \$151.6 million, is available to meet the County's current and future needs.
- At the end of the fiscal year, unreserved undesignated fund balance for the General Fund was \$14.2 million or 8.0 percent of the General Fund expenditures during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Assets
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other assets	\$ 267,615	\$ 295,394	\$ 602	\$ 1,396	\$ 268,217	\$ 296,790
Capital assets	359,662	323,819	4,121	2,702	363,783	326,521
Total assets	<u>627,277</u>	<u>619,213</u>	<u>4,723</u>	<u>4,098</u>	<u>632,000</u>	<u>623,311</u>
Liabilities:						
Current and other liabilities	34,057	42,515	235	402	34,292	42,917
Long-term liabilities	53,684	53,239	50	60	53,734	53,299
Total liabilities	<u>87,741</u>	<u>95,754</u>	<u>285</u>	<u>462</u>	<u>88,026</u>	<u>96,216</u>
Net Assets:						
Invested in capital assets, net of related debt	352,415	314,422	4,094	2,666	356,509	317,088
Restricted net assets	157,557	176,318	40	16	157,597	176,334
Unrestricted net assets	29,564	32,719	304	954	29,868	33,673
Total net assets	<u>\$ 539,536</u>	<u>\$ 523,459</u>	<u>\$ 4,438</u>	<u>\$ 3,636</u>	<u>\$ 543,974</u>	<u>\$ 527,095</u>

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$544.0 million at the close of the most recent fiscal year.

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

An additional portion of the County's net assets, \$157.6 million or 29.0 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$29.9 million, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Change in Net Assets
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for services	\$ 53,973	\$ 81,599	\$ 760	\$ 756	\$ 54,733	\$ 82,355
Operating grants and contributions	122,743	118,120	54	300	122,797	118,420
Capital grants and contributions	2,789	2,832	1,533	1,016	4,322	3,848
General Revenues:						
Taxes	106,973	103,171	-	-	106,973	103,171
Use of money and property	10,515	12,909	26	14	10,541	12,923
Other revenues	5,152	4,772	2	4	5,154	4,776
Total revenues	<u>302,145</u>	<u>323,403</u>	<u>2,375</u>	<u>2,090</u>	<u>304,520</u>	<u>325,493</u>
Expenses						
General government	34,796	38,706	-	-	34,796	38,706
Public protection	110,970	104,298	-	-	110,970	104,298
Public ways and facilities	33,278	29,107	-	-	33,278	29,107
Health and sanitation	54,115	49,749	-	-	54,115	49,749
Public assistance	45,552	40,809	-	-	45,552	40,809
Education	3,719	3,479	-	-	3,719	3,479
Recreation and culture	1,292	989	-	-	1,292	989
Interest on long-term debt	686	499	-	-	686	499
Airports	-	-	1,068	1,012	1,068	1,012
SLT Transit Program	-	-	599	428	599	428
Total expenses	<u>284,408</u>	<u>267,636</u>	<u>1,667</u>	<u>1,440</u>	<u>286,075</u>	<u>269,076</u>
Excess (deficiency) before special items and transfers	17,737	55,767	708	650	18,445	56,417
Transfers	(94)	(143)	94	143	-	-
Change in net assets	<u>17,643</u>	<u>55,624</u>	<u>802</u>	<u>793</u>	<u>18,445</u>	<u>56,417</u>
Net assets at beginning of year	523,459	468,024	3,636	2,843	527,095	470,867
Restate net assets, see a) b) below	<u>(1,566)</u>	<u>(189)</u>	<u>-</u>	<u>-</u>	<u>(1,566)</u>	<u>(189)</u>
Net assets at beginning of year – restated	<u>521,893</u>	<u>467,835</u>	<u>3,636</u>	<u>2,843</u>	<u>525,529</u>	<u>470,678</u>
Net assets at end of year	<u>\$ 539,536</u>	<u>\$ 523,459</u>	<u>\$ 4,438</u>	<u>\$ 3,636</u>	<u>\$ 543,974</u>	<u>\$ 527,095</u>

- a) The net assets at the beginning of 2008 were reduced by \$1.6 million. The majority of this was an adjustment to the landfill liability that was understated in the prior year.
- b) Net assets at the beginning of 2007 were restated by a net decrease of \$189 thousand. This negative adjustment was due to an increase of the Risk Management Internal Service Fund's self-insurance liability (\$2 million), reduced by a restatement of the permanent fund balances' for revenues previously deferred (\$1.8 million).

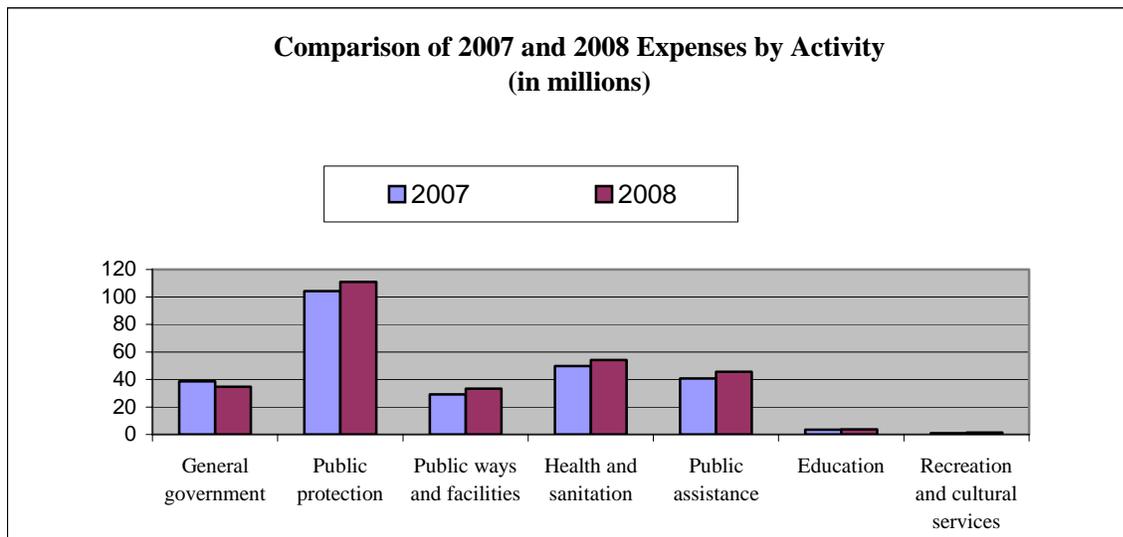
Governmental activities. The County experienced an overall increase in net assets of \$18.4 million in 2008, less than a third of the net increase experienced in 2007. This is almost entirely attributable to *governmental activities* and \$38.0 million less than the prior year's increase of \$56.4 million. This decrease in excess revenues was the result of a 6.4 percent decrease in revenues accompanied by a 6.3 percent increase in expenses when compared to the prior year.

The most significant revenue decrease, 33.5 percent or \$27.6 million, occurred in the charges for services category and included:

- \$23.3 million decrease in traffic impact mitigation fees from the 2005 El Dorado Hills West Valley project recorded in 2007, compared to zero in 2008,
- \$828 thousand decrease in revenue recorded from State traffic impact mitigation fees,
- \$665 thousand less in Interim Highway 50 traffic impact mitigation fees received in 2008, compared to 2007.

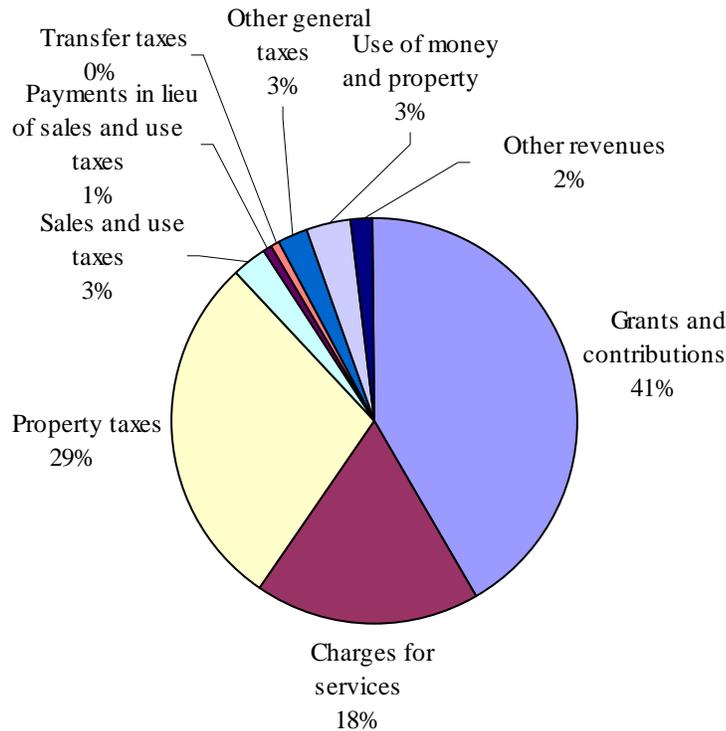
As mentioned, while total revenues decreased by 6.4 percent, total expenses increased by 6.3 percent in 2008 when compared to 2007. Further, increases occurred under almost all of the governmental activity functional areas, including public protection (6.4 percent), public ways and facilities (14.3 percent), health and sanitation (8.78 percent) and public assistance (11.62 percent).

Below is a graph that presents a comparison of 2007 and 2008 expenses under each of the governmental activities,



Following is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (41 percent), property taxes (29 percent), and charges for services (18 percent):

Revenues by Source-Governmental Activities



Business-type activities. Business-type activities increased the County's net assets by \$802 thousand. This net increase is primarily the result of \$1.5 million of federal revenues (capital contributions) received and awarded to County Airports for capital improvements.

Similar to prior years, the County Airports operated at a loss, \$354 thousand in 2008 compared to \$299 thousand last year. As in prior years, both the Placerville and Georgetown Airports had a loss from operations, whereby operating expenses exceeded operating revenues (charges for services).

To help finance the operations of business-type activities in 2008, County governmental funds contributed \$94 thousand to the County Airports during the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of June 30, 2008 the County's governmental funds reported a combined ending fund balance of \$188.3 million, compared to the \$211.9 million fund balance of the previous year. Approximately 80.5 percent of this fund balance, or \$151.6 million, is unreserved and undesignated and thus is available to meet the County's current and future spending needs. The remainder of the fund balance has either been reserved and is not available for spending, or has been designated for a specific spending purpose in the future.

The General Fund is the chief operating fund of the County. As of June 30, 2008, the General Fund's unreserved undesignated fund balance was \$14.2 million, a decrease of \$12.2 million from last year. This decrease is due to a net change (decrease) in the General Fund's balance of \$5.1 million during the year, an increase in reserves for advances to other funds of \$3.3 million and an increase in capital project designations of \$3.8 million. The \$3.3 million increase in reserves was due to a General Fund advance to the County Mental Health special revenue fund to cover operating and cash deficits.

The June 30, 2008 unreserved undesignated fund balance, as compared to General Fund expenditures for the year, is approximately 8.0 percent, compared to 15.3 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 29 days, compared 56 days last year.

In addition to the General Fund, the County maintains two major governmental funds, the Road Fund and the Debt Service Fund. The Road Fund accounts for the planning, design, construction, maintenance, and administration of the County's transportation activities (public ways and facilities). The Road Fund recorded \$21.3 million in revenues in 2008, compared to \$18.3 million last year. Similarly, expenditures recorded in this fund increased by over \$13.7 million, \$64.5 million in 2008 compared to \$50.8 million in 2007, and may be attributed to increased road maintenance and administration activities during the year. While the Road Fund reported expenditures over revenues by \$43.3 million, \$47.4 million of transfers in of special taxes and road fees from other County special revenue funds resulted in the Road Fund increasing its fund balance by \$4.1 million in 2008.

The Debt Service Fund accounts for the accumulation of resources and payment of general long-term debt principal and interest. The Debt Service Fund's revenues totaled \$643 thousand in

2008, compared to \$609 thousand in 2007. The \$2.2 million of expenditures in 2008 were also comparable to the prior year.

The combined governmental fund balances decreased by \$23.8 million during 2008, compared to a \$23.8 million increase last year. This decrease in fund balances was the result of expenditures increasing by 10.2 percent, \$334.1 million in 2008 compared to \$303.1 million in 2007, accompanied by a decrease in revenues of 5.2 percent, \$310.6 million in 2008 compared to \$327.5 million in 2007. Thus, and unlike prior years, the combined governmental funds realized a significant deficiency in revenues, or excess of expenditures, in 2008. Further, while the other governmental funds column reports excess revenues over expenditures of \$24.2 million in 2008, significant revenue deficits occurred among some special revenue funds. Those special revenue funds with the most significant losses, whereby expenditures exceeded revenues and necessitated the use of available beginning fund balances or transfers from other funds in 2008, included:

- Department of Transportation Special Revenue Funds incurred a \$22 million operating deficit in 2008, most of which was due to the transfer of \$17.6 million of traffic impact mitigation (TIM) fees earned in prior periods to the Road Fund in 2008 for road improvements, and
- Mental Health Special Revenue Fund - \$2.7 million operating deficit in 2008, compared to a \$2.4 million operating deficit in 2007, due to further decreases in revenues accompanied by increases in expenditures when compared to prior years.

While sufficient fund balances were available and budgeted to fund transfers from DOT special revenue funds for road improvements to the Road Fund, the Mental Health fund did not have sufficient fund balance available to compensate for operating deficits occurring over the past two fiscal years. As a result, and as of June 30, 2008, the Mental Health Fund has a fund deficit balance of \$1.4 million and required a cash advance of \$3.3 million from the General Fund. County management is aware of this trend and is actively working to stabilize this fund's activity and avoid fund deficits in the future.

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

As discussed earlier, the net assets of enterprise funds increased by \$802 thousand primarily due to non-operating capital improvement revenues received by the County Airports. Also discussed earlier, the County enterprise funds have not been able to generate sufficient operating revenues to cover expenses, which in turn necessitated governmental fund contribution of \$94 thousand in 2008.

Net assets of the internal service funds increased by \$1.6 million. While the majority of the increase is attributable to an increase in net assets realized by the Risk Management Authority, the Fleet Management Internal Service Fund also realized an increase of net assets of \$216 thousand.

GENERAL FUND BUDGETARY ANALYSIS

The original and the final amended budgeted revenues increased by \$1.7 million, less than one percent, while budgeted expenditures increased by \$3.0 million, or 1.32 percent. The largest of the revenue budget modifications included:

- \$636 thousand increase in estimated State intergovernmental revenues,
- \$658 thousand increase in estimated Federal intergovernmental revenues,
- \$720 thousand decrease in estimated charges for services,
- \$1 million increase in estimated other financing sources,

While the largest expenditures budget modifications included:

- \$500 thousand increase in budgeted contributions to other funds,
- \$540 thousand increase in the public protection's Superior Court MOE budget,
- \$269 thousand increase in the District Attorney's budgeted expenditures,
- \$1.6 million increase in the Sheriff's budgeted expenditures,
- \$300 thousand increase in the Building Inspector's budget,
- \$291 thousand decrease in the Planning and Zoning budget, and
- \$402 thousand increase in Categorical Aid.

The variance between resources budgeted (original and final) and the actual amounts received were more significant, with a negative variance of \$14 million or 6.8 percent. Specifically, compared to a final resource budget of \$205.5 million, actual funding equaled \$191.5 million. This budget shortage of revenues can be attributed to the over-forecasting of revenue sources including but not limited, taxes and assessments (\$2.7 million under budget), interest revenue (\$1.2 million under budget), State revenues (\$6.2 million under budget), and other financing sources (\$3.8 million under budget).

The difference between the budgeted expenditures and actual were also significant. Specifically, expenditures fell \$28.9 million or 12.8 percent below the final budget. This variance occurred under each government activity, whereby department's expenditures fell below projections, the most significant of which included:

- General Government – Actual expenditures fell below final budget by \$16.1 million or 23.0 percent. While almost all of the general government operating units had expenditures that fell below their final budget, some showed considerable differences (budget exceeded actual expenditures by over \$200 thousand), including the Auditor/Controller, Treasurer/Tax Collector, County Counsel, Recorder-Elections, Buildings and Grounds, Information Technologies, Surveyor, County Engineer, and Chief Administration Office's Contributions to Other Funds.
- Public Protection – Actual expenditures fell below final budget by \$10.9 million or 9.8 percent. Similar to the general government function, most of the departments under public protection fell below their budgets, with many departments falling significantly below budget (budget exceeded actual expenditures by over \$200 thousand) including Child Support Services, Public Defender's Office, Sheriff, Sheriff-Bailiff, Central

Dispatch, Jail, Juvenile Hall, Probation, Emergency Services, and Planning and Zoning departments.

- Health and Sanitation Environmental Management – Actual expenditures fell below final budget by \$259.6 thousand or 8.85 percent with salaries and benefits making up the majority, falling below budget by over \$183 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$1.2 million or 3.2 percent mostly due to the Social Services Administration Unit falling below budget by \$992 thousand.

In general, County management's practice of over budgeting both General Fund inflows and outflows continues. Further, budget amendments increasing budgeted revenues during the year increased rather than decreased the revenue budget to actual variances at year-end. Similarly, amendments to increase budgeted expenditures also broadened the gap between budget and actual expenditures. As noted, while both the revenue and expenditure budgets were inflated, the expenditure budget was considerably more so (12.8 percent excess budgeted expenditures compared to 6.8 percent excess budgeted revenues). Further, while an anticipated \$4.4 million remained budgeted as an increase in fund balance (contingency), the actual deficiency of revenues to expenditures or reduction to fund balance was a \$5.1 million. Had actual or authorized expenditures been closer to estimate, the use of contingency or fund balance could have been as great as \$34.0 million (\$229.9 million budgeted appropriations, less \$4.4 million budgeted increase to contingency, less actual inflows/revenues of \$191.5 million). Thus, while management's budget practices meet the legal requirements for a "balanced" budget, the inflated budget is limited in its ability to provide management with a useful tool for monitoring performance and controlling expenditures and could ultimately result in a General Fund cash deficit at year-end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$363.8 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Fixed assets increased by a net of \$37.3 million in 2008.

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

- \$3.7 million in additions to land and improvements consisting of \$3.0 million in right of way purchases for road improvements plus \$692 thousand Chili Bar land purchase.
- \$6.1 million increase in the governmental activity construction projects, including \$2.5 million for construction of a new animal control facility and \$453.2 thousand in construction costs related to the El Dorado Hills Senior Center.
- \$45.0 million in infrastructure additions and reconstructions (county roads). While a portion of these additions were donated by private parties (\$848 thousand), most were the result of County funded additions and improvements and included the Missouri Flat Interchange expansion (\$17.6 million), Cameron Park and Palmer Drives intersection reconstruction (\$1.3 million), road improvements to White Rock Road west of Latrobe Road (\$1.2 million), Latrobe Road US 50 to White Rock Road (\$2.8 million), Latrobe

Road Suncast Lane to Golden Foothill South (\$1.6 million), and Mother Lode Drive two-way turn widening in Shingle Springs (\$1.8 million).

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

Debt Administration. As of June 30, 2008 the County's outstanding long-term debt totaled \$10.9 million. The largest components of this obligation consist of \$6.0 million in bond debt, followed by \$3.7 million notes payable and \$1.2 million capital lease obligations. Additional information on the County's long-term debt can be found in note 6 in the notes to the financial statements.

OTHER COUNTY OBLIGATIONS

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

As of June 30, 2008 the County calculated its unfunded or net obligation at \$211.6 million, using actuarial reports dated June 30, 2007 for the CalPERS plans and June 30, 2008 for Retiree's Health plan. The resulting computation of the unfunded or net obligation as of June 30, 2008 may be summarized as follows:

Post Retirement Benefit Plan	Liability	Actuarial Value of Plan Assets	Unfunded Liability (UL)
CalPERS Safety	\$ 167,483,888	\$ 131,342,533	\$ 36,141,355
CalPERS Misc	379,808,188	316,605,643	63,202,545
Retiree's Health	112,218,000		112,218,000
Total	\$ 659,510,076	\$ 447,948,176	\$ 211,561,900

The above Retiree's Health liability of \$112.2 million is based on the assumption that the Board of Supervisors will not enforce a cap on the County's contribution. Because the Retiree's Health benefit plan is a defined benefit plan, generally accepted accounting principles require the County to recognize its retiree's health obligation without the cap limitation for financial reporting purposes until such cap is enforced and thereby begins to alter the established pattern of sharing costs. The Retiree's Health actuarial value of plan assets is valued at zero because the assets are not held in a qualifying trust. However, the County has set aside cash to fund this obligation, which as of June 30, 2008 totaled \$11,967,793.

REQUEST FOR INFORMATION

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

Respectfully submitted,



Joe Harn
El Dorado County Auditor-Controller

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

COUNTY OF EL DORADO

Statement of Net Assets
June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<u>ASSETS</u>				
Cash and investments	\$ 224,213,538	\$ 518,823	\$ 224,732,361	\$ 12,049,318
Restricted cash and investments	1,761,654	39,911	1,801,565	152,209
Cash with fiscal agents	2,378,770	--	2,378,770	--
Accounts receivable	5,551,864	24,620	5,576,484	97,437
Special assessments receivable	1,845,641	--	1,845,641	--
Interest receivable	--	--	--	31,170
Due from other governments	24,920,276	22,990	24,943,266	1,230,539
Notes receivable	2,309,657	--	2,309,657	--
Inventory and prepayments	1,547,125	82,564	1,629,689	131,196
Internal balances	86,818	(86,818)	--	--
Notes receivable, long term	3,000,000	--	3,000,000	--
Capital Assets:				
Nondepreciable	54,236,322	238,042	54,474,364	639,246
Depreciable, net	305,425,667	3,882,897	309,308,564	4,576,196
Total Assets	<u>\$ 627,277,332</u>	<u>\$ 4,723,029</u>	<u>\$ 632,000,361</u>	<u>\$ 18,907,311</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 14,048,463	\$ 92,342	\$ 14,140,805	\$ 685,804
Accrued salaries and benefits	3,894,421	5,684	3,900,105	57,604
Accrued interest payable	49,969	942	50,911	--
Due to other governments	649,480	--	649,480	--
Unearned revenue	6,976,192	126,465	7,102,657	3,369,209
Other liabilities	189,605	--	189,605	--
Long-term liabilities:				
Liability for other post-employment benefits:				
Due beyond one year	11,250,000	--	11,250,000	--
Liability for self-insurance:				
Due within one year	5,071,944	--	5,071,944	--
Due beyond one year	12,760,316	--	12,760,316	540,930
Liability for landfill closure and post-closure:				
Due beyond one year	8,109,469	--	8,109,469	--
Compensated absences:				
Due within one year	972,739	--	972,739	118,596
Due beyond one year	12,900,795	32,745	12,933,540	118,596
Other liabilities:				
Due within one year	2,394,146	9,463	2,403,609	--
Due beyond one year	8,473,787	17,472	8,491,259	--
Total Liabilities	<u>87,741,326</u>	<u>285,113</u>	<u>88,026,439</u>	<u>4,890,739</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	352,414,775	4,094,004	356,508,779	5,215,442
Restricted for:				
Capital projects	11,514,557	--	11,514,557	--
Debt service	4,575,400	--	4,575,400	--
Public safety	7,150,561	--	7,150,561	--
Community resources and public facilities	105,264,061	--	105,264,061	--
Health and public assistance	14,689,755	--	14,689,755	--
General government and support programs	13,441,229	--	13,441,229	--
Other purposes	921,871	39,911	961,782	6,047,761
Unrestricted	29,563,797	304,001	29,867,798	2,753,369
Total Net Assets	<u>539,536,006</u>	<u>4,437,916</u>	<u>543,973,922</u>	<u>14,016,572</u>
Total Liabilities and Net Assets	<u>\$ 627,277,332</u>	<u>\$ 4,723,029</u>	<u>\$ 632,000,361</u>	<u>\$ 18,907,311</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, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 34,796,271	\$ 13,648,115	\$ 3,496,903	\$ 14,064
Public protection	110,969,621	13,244,156	27,371,067	30,142
Public ways and facilities	33,277,501	15,228,310	17,287,966	861,117
Health and sanitation	54,115,236	10,838,882	31,380,321	--
Public assistance	45,551,954	409,406	42,974,340	--
Education	3,719,284	413,529	191,071	--
Recreation and cultural services	1,292,106	190,588	41,162	1,883,781
Debt Service:				
Interest and fiscal charges	686,457	--	--	--
Total Governmental Activities	<u>284,408,430</u>	<u>53,972,986</u>	<u>122,742,830</u>	<u>2,789,104</u>
Business-Type Activities:				
Airports	1,068,174	709,235	--	1,009,471
South Lake Tahoe Transit Program	599,329	50,841	54,404	523,043
Total Business-Type Activities	<u>1,667,503</u>	<u>760,076</u>	<u>54,404</u>	<u>1,532,514</u>
Total Primary Government	<u>\$ 286,075,933</u>	<u>\$ 54,733,062</u>	<u>\$ 122,797,234</u>	<u>\$ 4,321,618</u>
Components Units:				
El Dorado Transit Authority	\$ 6,212,509	\$ 1,119,927	\$ 4,093,495	\$ 564,216
Children and Families Commission	1,787,444	--	2,012,396	--
Total Component Units	<u>\$ 7,999,953</u>	<u>\$ 1,119,927</u>	<u>\$ 6,105,891</u>	<u>\$ 564,216</u>

General Revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Payments in lieu of sales and use taxes
- Transfer taxes
- Other general taxes

Unrestricted interest and investment earnings

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1, restated

Net assets - June 30

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (17,637,189)	\$ --	\$ (17,637,189)	\$ --
(70,324,256)	--	(70,324,256)	--
99,892	--	99,892	--
(11,896,033)	--	(11,896,033)	--
(2,168,208)	--	(2,168,208)	--
(3,114,684)	--	(3,114,684)	--
823,425	--	823,425	--
(686,457)	--	(686,457)	--
<u>(104,903,510)</u>	<u>--</u>	<u>(104,903,510)</u>	<u>--</u>
--	650,532	650,532	--
--	28,959	28,959	--
<u>--</u>	<u>679,491</u>	<u>679,491</u>	<u>--</u>
(104,903,510)	679,491	(104,224,019)	--
--	--	--	(434,871)
--	--	--	224,952
<u>--</u>	<u>--</u>	<u>--</u>	<u>(209,919)</u>
86,825,013	--	86,825,013	--
8,079,981	--	8,079,981	--
2,452,222	--	2,452,222	--
1,453,961	--	1,453,961	--
8,162,716	--	8,162,716	--
10,515,064	26,369	10,541,433	411,299
5,151,732	1,913	5,153,645	53,754
(94,057)	94,057	--	--
<u>122,546,632</u>	<u>122,339</u>	<u>122,668,971</u>	<u>465,053</u>
17,643,122	801,830	18,444,952	255,134
521,892,884	3,636,086	525,528,970	13,761,438
<u>\$ 539,536,006</u>	<u>\$ 4,437,916</u>	<u>\$ 543,973,922</u>	<u>\$ 14,016,572</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF EL DORADO

Balance Sheet
Governmental Funds
June 30, 2008

	General	Road Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 23,156,744	\$ 11,200,977	\$ 2,138,173	\$ 142,186,930	\$ 178,682,824
Restricted cash and investments	--	--	--	1,761,654	1,761,654
Cash with fiscal agents	--	--	2,221,341	17,490	2,238,831
Accounts receivable	431,328	476,566	14,791	4,359,558	5,282,243
Special assessments receivable	--	--	1,737,171	108,470	1,845,641
Due from other governments	9,616,977	4,406,845	--	10,896,454	24,920,276
Notes receivable	--	--	--	2,309,657	2,309,657
Due from other funds	2,227,044	1,379,027	17,490	1,483,867	5,107,428
Advances to other funds	3,529,000	--	--	2,118,667	5,647,667
Inventories	--	602,085	--	41,440	643,525
Prepaid expenses	395,171	41,335	--	345,496	782,002
	<u>39,356,264</u>	<u>18,106,835</u>	<u>6,128,966</u>	<u>165,629,683</u>	<u>229,221,748</u>
Total Assets	\$ 39,356,264	\$ 18,106,835	\$ 6,128,966	\$ 165,629,683	\$ 229,221,748
<u>LIABILITIES</u>					
Accounts payable	\$ 2,487,670	\$ 6,589,336	\$ --	\$ 3,354,435	\$ 12,431,441
Accrued salaries and benefits	2,818,846	456,170	--	596,527	3,871,543
Due to other governments	177,701	203,228	--	268,550	649,479
Due to other funds	603,511	23,430	6,000	4,411,099	5,044,040
Advances from other funds	--	--	--	5,647,667	5,647,667
Deferred revenue	791,865	45,786	1,737,171	10,668,398	13,243,220
Total Liabilities	<u>6,879,593</u>	<u>7,317,950</u>	<u>1,743,171</u>	<u>24,946,676</u>	<u>40,887,390</u>
	\$ 6,879,593	\$ 7,317,950	\$ 1,743,171	\$ 24,946,676	\$ 40,887,390
<u>FUND BALANCES</u>					
Reserved for:					
Debt service	--	--	2,221,341	189,605	2,410,946
Capital projects	--	--	--	84,448	84,448
Encumbrances	654,500	50,914	--	3,774,878	4,480,292
Advances	3,529,000	--	--	2,118,667	5,647,667
Inventory	--	602,085	--	41,440	643,525
Prepaid expenses	395,171	41,335	--	345,496	782,002
Imprest cash	13,640	3,500	--	6,800	23,940
Other	--	--	--	3,067,173	3,067,173
Unreserved:					
Designated for:					
Economic uncertainty	9,932,874	--	--	--	9,932,874
Capital projects	3,774,167	--	--	5,860,221	9,634,388
Undesignated and reported in:					
General fund	14,177,319	--	--	--	14,177,319
Special revenue funds	--	10,091,051	--	121,993,638	132,084,689
Permanent funds	--	--	--	481,997	481,997
Debt service funds	--	--	2,164,454	--	2,164,454
Capital projects funds	--	--	--	2,718,644	2,718,644
Total Fund Balances	<u>32,476,671</u>	<u>10,788,885</u>	<u>4,385,795</u>	<u>140,683,007</u>	<u>188,334,358</u>
	\$ 32,476,671	\$ 10,788,885	\$ 4,385,795	\$ 140,683,007	\$ 188,334,358
Total Liabilities and Fund Balances	<u>\$ 39,356,264</u>	<u>\$ 18,106,835</u>	<u>\$ 6,128,966</u>	<u>\$ 165,629,683</u>	<u>\$ 229,221,748</u>
	\$ 39,356,264	\$ 18,106,835	\$ 6,128,966	\$ 165,629,683	\$ 229,221,748

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

COUNTY OF EL DORADO

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets June 30, 2008

Fund Balance - total governmental funds	\$ 188,334,358
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	3,000,000
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	353,282,050
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	6,267,028
Internal service funds are used by the County to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	20,967,434
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.	(49,969)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(6,070,000)
Notes payable	(3,620,719)
Capital leases	(1,177,214)
Compensated absences	(13,815,680)
Liability for landfill closure and post-closure	(8,109,469)
Adjustment to liability for other post-employment benefits	717,792
Other long-term liabilities	<u>(189,605)</u>
Net assets of governmental activities	<u>\$ 539,536,006</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	<u>General</u>	<u>Road Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 91,159,908	\$ 16,053	\$ --	\$ 15,774,812	\$ 106,950,773
Licenses and permits	6,302,589	80,955	--	2,727,230	9,110,774
Intergovernmental revenue	52,896,417	16,798,067	--	53,859,350	123,553,834
Use of money or property	1,663,419	158,722	215,784	6,966,305	9,004,230
Charges for current services	19,292,370	3,445,747	8,000	30,363,018	53,109,135
Fines, forfeits and penalties	897,189	--	419,414	1,379,199	2,695,802
Other revenue	1,982,672	752,630	--	3,406,449	6,141,751
Total Revenues	<u>174,194,564</u>	<u>21,252,174</u>	<u>643,198</u>	<u>114,476,363</u>	<u>310,566,299</u>
Expenditures:					
Current:					
General government	34,603,011	--	78,134	806,700	35,487,845
Public protection	98,653,388	--	--	10,652,086	109,305,474
Public ways and facilities	--	63,234,008	--	782,221	64,016,229
Health and sanitation	2,667,832	--	--	56,599,912	59,267,744
Public assistance	35,016,956	--	--	12,286,523	47,303,479
Education	3,461,871	--	--	15	3,461,886
Recreation and cultural services	1,069,238	--	--	100,000	1,169,238
Capital outlay	1,460,329	1,152,181	--	6,705,553	9,318,063
Debt service:					
Principal	144,895	124,855	1,810,000	2,015,056	4,094,806
Interest and fiscal charges	30,756	22,787	329,010	318,340	700,893
Total Expenditures	<u>177,108,276</u>	<u>64,533,831</u>	<u>2,217,144</u>	<u>90,266,406</u>	<u>334,125,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,913,712)</u>	<u>(43,281,657)</u>	<u>(1,573,946)</u>	<u>24,209,957</u>	<u>(23,559,358)</u>
Other Financing Sources (Uses):					
Transfers in	17,283,863	47,443,179	2,071,416	17,185,659	83,984,117
Transfers out	<u>(19,492,883)</u>	<u>(18,774)</u>	--	<u>(64,663,802)</u>	<u>(84,175,459)</u>
Total Other Financing Sources (Uses)	<u>(2,209,020)</u>	<u>47,424,405</u>	<u>2,071,416</u>	<u>(47,478,143)</u>	<u>(191,342)</u>
Net change in fund balances	<u>(5,122,732)</u>	<u>4,142,748</u>	<u>497,470</u>	<u>(23,268,186)</u>	<u>(23,750,700)</u>
Fund Balance - beginning of Fiscal Year	37,599,403	6,646,137	3,888,325	163,802,020	211,935,885
Prior period adjustments	--	--	--	149,173	149,173
Fund Balance, End of Fiscal Year	<u>\$ 32,476,671</u>	<u>\$ 10,788,885</u>	<u>\$ 4,385,795</u>	<u>\$ 140,683,007</u>	<u>\$ 188,334,358</u>

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

COUNTY OF EL DORADO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities
For the Year Ended June 30, 2008

Net change to fund balance - total governmental funds \$ (23,750,700)

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	\$ 55,651,145	
Depreciation	<u>(21,945,746)</u>	33,705,399

Disposal of capital assets: proceeds from the sale of capital assets are a financial resource in governmental funds, but only the net gain or loss is presented in the statement of net assets. (133,476)

Because long-term receivables will not be collected within the year, they are not considered available resources and are deferred in the governmental funds. Also, repayment from long-term receivables are recognized as revenues in the governmental funds.

Decrease in long-term receivables	\$ (1,800,000)	
Decrease in deferred revenue	<u>(114,910)</u>	(1,914,910)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 4,094,806

Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in the governmental funds. 1,947,958

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		(328,797)
Change in accrued interest payable		14,436
Change in liability for postclosure landfill costs		1,715,311
Change in liability for other post-employment benefits		717,793
Change in other long-term liabilities		17,996

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. 1,557,306

Change in net assets of governmental activities		<u>\$ 17,643,122</u>
---	--	----------------------

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

COUNTY OF EL DORADO

Statement of Fund Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental
	South Lake			Internal
	County Airports	Tahoe Transit	Total	Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 352,556	\$ 166,267	\$ 518,823	\$ 45,530,714
Cash with fiscal agents	--	--	--	139,939
Accounts receivable	24,620	--	24,620	269,621
Due from other governments	22,990	--	22,990	--
Due from other funds	--	--	--	23,430
Deposits	12,344	--	12,344	83,100
Inventory	70,220	--	70,220	38,498
Total Current Assets	<u>482,730</u>	<u>166,267</u>	<u>648,997</u>	<u>46,085,302</u>
Non-current Assets:				
Capital assets:				
Land	213,711	--	213,711	40,000
Construction in progress	24,331	--	24,331	--
Structures and improvements	7,654,343	--	7,654,343	659,905
Equipment	25,300	109,504	134,804	11,057,958
Accumulated depreciation	(3,801,887)	(104,363)	(3,906,250)	(5,377,924)
Total capital assets, net of accumulated depreciation	<u>4,115,798</u>	<u>5,141</u>	<u>4,120,939</u>	<u>6,379,939</u>
Restricted assets:				
Restricted cash	--	39,911	39,911	--
Total Non-current Assets	<u>4,115,798</u>	<u>45,052</u>	<u>4,160,850</u>	<u>6,379,939</u>
Total Assets	<u>\$ 4,598,528</u>	<u>\$ 211,319</u>	<u>\$ 4,809,847</u>	<u>\$ 52,465,241</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 51,415	\$ 40,927	\$ 92,342	\$ 1,617,022
Accrued salaries and benefits	5,684	--	5,684	22,878
Interest payable	942	--	942	--
Due to other funds	86,818	--	86,818	--
Liability for self-insurance	--	--	--	5,071,944
Notes payable, current portion	9,463	--	9,463	--
Deferred revenues	--	126,465	126,465	--
Total Current Liabilities	<u>154,322</u>	<u>167,392</u>	<u>321,714</u>	<u>6,711,844</u>
Noncurrent Liabilities:				
Liability for self-insurance	--	--	--	12,760,316
Liability for other post-employment benefits	--	--	--	11,967,793
Compensated absences	32,745	--	32,745	57,854
Notes payable	17,472	--	17,472	--
Total Noncurrent Liabilities	<u>50,217</u>	<u>--</u>	<u>50,217</u>	<u>24,785,963</u>
Total Liabilities	<u>204,539</u>	<u>167,392</u>	<u>371,931</u>	<u>31,497,807</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,088,863	5,141	4,094,004	6,379,939
Restricted	--	39,911	39,911	1,699,749
Unrestricted	305,126	(1,125)	304,001	12,887,746
Total Net Assets	<u>4,393,989</u>	<u>43,927</u>	<u>4,437,916</u>	<u>20,967,434</u>
Total Liabilities and Net Assets	<u>\$ 4,598,528</u>	<u>\$ 211,319</u>	<u>\$ 4,809,847</u>	<u>\$ 52,465,241</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Fiscal Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake Tahoe Transit	Total	Internal Service Funds
Operating Revenues:				
Fares	\$ --	\$ 50,841	\$ 50,841	\$ --
Service fees	709,235	--	709,235	34,204,243
Total Operating Revenues	709,235	50,841	760,076	34,204,243
Operating Expenses:				
Salaries and benefits	211,357	--	211,357	1,096,937
Services and supplies	560,852	581,953	1,142,805	33,190,328
Depreciation	290,858	15,691	306,549	949,165
Total Operating Expenses	1,063,067	597,644	1,660,711	35,236,430
Operating Income (Loss)	(353,832)	(546,803)	(900,635)	(1,032,187)
Non-Operating Revenues (Expenses):				
Intergovernmental revenues	--	54,404	54,404	--
Interest income	25,701	668	26,369	1,510,834
Interest expense	(5,107)	(1,685)	(6,792)	--
Gain (loss) on sale of capital assets	629	--	629	(334)
Miscellaneous nonoperating revenue	1,284	--	1,284	892,550
Total Non-Operating Revenues (Expenses)	22,507	53,387	75,894	2,403,050
Income (Loss) Before Transfers and Capital Contributions	(331,325)	(493,416)	(824,741)	1,370,863
Transfers in	94,057	--	94,057	97,285
Capital contributions	1,009,471	523,043	1,532,514	89,158
Change in Net Assets	772,203	29,627	801,830	1,557,306
Net Assets - Beginning of Year	3,621,786	14,300	3,636,086	19,410,128
Net Assets - End of Year	\$ 4,393,989	\$ 43,927	\$ 4,437,916	\$ 20,967,434

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

COUNTY OF EL DORADO

Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities
	South Lake			Internal Service Funds
	County Airports	Tahoe Transit	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers and users	\$ 755,498	\$ 50,841	\$ 806,339	\$ --
Cash receipts from interfund services provided	--	--	--	34,043,546
Cash paid to suppliers for goods and services	(862,351)	(566,026)	(1,428,377)	(28,420,387)
Cash paid to employees for salaries and benefits	(211,743)	--	(211,743)	(1,138,422)
Net cash provided (used) by operating activities	<u>(318,596)</u>	<u>(515,185)</u>	<u>(833,781)</u>	<u>4,484,737</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other governmental agencies	99,484	180,869	280,353	--
Non-operating receipts	1,284	--	1,284	892,550
Cash received from or paid to other funds	83,461	--	83,461	73,855
Net cash provided (used) by noncapital financing activities	<u>184,229</u>	<u>180,869</u>	<u>365,098</u>	<u>966,405</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal repayments on debt	(9,463)	--	(9,463)	--
Proceeds from sale of capital assets	629	--	629	126,063
Capital contributions	1,009,471	523,043	1,532,514	89,158
Interest paid on debt	(5,537)	--	(5,537)	--
Payments related to the acquisition of capital assets	(1,725,422)	--	(1,725,422)	(1,398,469)
Net cash provided (used) by capital and related financing activities	<u>(730,322)</u>	<u>523,043</u>	<u>(207,279)</u>	<u>(1,183,248)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	25,701	(1,017)	24,684	1,510,834
Net cash provided by investing activities	<u>25,701</u>	<u>(1,017)</u>	<u>24,684</u>	<u>1,510,834</u>
Net increase (decrease) in cash and cash equivalents	(838,988)	187,710	(651,278)	5,778,728
Cash and cash equivalents, beginning of year	<u>1,191,544</u>	<u>18,468</u>	<u>1,210,012</u>	<u>39,891,925</u>
Cash and cash equivalents, end of year	<u>\$ 352,556</u>	<u>\$ 206,178</u>	<u>\$ 558,734</u>	<u>\$ 45,670,653</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, 2008

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	County Airports	South Lake Tahoe Transit	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (353,832)	\$ (546,803)	\$ (900,635)	\$ (1,032,187)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	290,858	15,691	306,549	949,165
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	46,263	--	46,263	(160,697)
Inventory	(3,988)	--	(3,988)	42,895
Prepaid expenses	(12,344)	--	(12,344)	--
Increase (decrease) in:				
Accounts payable	(285,167)	15,927	(269,240)	746,987
Salaries payable	1,414	--	1,414	1,441
Liability for compensated absences	(1,800)	--	(1,800)	(42,926)
Liability for self-insurance	--	--	--	370,223
Liability for other post employment benefits	--	--	--	3,609,836
Net Cash Provided (Used) by Operating Activities	<u>\$ (318,596)</u>	<u>\$ (515,185)</u>	<u>\$ (833,781)</u>	<u>\$ 4,484,737</u>

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

COUNTY OF EL DORADO

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	<u>Investment Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and investments	\$ 158,387,846	\$ 1,048,035
Interest receivable	1,173,182	6,844
Taxes receivable	--	27,931,583
	<u> </u>	<u> </u>
Total Assets	<u>\$ 159,561,028</u>	<u>\$ 28,986,462</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 2,965,910	\$ 1,534,629
Accrued salaries and benefits	699,964	--
Fiduciary liabilities	--	27,451,833
	<u> </u>	<u> </u>
Total Liabilities	<u>3,665,874</u>	<u>28,986,462</u>
<u>NET ASSETS</u>		
Net assets held in trust for investment pool participants	<u>155,895,154</u>	<u> </u>
Total Net Assets	<u>155,895,154</u>	<u> </u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 159,561,028</u>	<u>\$ 28,986,462</u>

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

COUNTY OF EL DORADO

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2008

	<u>Investment Trust</u>
Additions:	
Contributions to investment pool	\$ 1,022,558,032
Interest and investment income	<u>8,106,409</u>
Total additions	<u>1,030,664,441</u>
Deductions:	
Distributions from investment pool	<u>1,015,542,252</u>
Total deductions	<u>1,015,542,252</u>
Change in net assets	15,122,189
Net assets - beginning	<u>140,772,965</u>
Net assets - ending	<u><u>\$ 155,895,154</u></u>

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

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

Note 1: **Summary of Significant Accounting Policies**

A. Description of the Reporting Entity

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

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

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

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

- The County Service Areas are separate legal entities created to provide services such as water, sewer, lighting and road maintenance throughout the County.
- The County Water Agency is a separate legal entity formed to provide water service within the County.
- 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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

Blended Component Units (continued):

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

Discretely Presented Component Units (continued):

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

Fund Financial Statements (continued)

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance, education and recreation and cultural services.
- The County Road Fund is a special revenue fund used to account for funds allocated for the planning, design, construction, maintenance and administration of County transportation activities (Public Ways and Facilities).
- The Debt Service Fund – The debt service fund is used to account for the accumulation of resources and payment of general long-term debt principal and interest.

The County reports the following Nonmajor enterprise funds:

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

C. Basis of Accounting

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

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

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

D. **Cash and Investments**

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

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

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

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

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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

F. Mortgages Receivable

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

G. Inventories

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

H. Capital Assets and Depreciation

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

The estimated useful lives are as follows:

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

I. Property Tax Levy, Collection and Maximum Rates

The State of California's (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2007/2008 net assessed valuation of the County was \$27,224,914,145.

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

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

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

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

K. Interfund Transactions

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

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

L. Self-Insurance

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

M. Use of Estimates

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

N. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2008, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This statement is effective for the County for the fiscal period beginning after December 15, 2006.

This statement requires that governments account for, and report, the annual cost of other postemployment benefits (OPEB) and the outstanding obligation and commitments related to OPEB in the same manner as they currently do for pensions. The statement does not require that governments fund their OPEB plans, only that they account for them and report them. OPEB generally consist of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including their beneficiaries in some cases.

Implementation of GASB Statement No. 45 primarily impacted the County's government-wide and proprietary funds financial statements for the year ended June 30, 2008. In addition, implementation required additional note disclosure and required supplemental information.

Note 2: **Cash and Investments**

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2008, total County cash and investments were as follows:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Cash:			
Imprest cash	\$ --	\$ 24,240	\$ 24,240
Cash on hand	500	--	500
Deposits	208,252,516	2,077,551	210,330,067
Total Cash	<u>208,253,016</u>	<u>2,101,791</u>	<u>210,354,807</u>
Investments	<u>183,831,952</u>	<u>6,363,345</u>	<u>190,195,297</u>
Total Cash and Investments	<u>\$ 392,084,968</u>	<u>\$ 8,465,136</u>	<u>\$ 400,550,104</u>

Total cash and investments at June 30, 2008 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	\$ 224,708,321	\$ 159,301,373	\$ 6,273,709	\$ 390,283,403
Restricted	1,801,565	--	--	1,801,565
Total in County Investment Pool	<u>226,509,886</u>	<u>159,301,373</u>	<u>6,273,709</u>	<u>392,084,968</u>
External to Pool:				
Cash with fiscal agents	2,378,770	--	--	2,378,770
Other restricted cash and investments	--	--	152,209	152,209
Other unrestricted cash and investments	--	134,508	5,775,409	5,909,917
Imprest cash	24,040	--	200	24,240
Total External to Pool	<u>2,402,810</u>	<u>134,508</u>	<u>5,927,818</u>	<u>8,465,136</u>
Total Cash and Investments	<u>\$ 228,912,696</u>	<u>\$ 159,435,881</u>	<u>\$ 12,201,527</u>	<u>\$ 400,550,104</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Cash and investments were restricted at June 30, 2008, for the following purposes:

	Primary Government	Component Units	Total
Closure and Post-closure costs	\$ 1,761,654	\$ --	\$ 1,761,654
Transit grant expenditures	39,911	--	39,911
Risk financing	--	152,209	152,209
	\$ 1,801,565	\$ 152,209	\$ 1,953,774

Investments

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Investments (continued)

At June 30, 2008, the County had the following investments:

	Interest Rates	Maturities	Par	Carrying Value	Fair Value	WAM (Years)
Investments in Investment Pool						
Treasury Securities - Coupon	3.125%-4.875%	08/31/08-11/15/08	\$ 27,600,000	\$ 27,707,397	\$ 27,740,916	--
Treasury Securities - Discount	1.18%-1.86%	07/03/08-7/24/08	70,897,000	70,681,153	70,864,414	0.04
Bankers Acceptance	2.25%-2.40%	07/02/08 07/28/08	20,502,000	20,458,427	20,323,303	0.05
Commercial Paper - Discount	2.08%-2.181%	07/07/08 - 07/15/08	25,000,000	24,984,975	24,979,400	0.03
Federal Agencies - Discount	--	--	--	--	--	--
California Local Agency Investment Fund	3.07%	On Demand	40,000,000	40,000,000	40,000,000	--
Total Investments in Investment Pool			<u>\$ 183,999,000</u>	<u>\$ 183,831,952</u>	<u>\$ 183,908,033</u>	0.03
Investments Outside Investment Pool						
Primary Government:						
<i>Cash held with Fiscal Agents</i>						
Money Market Mutual Funds	Variable	On Demand	\$ 1,030,114	\$ 1,030,114	\$ 1,030,114	--
Investment Contracts	Variable	On Demand	1,191,190	1,191,190	1,191,190	--
			<u>2,221,304</u>	<u>2,221,304</u>	<u>2,221,304</u>	
Component Units:						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	3.07%	On Demand	4,142,041	4,142,041	4,142,041	--
Total Investments Outside Investment Pool			<u>\$ 6,363,345</u>	<u>\$ 6,363,345</u>	<u>\$ 6,363,345</u>	--

At June 30, 2008, the difference between the carrying value and fair value of cash and investments was not material (fair value was 100.04% of carrying value). Therefore, an adjustment to fair value was not required.

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2008, the investment pool had a weighted average maturity of 0.03 years.

Credit Risk

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

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2008.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Credit Risk (continued)

	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Federal Agencies - Coupon	AAA	15.07%
Federal Agencies - Discount	AAA	38.45%
Bankers Acceptance	A-1+	11.13%
Commercial Paper - Discount	A-1	13.59%
California Local Agency Investment Fund	Unrated	<u>21.76%</u>
Total		<u><u>100.00%</u></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.

Local Agency Investment Fund

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

At June 30, 2008, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40 million, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$70 billion. Of that amount, 85.28% was invested in non-derivative financial products and 14.72% in derivative type products consisting of structured notes and asset-backed securities. Fair value is based on information provided by the State for the Local Agency Investment Fund.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2008:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 392,084,968</u>
Equity of internal pool participants	233,697,122
Equity of external pool participants	<u>158,387,846</u>
Total net assets	<u>\$ 392,084,968</u>

Statement of Changes in Net Assets

Net assets at July 1, 2007	\$ 410,218,196
Investment income	17,696,171
Investment expenses	(486,451)
Net contributions (withdrawals) by pool participants	<u>(35,342,948)</u>
Net assets at June 30, 2008	<u>\$ 392,084,968</u>

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

The Governmental funds include notes receivable of \$2,309,657 and special assessment receivables of \$1,737,171, which are not expected to be fully collected in the next fiscal year. The accounts receivable balances reported in other governmental funds include an allowance for uncollectible amounts of \$1,569,000. The governmental activities include a long-term note receivable of \$3,000,000, which is offset by a long-term note payable.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

Note 4: **Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2008</u>
Governmental Activities					
Capital assets, not being depreciated					
Land and improvements	\$ 43,333,115	\$ 3,592,591	\$ --	\$ 65,000	\$ 46,990,706
Construction in progress	3,589,554	6,077,126	--	(2,421,064)	7,245,616
Total capital assets not being depreciated	46,922,669	9,669,717	--	(2,356,064)	54,236,322
Capital assets, being depreciated					
Infrastructure	373,182,926	44,994,972	--	--	418,177,898
Structures and improvements	97,358,090	473,249	--	2,345,175	100,176,514
Equipment	42,737,004	3,825,212	(2,763,422)	10,889	43,809,683
Total capital assets being depreciated	513,278,020	49,293,433	(2,763,422)	2,356,064	562,164,095
Less accumulated depreciation for					
Infrastructure	(183,371,606)	(17,161,196)	--	--	(200,532,802)
Structures and improvements	(28,697,807)	(2,029,525)	--	--	(30,727,332)
Equipment	(24,312,077)	(3,704,190)	2,537,973	--	(25,478,294)
Total accumulated depreciation	(236,381,490)	(22,894,911)	2,537,973	--	(256,738,428)
Total capital assets being depreciated, net	276,896,530	26,398,522	(225,449)	2,356,064	305,425,667
Governmental activities capital assets, net	\$ 323,819,199	\$ 36,068,239	\$ (225,449)	\$ --	\$ 359,661,989
Business Type Activities					
Capital assets, not being depreciated					
Land	\$ 213,711	\$ --	\$ --	\$ --	\$ 213,711
Construction in progress	660,239	1,725,422	--	(2,361,330)	24,331
Total capital assets not being depreciated	873,950	1,725,422	--	(2,361,330)	238,042
Capital assets, being depreciated					
Structures and improvements	5,293,013	--	--	2,361,330	7,654,343
Equipment	147,373	--	(12,569)	--	134,804
Total capital assets being depreciated	5,440,386	--	(12,569)	2,361,330	7,789,147
Less Accumulated depreciation for					
Structures and improvements	(3,487,676)	(290,499)	--	--	(3,778,175)
Equipment	(124,594)	(16,050)	12,569	--	(128,075)
Total accumulated depreciation	(3,612,270)	(306,549)	12,569	--	(3,906,250)
Total capital assets being depreciated, net	1,828,116	(306,549)	--	2,361,330	3,882,897
Business type activities capital assets, net	\$ 2,702,066	\$ 1,418,873	\$ --	\$ --	\$ 4,120,939

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,279,941
Public protection	1,845,739
Public ways and facilities	17,933,683
Health and sanitation	362,802
Public assistance	141,423
Education	255,074
Recreation and cultural services	127,084
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	949,165
Total depreciation expense governmental activities	\$ 22,894,911

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

Airports	\$ 290,858
Other	15,691
Total depreciation expense business-type activities	\$ 306,549

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, 2008, the various components of deferred revenue and unearned revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental Funds:			
General Fund:			
Various grants and charges	\$ --	\$ 791,865	\$ 791,865
Road Fund:			
Various grants and charges	--	45,786	45,786
Debt Service Fund:			
Special assessments	--	1,737,171	1,737,171
Other Governmental Funds:			
Various grants, charges and loans	6,267,028	4,401,370	10,668,398
	\$ 6,267,028	\$ 6,976,192	\$ 13,243,220

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

Note 6: **Long-Term Debt**

Long-term liabilities at June 30, 2008 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, 2008</u>
<u>Governmental Activities</u>						
Bonds Payable:						
1997 Refunding Lease Revenue Bonds	1997	2009	4.0% - 5.0%	\$225,000 - \$4,180,000	\$ 16,860,000	<u>\$ 6,070,000</u> <u>6,070,000</u>
Notes Payable:						
California Energy Commission	1998	2009	5.90%	\$20,588 - \$45,555	\$ 224,032	45,555
California Energy Commission	2005	2013	4.00%	\$24,880 - \$124,324	\$ 800,000	575,164
HUD HOME Program ¹⁾	2003	2058	0.00%	²⁾	\$ 3,000,000	<u>3,000,000</u>
						<u>3,620,719</u>
Capital Leases:						
Banc of America (road equipment)	2005	2012	4.28%	\$133,719 - \$171,943	\$ 1,065,167	407,552
Banc of America (motor graders)	2006	2012	3.36%	\$106,788 - \$173,357	\$ 1,109,188	704,162
SunTrust Leasing (snowblower)	2003	2009	3.25%	\$59,508-\$65,500	\$ 430,973	<u>65,500</u>
						<u>1,177,214</u>
Total Governmental Activities						<u>\$ 10,867,933</u>

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

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

Business-Type Activities

Notes Payable:						
Loan #ED-1-85-L-1	9/23/85	2011	8.03%	\$2,919	\$ 72,987	\$ 8,760
Loan #ED-1-86-L-2	9/16/86	2012	6.94%	\$1,577	\$ 39,426	6,308
Loan #ED-5-86-L-1	9/16/86	2012	6.94%	\$1,060	\$ 26,503	4,241
Loan #ED-1-87-L-3	10/6/87	2012	6.94%	\$930	\$ 23,251	4,650
Loan #ED-5-88-L-2	10/19/88	2009	7.04%	\$2,976	\$ 59,527	2,976
						<u>26,935</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

The following is a summary of long-term liabilities transactions for the year ended June 30, 2008:

	(Restated) Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Amounts Due Within One Year
Governmental Activities					
Lease revenue bonds	\$ 7,880,000	\$ --	\$ 1,810,000	\$ 6,070,000	\$ 1,890,000
Notes payable:					
California Energy Commission	88,526	--	42,971	45,555	45,555
California Energy Commission II	677,088	--	101,924	575,164	106,110
California Housing Financing Agency	1,800,000	--	1,800,000	--	--
HUD Home Program	3,000,000	--	--	3,000,000	--
Compensated absences	13,587,663	1,258,610	972,739	13,873,534	972,739
Capital lease obligation	1,517,125	--	339,911	1,177,214	352,481
Landfill closure / post-closure liability	9,824,780	--	1,715,311	8,109,469	--
Liability for self-insurance claims	25,819,994	28,798,638	36,786,372	17,832,260	5,071,944
Subtotal	<u>\$ 64,195,176</u>	<u>\$ 30,057,248</u>	<u>\$ 43,569,228</u>	50,683,196	<u>\$ 8,438,829</u>
Other postemployment benefits				<u>11,250,000</u>	
Total Governmental Activities				<u>\$ 61,933,196</u>	
Business-Type Activities					
Compensated absences	\$ 34,545	\$ --	\$ 1,800	\$ 32,745	\$ --
Notes payable	36,398	--	9,463	26,935	9,463
	<u>\$ 70,943</u>	<u>\$ --</u>	<u>\$ 11,263</u>	<u>\$ 59,680</u>	<u>\$ 9,463</u>

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

As of June 30, 2008, annual debt service requirements of governmental activities having fixed maturities are shown below. The \$3,000,000 HUD Home Program note payable is not included in the schedule.

Year Ending June 30:	Governmental Activities			
	Notes Payables		Bonds Payables	
	Principal	Interest	Principal	Interest
2009	\$ 151,664	\$ 23,987	\$ 1,890,000	\$ 242,965
2010	110,397	17,673	4,180,000	99,275
2011	114,857	13,213	--	--
2012	119,477	8,593	--	--
2013	124,324	3,746	--	--
	<u>\$ 620,719</u>	<u>\$ 67,212</u>	<u>\$ 6,070,000</u>	<u>\$ 342,240</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

As of June 30, 2008, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities	
	Notes Payables	
	Principal	Interest
2009	\$ 9,463	\$ 1,968
2010	6,487	1,276
2011	6,487	794
2012	3,567	312
2013	931	65
	\$ 26,935	\$ 4,415

Note 7: **Leases**

Operating Lease Obligations

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$4.2 million for the year ended June 30, 2008.

Future minimum operating lease commitments are as follows:

Year Ending June 30:	
2009	\$ 3,558,295
2010	2,893,662
2011	2,349,465
2012	1,848,883
2013	486,624
2014	3,902
Total	\$ 11,140,831

Capital Lease Obligations

The County accounts for capital leases in the governmental fund types in accordance with the provisions of GASB Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a general fixed asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. The total lease payments for the fiscal year were \$393,777 for which \$53,866 represented interest cost.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

Note 7: **Leases** (continued)

Capital Lease Obligations (continued)

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

Year Ending June 30:		
2009	\$	393,777
2010		326,148
2011		326,148
2012		178,506
2013		44,626
Total minimum lease payments		1,269,205
Less amount representing interest		(91,991)
Total	\$	1,177,214

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

	Governmental Activities
Road equipment	\$ 3,483,640
Less: accumulated depreciation	(844,773)
Net Value	\$ 2,638,867

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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 of the landfill's 42.3 acres remain open to waste generated onsite. The estimated landfill closure care liability of \$1,717,069 reported as of June 30, 2008, is the current cost estimate of closing the remaining 8.2 acres. Because the landfill is no longer accepting waste from the public, the additional liability of \$6,392,400 represents postclosure costs and has been recognized and is a cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes.

State and federal laws require the County to make contributions to a special fund in order to finance closure care. At June 30, 2008, investments of \$1,761,654 are part of the pooled funds held by the County treasurer and are reported as restricted assets on the Statement of Net Assets. Currently, the amount held as restricted cash is sufficient to cover the entire closure liability.

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

Note 9: **Interfund Transactions**

The composition of interfund balances as of June 30, 2008 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Enterprise Fund - County Airports	\$ 86,818	Advance for fuel tank replacement and provide for cash flow
	Debt Service Fund	6,000	Administration cost due back to General Fund
	Other Governmental Funds	905,235	Realignment funds
	Other Governmental Funds	250,500	Advance to Community Services funds to cover cash shortfall
	Other Governmental Funds	559,000	Advance to Health funds to cover cash shortfall
	Other Governmental Funds	56,108	Reimbursement for Auto Fraud program expenditures
	Other Governmental Funds	31,845	Reimbursement for Real Estate Fraud program expenditures
	Other Governmental Funds	331,538	Reimbursement for Child Support administration expenditures
		<u>2,227,044</u>	
Road Fund	General Fund	97	CSUS National Pollution Discharge Elimination System fees
	Other Governmental Funds	97	CSUS National Pollution Discharge Elimination System fees
	Other Governmental Funds	1,378,833	Capital project funds for road improvements
		<u>1,379,027</u>	
Debt Service Fund	Other Governmental Funds	17,490	CD deposits due from Capital Project Funds
		<u>17,490</u>	
Internal Service Funds	Road Fund	23,430	Reimburse Fleet for fuel purchases
		<u>23,430</u>	
Other Governmental Funds	Other Governmental Funds	288,830	Realignment funds for Health programs
	Other Governmental Funds	47,685	City Readiness funds for Health programs
	Other Governmental Funds	442,951	Mental Health Sales Tax Realignment Funds
	Other Governmental Funds	88,894	Mental Health Vehicle License Fees to Psychiatric Facility
	Other Governmental Funds	9,486	Community Services - MAA adm fees due from Public Health
	Other Governmental Funds	2,607	Managed Care due to Mental Health
	General Fund	41,516	General Fund match for Health Realignment funds
	General Fund	451,604	Vehicle License Fees Health
	General Fund	88,894	Vehicle License Fees Mental Health
	General Fund	21,400	Vehicle License Fees Social Services
		<u>1,483,867</u>	
	Total	<u>\$ 5,130,858</u>	

Advances From/To Other Funds:

Advanced from	Advanced to	Amount	Purpose
General Fund	Other Governmental Funds	\$ 200,000	Advance to Housing Authority
	Other Governmental Funds	10,000	Advance to Public Authority
	Other Governmental Funds	3,319,000	Advance to Mental Health
		<u>3,529,000</u>	
Other Governmental Funds	Other Governmental Funds	2,118,667	Cash advance from RIF Silva Valley Interchange to El Dorado Hills TIM
		<u>2,118,667</u>	
	Total	<u>\$ 5,647,667</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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	\$ 395,819	Timber Tax to Sheriff's Office Patrol, Search and Rescue County Service Area #10 Special Tax Revenues to
	Other Governmental Funds	1,063,283	Library General Fund Operating Time Share and Redemption Fees to Auditor / TTC /
	Other Governmental Funds	511,693	Assessor
	Other Governmental Funds	3,525	Overages Treasurer Tax Collector Operating
	Other Governmental Funds	425,959	Transit Occupancy Taxes
	Other Governmental Funds	14,000	PTAP Special Revenue to Offset Salary Costs
	Other Governmental Funds	191,256	Park Fees to Parks and Grounds General Fund Operating
	Other Governmental Funds	601,635	Grant Revenues to District Attorney General Fund Operating Sheriff's Restricted Revenues (Fingerprint Identification,
	Other Governmental Funds	463,643	Grants) to Sheriff's Operating
	Other Governmental Funds	348,822	Grant Funding (TANF Block Grant, Title IV E Grant) and DNA Identification funds to Probation Operating
	Other Governmental Funds	332,676	Faxed in Permits, Code Enforcement Grant Program, Commercial Grading to Building Operating
	Other Governmental Funds	491,242	Micro, Computer System, Notary Public Confidential Marriage, Vital Health Statistics to Recorder Operating
	Other Governmental Funds	834,322	Planning Projects Revenues to Planning; Ecological Preserve Fee distribution to Building and Planning
	Other Governmental Funds	537,858	Engineer Time and Materials to DOT County Engineer and FEMA Funding to Sheriff Operating
	Other Governmental Funds	4,429	License Plate Fees to Veteran Services Operating
	Other Governmental Funds	9,527	Purdy Trust/Mountain Democrat Kincade Commuter funds to Library Operating
	Other Governmental Funds	456,502	Realignment funds to Health and Welfare: Health
	Other Governmental Funds	4,996,376	Realignment funds to Health and Welfare: Social Services Supplemental Law Enforcement Services Fund (SLESF) to Sheriff/DA/Probation Operating
	Other Governmental Funds	994,199	Child Support Enforcement Administration Funding to Operating
	Other Governmental Funds	4,606,199	Jensen Memorial Trust funds to Library Operating
		<u>898</u>	
		<u>17,283,863</u>	
Road Fund	General Fund	1,918,589	General Fund Contribution in Lieu of MVLF Measure H Road District Tax, Motor Vehicle Fees and Traffic Impact
	Other Governmental Funds	45,524,590	Fees to Road Fund Operating
		<u>47,443,179</u>	
Debt Service Fund	General Fund	1,715,768	General Fund Contribution
	Other Governmental Funds	355,648	Transfer from Bond Reserve
		<u>2,071,416</u>	
Internal Services Fund - Fleet	General Fund	78,511	General Fund Contribution
	Road Fund	18,774	Road Fund Contributed Capital
		<u>97,285</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Transfers (continued)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
Enterprise Fund - Airports	General Fund	\$ 74,057	General Fund Contribution
	Other Governmental Funds	<u>20,000</u>	Special Aviation and Community Enhancement Funding
		<u>94,057</u>	
Other Governmental Funds	General Fund	1,638,367	General Fund Contribution to Community Services
	General Fund	5,690,310	General Fund Contribution to Public Health
	General Fund	233,260	Social Services SB163 Wraparound Funding
	General Fund	64,614	General Fund Contribution to EIR Development Projects
	General Fund	62,787	General Fund Contribution to IHSS Public Authority Fund
	General Fund	13,858	General Fund Contribution to Housing Authority
	General Fund	30,911	General Fund Contribution to Ambulance Operating
	General Fund	4,240	General Fund Transfer to Change Difference Shortage
	General Fund	15,000	General Fund Contribution to Human Services
	General Fund	5,810,004	General Fund Contribution to Health and Welfare
	General Fund	2,142,606	General Fund Contribution to ACO Fund Criminal Justice Facility/Courthouse Construction Fund
	Other Governmental Funds	923,297	Contribution to ACO Fund
	Other Governmental Funds	65,000	River Use Permit Fund Contribution to ACO Fund
	Other Governmental Funds	324,137	Animal Control Community Enhancement to ACO Fund Ecological Preserve Special Revenues to Rare Plant Preserve Permanent Fund
	<u>167,268</u>		
	<u>17,185,659</u>		
Total		<u>\$ 84,175,459</u>	

Note 10: **Pension Plan**

The County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County makes the contributions required of its employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 12.369% for non-safety employees and 23.960% for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Annual Pension Cost

For fiscal year 2007-2008, the County's annual pension cost of \$16,708,706 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial. Assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and 3.25% to 13.15% depending on age, service and type of employment for safety members. An inflation component of 3.0% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 15,351	100%	\$ --
6/30/07	15,701	100%	--
6/30/08	16,709	100%	--

Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2007, the most recent actuarial valuation date:

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
Miscellaneous	\$ 379,808,188	\$ 316,605,643	\$ 63,202,545	83.4%	\$ 92,029,127	68.7%
Safety	167,483,888	131,342,533	36,141,355	78.4%	24,034,538	150.4%

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

- **County Contribution Subsidy** – The County pays a monthly amount up to a percentage of the premium for the County sponsored Blue Shield Plan plus dental coverage. The applicable percentage is based on the retiree’s years of service with the County. The amount paid to each individual retiree will be limited such that total County contributions do not exceed 1.2% of total payroll.
- **Implicit Subsidy** – For coverage prior to age 65, the retiree pays premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the “true cost” of coverage for retirees.

The above 1.2% payroll cap applies to the County’s contribution only. Because this cap is a limitation on the employer’s contribution, and not a limitation of retiree benefits, it cannot be considered to reduce the County’s liability until the cap is enforced and thereby begins to alter the established pattern of shared of costs.

Funding Policy. The contribution requirements of the plan members and the County are established and may be amended by the County. The annual required contribution 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 2007/2008 ARC is \$12,521,000.

Annual OPEB Cost and Net OPEB Obligation.

For 2008, the County’s annual OPEB cost (expense) of \$12,521,000 was 11.3% higher than the Net OPEB Obligation of \$11,250,000.

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 2007/2008 is as follows (dollar amounts in thousands):

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Annual OPEB Cost and Net OPEB Obligation (continued).

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2008, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

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

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

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

In the June 30, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return based on the assumption that benefits will be paid from general County assets earmarked for purposes of County Postretirement Benefits, and not invested in a separate trust. This rate includes a 2.5% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 20 years on a closed basis. The remaining amortization period at June 30, 2008 was 19 years.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

Note 12: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim and up to a maximum lifetime benefit of \$2 million in health insurance benefits through its Blue Shield health insurance program. The County's self-insured retention for its health insurance program is \$175,000 per employee. The County also offers two other health insurance programs to its employees which are not self-insured. Health benefits through Kaiser and Pacific Care are based on monthly premiums with no lifetime maximums per employee. The County purchases general liability commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. The amount of general liability settlements did not exceed coverage in each of the last three years.

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$17,832,260 reported in the Risk Management Fund at June 30, 2008 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, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 25,819,994	\$ 20,033,869
Plus estimated claims incurred	28,798,638	30,072,200
Less claims payments	(24,818,579)	(24,286,075)
Less reclassification of liability for post-employment benefits	<u>(11,967,793)</u>	<u>--</u>
Unpaid claims, end of year	<u>\$ 17,832,260</u>	<u>\$ 25,819,994</u>

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

Note 13: Commitments and Contingencies

Grants

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

Pending Litigation

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

Note 14: Net Assets/Fund Balances

A. Fund Balances

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

- *Invested in Capital Assets, Net of Related Debt:* This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. Included in governmental activities restricted net assets at June 30, 2008, are net assets restricted by enabling legislation of \$107.2 million.
- *Unrestricted Net Assets:* This category represents net assets of the County, not restricted for any project or other project.

COUNTY OF EL DORADO

Notes to the Financial Statements For the Year Ended June 30, 2008

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

A. **Fund Balances** (continued)

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

The County has “reserved” fund balances as follows:

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

A. Fund Balances (continued)

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

B. Prior Period Adjustments

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

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

	<u>Governmental Activities</u>	
	<u>Fund Financial</u>	<u>Government-Wide</u>
	<u>Statements</u>	<u>Statement of Activities</u>
	Other	Total
	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Activities</u>
Fund balances/net assets, June 30, 2007, as previously reported	<u>\$ 163,802,020</u>	<u>\$ 523,459,022</u>
Restatements:		
Correct prior year deferral of revenues	149,173	149,173
Adjust beginning landfill liability	<u> --</u>	<u>(1,715,311)</u>
Total restatements	<u>149,173</u>	<u>(1,566,138)</u>
Fund balances/net assets, July 1, 2007, as restated	<u><u>\$ 163,951,193</u></u>	<u><u>\$ 521,892,884</u></u>

C. Deficit Fund Balances

The following funds had a fund balance deficit as of June 30, 2008:

Nonmajor Governmental Funds:	
Mental Health	\$ 1,376,016
Erosion Control	\$ 562,657

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

C. Deficit Fund Balances (continued)

Deficits in these funds are expected to be eliminated in future years through future revenues and/or transfers from other funds.

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

The County has two Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2008, is as follows:

Component Units Statement of Net Assets
June 30, 2008

	Children and Families Commission	El Dorado Transit Authority	Total
<u>ASSETS</u>			
Current and other assets	\$ 6,550,810	\$ 6,988,850	\$ 13,539,660
Capital assets	--	5,215,442	5,215,442
Restricted cash	--	152,209	152,209
Total Assets	\$ 6,550,810	\$ 12,356,501	\$ 18,907,311
<u>LIABILITIES</u>			
Current liabilities	\$ 503,049	\$ 3,728,164	\$ 4,231,213
Long-term liabilities	--	659,526	659,526
Total Liabilities	503,049	4,387,690	4,890,739
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	--	5,215,442	5,215,442
Restricted	6,047,761	--	6,047,761
Unrestricted	--	2,753,369	2,753,369
Total Net Assets	6,047,761	7,968,811	14,016,572
Total Liabilities and Net Assets	\$ 6,550,810	\$ 12,356,501	\$ 18,907,311

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Component Units Statement of Activities
For the Year Ended June 30, 2008

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for current services	\$ --	\$ 1,119,927	\$ 1,119,927
Operating grants and contributions	2,012,396	4,093,495	6,105,891
Capital grants and contributions	--	564,216	564,216
General Revenues:			
Use of money or property	243,756	167,543	411,299
Other revenues	--	53,754	53,754
Total Revenues	<u>2,256,152</u>	<u>5,998,935</u>	<u>8,255,087</u>
Expenses:			
Health and sanitation	1,787,444	--	1,787,444
Public ways and facilities	--	6,212,509	6,212,509
Total Expenses	<u>1,787,444</u>	<u>6,212,509</u>	<u>7,999,953</u>
Change in net assets	468,708	(213,574)	255,134
Net Assets - Beginning of Year	<u>5,579,053</u>	<u>8,182,385</u>	<u>13,761,438</u>
Net Assets - End of Year	<u><u>\$ 6,047,761</u></u>	<u><u>\$ 7,968,811</u></u>	<u><u>\$ 14,016,572</u></u>

Note 16: **Subsequent Events**

The County receives significant revenues from the State of California (State) and the State continues to experience cash flow problems. During the fiscal year ending June 30, 2008, the State delayed the disbursement of revenues to the County to help alleviate the State's cash flow problems. This condition continues and the County anticipates further reductions and delays in State funding in the next fiscal year further reducing and adversely affecting the County's cash flow.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Required Supplementary Information
For the Year Ended June 30, 2008

SCHEDULE OF FUNDING PROGRESS

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

Miscellaneous Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/05	\$ 300,683,309	\$ 259,377,379	\$ 41,305,930	86.3%	\$ 68,268,957	60.5%
6/30/06	343,482,244	285,498,483	57,983,761	83.1%	80,807,657	71.8%
6/30/07	379,808,188	316,605,643	63,202,545	83.4%	92,029,127	68.7%

Safety Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/05	\$ 135,837,649	\$ 107,793,103	\$ 28,044,546	79.4%	\$ 18,515,246	151.5%
6/30/06	153,493,254	118,945,127	34,548,127	77.5%	22,211,594	155.5%
6/30/07	167,483,888	131,342,533	36,141,355	78.4%	24,034,538	150.4%

The table below shows actuarial accrued liability and the unfunded actuarial liability as a percentage of the annual covered payroll for the Retiree's Health Benefit Plan. This is the first year of GASB 45 implementation for the recognition of this liability over a 20 year period as of June 30:

Retiree's Health

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/08	\$ 112,218,000	\$ --	\$ 112,218,000	0.0%	\$ 129,300,000	86.8%

COUNTY OF EL DORADO

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Budgetary fund balances, July 1	\$ 23,091,984	\$ 24,374,442	\$ 24,374,442	\$ --
Resources (inflows):				
Taxes	93,883,781	93,883,781	91,159,908	(2,723,873)
Licenses, permits and franchises	6,635,815	6,639,328	6,302,589	(336,739)
Fines, forfeits and penalties	1,068,056	1,068,056	897,189	(170,867)
Use of money or property	2,859,840	2,859,840	1,663,419	(1,196,421)
Intergovernmental revenue - State	39,431,250	40,067,069	33,879,422	(6,187,647)
Intergovernmental revenue - Federal	16,599,632	17,257,830	18,083,317	825,487
Revenue other governmental agencies	717,908	717,908	933,678	215,770
Charges for services	20,591,253	19,870,985	19,292,370	(578,615)
Miscellaneous revenue	1,926,369	2,030,850	1,982,672	(48,178)
Other financing sources	20,079,222	21,108,158	17,283,863	(3,824,295)
	<u>203,793,126</u>	<u>205,503,805</u>	<u>191,478,427</u>	<u>(14,025,378)</u>
Amounts available for appropriation	<u>226,885,110</u>	<u>229,878,247</u>	<u>215,852,869</u>	<u>(14,025,378)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and employee benefits	1,391,471	1,391,471	1,309,194	82,277
Services and supplies	117,466	116,906	57,419	59,487
Other charges	1,220	1,220	--	1,220
Capital assets	--	1,760	--	1,760
Intrafund transfers	63,479	63,479	50,680	12,799
Intrafund abatement	(668)	(668)	(668)	--
	<u>1,572,968</u>	<u>1,574,168</u>	<u>1,416,625</u>	<u>157,543</u>
County Administrative Office				
Salaries and employee benefits	1,524,198	1,524,198	1,450,375	73,823
Services and supplies	349,861	351,381	273,320	78,061
Other charges	44,278	44,278	26,639	17,639
Intrafund transfers	36,218	36,218	33,496	2,722
Intrafund abatement	(50,000)	(50,000)	--	(50,000)
	<u>1,904,555</u>	<u>1,906,075</u>	<u>1,783,830</u>	<u>122,245</u>
Annual Audit				
Services and supplies	80,970	99,470	99,470	--
	<u>80,970</u>	<u>99,470</u>	<u>99,470</u>	<u>--</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller				
Salaries and employee benefits	\$ 2,977,355	\$ 2,977,355	\$ 2,684,322	\$ 293,033
Services and supplies	120,335	120,335	95,238	25,097
Other charges	2,502	2,502	--	2,502
Intrafund transfers	308,411	308,411	307,394	1,017
Intrafund abatement	(55,886)	(55,886)	(57,467)	1,581
	<u>3,352,717</u>	<u>3,352,717</u>	<u>3,029,487</u>	<u>323,230</u>
Treasurer/Tax Collector				
Salaries and employee benefits	2,309,274	2,309,273	2,230,860	78,413
Services and supplies	528,494	528,495	383,032	145,463
Other charges	2,238	2,238	--	2,238
Other financing uses	4,500	4,500	4,240	260
Intrafund transfers	393,592	401,437	391,836	9,601
Intrafund abatement	(15,206)	(15,406)	(9,752)	(5,654)
	<u>3,222,892</u>	<u>3,230,537</u>	<u>3,000,216</u>	<u>230,321</u>
Assessor				
Salaries and employee benefits	3,574,226	3,609,136	3,606,809	2,327
Services and supplies	186,664	150,010	139,817	10,193
Other charges	5,110	2,010	20	1,990
Capital assets	1,800	1,800	--	1,800
Intrafund transfers	442,596	449,338	437,702	11,636
	<u>4,210,396</u>	<u>4,212,294</u>	<u>4,184,348</u>	<u>27,946</u>
Purchasing				
Salaries and employee benefits	635,970	635,970	512,703	123,267
Services and supplies	32,757	32,899	28,488	4,411
Other charges	495	495	--	495
Capital assets	1,600	1,600	--	1,600
Intrafund transfers	24,606	24,606	20,309	4,297
	<u>695,428</u>	<u>695,570</u>	<u>561,500</u>	<u>134,070</u>
County Counsel				
Salaries and employee benefits	2,478,592	2,478,592	2,196,084	282,508
Services and supplies	376,558	734,498	300,197	434,301
Other charges	2,163	2,163	--	2,163
Capital assets	6,000	6,350	--	6,350
Intrafund transfers	57,178	57,178	35,718	21,460
Intrafund abatement	--	--	(51,970)	51,970
	<u>2,920,491</u>	<u>3,278,781</u>	<u>2,480,029</u>	<u>798,752</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)

General Fund

For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Human Resources				
Salaries and employee benefits	\$ 961,563	\$ 961,563	\$ 920,562	\$ 41,001
Services and supplies	303,009	300,151	120,133	180,018
Other charges	699	974	230	744
Capital assets	7,500	7,500	--	7,500
Intrafund transfers	29,471	32,054	30,401	1,653
Intrafund abatement	(45,000)	(45,000)	--	(45,000)
	<u>1,257,242</u>	<u>1,257,242</u>	<u>1,071,326</u>	<u>185,916</u>
Recorder - Elections				
Salaries and employee benefits	866,183	879,479	879,477	2
Services and supplies	1,990,597	1,974,296	478,931	1,495,365
Other charges	930	930	39	891
Capital assets	53,300	53,300	2,759	50,541
Intrafund transfers	35,309	38,314	38,312	2
	<u>2,946,319</u>	<u>2,946,319</u>	<u>1,399,518</u>	<u>1,546,801</u>
Communications				
Salaries and employee benefits	652,047	652,047	649,281	2,766
Services and supplies	1,949,835	1,906,579	1,653,476	253,103
Capital assets	187,000	312,660	158,666	153,994
Intrafund transfers	12,409	22,009	4,924	17,085
Intrafund abatement	(907,418)	(907,418)	(902,428)	(4,990)
	<u>1,893,873</u>	<u>1,985,877</u>	<u>1,563,919</u>	<u>421,958</u>
Mail and Courier				
Salaries and employee benefits	98,947	98,947	55,008	43,939
Services and supplies	24,228	24,228	21,910	2,318
Intrafund transfers	2,118	2,118	1,813	305
Intrafund abatement	(113,394)	(113,394)	(115,594)	2,200
	<u>11,899</u>	<u>11,899</u>	<u>(36,863)</u>	<u>48,762</u>
Buildings and Grounds				
Salaries and employee benefits	3,022,384	3,022,384	2,702,387	319,997
Services and supplies	1,499,474	1,499,198	1,493,779	5,419
Other charges	243,148	243,148	231,739	11,409
Intrafund transfers	69,152	69,152	68,406	746
Intrafund abatement	(173,715)	(173,715)	(231,659)	57,944
	<u>4,660,443</u>	<u>4,660,167</u>	<u>4,264,652</u>	<u>395,515</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Property Management				
Salaries and employee benefits	\$ 21,505	\$ 21,505	\$ 21,431	\$ 74
Services and supplies	8,624	8,624	6,082	2,542
Other charges	150	150	350	(200)
Intrafund transfers	2,291	2,291	725	1,566
	<u>32,570</u>	<u>32,570</u>	<u>28,588</u>	<u>3,982</u>
County Promotion				
Services and supplies	671,765	804,791	588,475	216,316
	<u>671,765</u>	<u>804,791</u>	<u>588,475</u>	<u>216,316</u>
Information Technologies				
Salaries and employee benefits	4,415,068	4,415,068	4,300,222	114,846
Services and supplies	2,205,901	2,233,044	1,582,330	650,714
Other charges	3,169	3,169	--	3,169
Capital assets	181,900	230,627	213,275	17,352
Intrafund transfers	124,650	124,650	122,942	1,708
Intrafund abatement	(3,345,838)	(3,345,838)	(3,292,163)	(53,675)
	<u>3,584,850</u>	<u>3,660,720</u>	<u>2,926,606</u>	<u>734,114</u>
Surveyor				
Salaries and employee benefits	1,935,406	1,935,406	1,825,107	110,299
Services and supplies	182,016	201,151	84,348	116,803
Other charges	1,272	1,272	146	1,126
Capital assets	48,590	29,455	2,520	26,935
Intrafund transfers	230,443	230,443	187,167	43,276
Intrafund abatement	(359,094)	(359,094)	(361,269)	2,175
	<u>2,038,633</u>	<u>2,038,633</u>	<u>1,738,019</u>	<u>300,614</u>
General Services Administration				
Salaries and employee benefits	1,311,950	1,311,950	1,295,551	16,399
Services and supplies	305,322	306,570	237,888	68,682
Other charges	32,409	32,409	20,458	11,951
Intrafund transfers	74,828	74,828	49,974	24,854
Intrafund abatement	(318,086)	(318,086)	(260,566)	(57,520)
	<u>1,406,423</u>	<u>1,407,671</u>	<u>1,343,305</u>	<u>64,366</u>
Employee Benefits				
Salaries and employee benefits	500,000	95,403	12,264	83,139
Services and supplies	46,552	31	--	31
	<u>546,552</u>	<u>95,434</u>	<u>12,264</u>	<u>83,170</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Engineer				
Services and supplies	\$ 805,000	\$ 755,000	\$ 143,689	\$ 611,311
Other charges	2,602,797	2,602,797	1,795,912	806,885
Intrafund transfers	15,000	65,000	47,681	17,319
	<u>3,422,797</u>	<u>3,422,797</u>	<u>1,987,282</u>	<u>1,435,515</u>
Contribution to Other Funds				
Services and supplies	753,587	708,587	221,289	487,298
Other charges	135,901	157,695	157,694	1
Other financing uses	26,332,021	26,855,040	18,468,581	8,386,459
	<u>27,221,509</u>	<u>27,721,322</u>	<u>18,847,564</u>	<u>8,873,758</u>
Contribution to Other Agencies				
Services and supplies	84,200	163,400	163,400	--
Other charges	1,443,488	1,443,488	1,443,488	--
	<u>1,527,688</u>	<u>1,606,888</u>	<u>1,606,888</u>	<u>--</u>
Contribution to Airports				
Other financing uses	113,412	113,412	74,057	39,355
	<u>113,412</u>	<u>113,412</u>	<u>74,057</u>	<u>39,355</u>
Other General				
Other financing uses	55,000	55,000	62,768	(7,768)
Intrafund transfers	531,200	528,200	517,493	10,707
Intrafund abatement	(331,113)	(331,113)	(331,113)	--
	<u>255,087</u>	<u>252,087</u>	<u>249,148</u>	<u>2,939</u>
General Government	<u>69,551,479</u>	<u>70,367,441</u>	<u>54,220,253</u>	<u>16,147,188</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Public Protection</u>				
Superior Court MOE				
Services and supplies	\$ 1,134,000	\$ 1,517,000	\$ 1,513,846	\$ 3,154
Other charges	851,283	1,008,283	1,007,797	486
	<u>1,985,283</u>	<u>2,525,283</u>	<u>2,521,643</u>	<u>3,640</u>
Grand Jury				
Salaries and employee benefits	293	325	321	4
Services and supplies	128,549	138,729	131,148	7,581
Intrafund transfers	6,116	10,904	10,406	498
	<u>134,958</u>	<u>149,958</u>	<u>141,875</u>	<u>8,083</u>
District Attorney				
Salaries and employee benefits	7,177,487	7,306,555	7,288,305	18,250
Services and supplies	588,877	701,028	673,289	27,739
Other charges	4,185	4,185	784	3,401
Capital assets	29,800	20,518	11,042	9,476
Intrafund transfers	171,606	208,257	204,103	4,154
Intrafund abatement	(7,234)	(7,234)	(4,000)	(3,234)
	<u>7,964,721</u>	<u>8,233,309</u>	<u>8,173,523</u>	<u>59,786</u>
Child Support Services				
Salaries and employee benefits	4,089,779	4,027,729	3,784,511	243,218
Services and supplies	464,460	517,368	464,325	53,043
Other charges	3,958	3,958	363	3,595
Capital assets	4,566	4,566	1,969	2,597
Intrafund transfers	514,353	545,253	532,303	12,950
	<u>5,077,116</u>	<u>5,098,874</u>	<u>4,783,471</u>	<u>315,403</u>
Public Defender				
Salaries and employee benefits	2,673,106	2,706,590	2,608,317	98,273
Services and supplies	199,959	416,275	293,900	122,375
Other charges	1,884	400	--	400
Intrafund transfers	45,979	53,979	51,469	2,510
	<u>2,920,928</u>	<u>3,177,244</u>	<u>2,953,686</u>	<u>223,558</u>
Sheriff-Bailiff				
Salaries and employee benefits	3,130,140	3,173,588	2,939,018	234,570
Services and supplies	211,869	211,869	145,698	66,171
Capital assets	3,702	3,702	--	3,702
Other charges	8,900	11,254	11,253	1
Intrafund transfers	2,184	2,184	2,275	(91)
	<u>3,356,795</u>	<u>3,402,597</u>	<u>3,098,244</u>	<u>304,353</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Sheriff				
Salaries and employee benefits	\$ 27,328,764	\$ 28,020,799	\$ 25,855,348	\$ 2,165,451
Services and supplies	4,783,920	5,184,886	4,367,689	817,197
Other charges	40,108	144,435	104,712	39,723
Capital assets	864,625	1,232,884	558,610	674,274
Other financing uses	54,500	60,227	58,180	2,047
Intrafund transfers	448,594	463,594	433,262	30,332
Intrafund abatement	--	--	(4,140)	4,140
	<u>33,520,511</u>	<u>35,106,825</u>	<u>31,373,661</u>	<u>3,733,164</u>
Central Dispatch				
Salaries and employee benefits	2,724,496	2,724,496	2,206,138	518,358
Services and supplies	96,166	96,316	81,840	14,476
Capital assets	31,650	31,650	1,504	30,146
Intrafund transfers	18,883	18,883	15,647	3,236
	<u>2,871,195</u>	<u>2,871,345</u>	<u>2,305,129</u>	<u>566,216</u>
Jail				
Salaries and employee benefits	13,316,035	13,322,961	11,774,604	1,548,357
Services and supplies	2,167,825	2,196,507	1,945,879	250,628
Other charges	15,275	15,275	4,923	10,352
Capital assets	45,700	29,156	4,792	24,364
Intrafund transfers	141,776	188,276	200,132	(11,856)
	<u>15,686,611</u>	<u>15,752,175</u>	<u>13,930,330</u>	<u>1,821,845</u>
Juvenile Hall				
Salaries and employee benefits	4,520,991	4,520,990	4,170,836	350,154
Services and supplies	709,410	717,253	554,297	162,956
Other charges	163,125	163,125	67,697	95,428
Capital assets	8,000	34,453	34,428	25
Intrafund transfers	86,793	86,793	66,689	20,104
	<u>5,488,319</u>	<u>5,522,614</u>	<u>4,893,947</u>	<u>628,667</u>
Probation Department				
Salaries and employee benefits	6,530,527	6,570,342	6,005,826	564,516
Services and supplies	1,324,652	1,495,988	892,648	603,340
Other charges	21,346	21,346	39	21,307
Other financing uses	333,550	279,148	281,916	(2,768)
Capital assets	12,000	12,000	530	11,470
Intrafund transfers	395,743	395,743	354,096	41,647
	<u>8,617,818</u>	<u>8,774,567</u>	<u>7,535,055</u>	<u>1,239,512</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)

General Fund

For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Agricultural Commission				
Salaries and employee benefits	\$ 1,245,650	\$ 1,245,650	\$ 1,194,525	\$ 51,125
Services and supplies	302,477	302,477	234,010	68,467
Other charges	1,919	1,919	1,842	77
Other financing uses	3,000	3,390	3,389	1
Intrafund transfers	47,542	47,152	38,913	8,239
	<u>1,600,588</u>	<u>1,600,588</u>	<u>1,472,679</u>	<u>127,909</u>
Building Inspector				
Salaries and employee benefits	5,469,451	5,469,451	5,429,792	39,659
Services and supplies	397,033	683,433	590,556	92,877
Other charges	7,832	7,832	6,456	1,376
Capital assets	12,500	12,500	4,538	7,962
Intrafund transfers	459,945	473,114	467,292	5,822
Intrafund abatement	(16,556)	(16,556)	(16,556)	--
	<u>6,330,205</u>	<u>6,629,774</u>	<u>6,482,078</u>	<u>147,696</u>
Coroner				
Salaries and employee benefits	524,386	529,271	666,903	(137,632)
Services and supplies	217,261	219,761	200,010	19,751
Intrafund transfers	4,743	4,743	2,775	1,968
	<u>746,390</u>	<u>753,775</u>	<u>869,688</u>	<u>(115,913)</u>
Emergency Services				
Salaries and employee benefits	585,305	661,967	443,317	218,650
Services and supplies	147,181	199,313	139,201	60,112
Other charges	--	40,000	33,273	6,727
Capital assets	32,000	40,651	30,433	10,218
Intrafund transfers	4,980	4,980	10,226	(5,246)
	<u>769,466</u>	<u>946,911</u>	<u>656,450</u>	<u>290,461</u>
Recorder/Clerk				
Salaries and employee benefits	1,239,529	1,181,221	1,118,086	63,135
Services and supplies	264,763	206,294	138,184	68,110
Other charges	1,772	1,772	--	1,772
Capital assets	46,900	39,112	13,280	25,832
Intrafund transfers	126,698	126,698	112,952	13,746
	<u>1,679,662</u>	<u>1,555,097</u>	<u>1,382,502</u>	<u>172,595</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)

General Fund

For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Planning and Zoning				
Salaries and employee benefits	\$ 2,818,045	\$ 2,818,045	\$ 2,619,527	\$ 198,518
Services and supplies	1,658,739	1,366,324	453,627	912,697
Other charges	108,316	108,316	35,894	72,422
Intrafund transfers	302,111	303,942	304,077	(135)
	<u>4,887,211</u>	<u>4,596,627</u>	<u>3,413,125</u>	<u>1,183,502</u>
Animal Control				
Salaries and employee benefits	1,495,677	1,445,342	1,445,342	--
Services and supplies	642,295	728,195	738,110	(9,915)
Other charges	325,931	299,366	311,076	(11,710)
Capital assets	32,000	13,800	13,712	88
Other financing uses	335,000	335,000	340,159	(5,159)
Intrafund transfers	80,456	89,656	86,456	3,200
	<u>2,911,359</u>	<u>2,911,359</u>	<u>2,934,855</u>	<u>(23,496)</u>
Public Guardian				
Salaries and employee benefits	932,140	932,140	916,588	15,552
Services and supplies	60,446	60,446	68,815	(8,369)
Other charges	141,530	141,530	13,881	127,649
Intrafund transfers	65,439	65,439	50,399	15,040
	<u>1,199,555</u>	<u>1,199,555</u>	<u>1,049,683</u>	<u>149,872</u>
Cemeteries				
Salaries and employee benefits	64,470	64,470	39,472	24,998
Services and supplies	48,482	48,482	8,550	39,932
Other charges	235	235	233	2
Capital assets	8,000	8,000	--	8,000
Intrafund transfers	18,154	18,154	3,242	14,912
	<u>139,341</u>	<u>139,341</u>	<u>51,497</u>	<u>87,844</u>
Public Protection	<u>107,888,032</u>	<u>110,947,818</u>	<u>100,023,121</u>	<u>10,924,697</u>
Health and Sanitation				
Public Health				
Salaries and employee benefits	2,428,656	2,421,773	2,238,494	183,279
Services and supplies	422,482	425,140	329,574	95,566
Other charges	5,733	5,733	1,864	3,869
Capital assets	--	4,225	4,153	72
Intrafund transfers	538,831	538,831	496,923	41,908
Intrafund abatement	(464,138)	(464,138)	(399,023)	(65,115)
	<u>2,931,564</u>	<u>2,931,564</u>	<u>2,671,985</u>	<u>259,579</u>
Health and Sanitation	<u>2,931,564</u>	<u>2,931,564</u>	<u>2,671,985</u>	<u>259,579</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)

General Fund

For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<u>Public Assistance</u>				
Social Services Administration				
Salaries and employee benefits	\$ 11,703,058	\$ 11,160,103	\$ 10,100,885	\$ 1,059,218
Services and supplies	1,875,482	2,095,438	2,218,650	(123,212)
Other charges	982,829	982,829	911,471	71,358
Capital assets	8,000	103,855	78,007	25,848
Intrafund transfers	591,750	629,600	621,146	8,454
Intrafund abatement	(75,540)	(75,540)	(25,724)	(49,816)
	<u>15,085,579</u>	<u>14,896,285</u>	<u>13,904,435</u>	<u>991,850</u>
Social Services Programs				
Salaries and employee benefits	4,257,076	4,257,076	4,267,040	(9,964)
Services and supplies	1,142,025	1,157,025	998,604	158,421
Other charges	1,554,814	1,554,814	1,717,904	(163,090)
Other financing uses	25,000	25,000	15,000	10,000
Intrafund abatement	1,190	1,190	8,131	(6,941)
	<u>6,980,105</u>	<u>6,995,105</u>	<u>7,006,679</u>	<u>(11,574)</u>
Categorical Aids				
Other charges	13,296,681	13,698,313	13,611,782	86,531
	<u>13,296,681</u>	<u>13,698,313</u>	<u>13,611,782</u>	<u>86,531</u>
Aids to Indigents				
Services and supplies	19,000	19,000	14,200	4,800
Other charges	164,000	164,000	134,012	29,988
	<u>183,000</u>	<u>183,000</u>	<u>148,212</u>	<u>34,788</u>
Veterans' Services				
Salaries and employee benefits	365,470	365,470	356,675	8,795
Services and supplies	82,033	118,437	63,425	55,012
Other charges	353	353	--	353
Intrafund transfers	21,002	21,002	18,754	2,248
	<u>468,858</u>	<u>505,262</u>	<u>438,854</u>	<u>66,408</u>
Public Assistance	<u>36,014,223</u>	<u>36,277,965</u>	<u>35,109,962</u>	<u>1,168,003</u>
<u>Education</u>				
County Library				
Salaries and employee benefits	2,332,415	2,390,114	2,354,644	35,470
Services and supplies	615,224	741,188	689,477	51,711
Other charges	6,670	6,670	4,696	1,974
Capital assets	14,300	14,300	13,515	785
Intrafund transfers	85,077	91,077	87,266	3,811
	<u>3,053,686</u>	<u>3,243,349</u>	<u>3,149,598</u>	<u>93,751</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)

General Fund

For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
University of California				
Cooperative Extension				
Salaries and employee benefits	\$ 222,663	\$ 222,663	\$ 221,992	\$ 671
Services and supplies	29,635	36,010	14,800	21,210
Other charges	102,845	102,845	74,880	27,965
Intrafund transfers	16,679	17,104	14,116	2,988
	<u>371,822</u>	<u>378,622</u>	<u>325,788</u>	<u>52,834</u>
Education	<u>3,425,508</u>	<u>3,621,971</u>	<u>3,475,386</u>	<u>146,585</u>
<u>Recreation and Cultural Services</u>				
Recreation				
Salaries and employee benefits	709,572	709,572	653,812	55,760
Services and supplies	323,707	330,034	241,397	88,637
Other charges	26,062	36,502	17,437	19,065
Capital assets	27,000	36,331	27,806	8,525
Other financing uses	49,894	49,894	--	49,894
Intrafund transfers	34,419	37,419	34,705	2,714
Intrafund abatement	(37,000)	(37,000)	(728)	(36,272)
	<u>1,133,654</u>	<u>1,162,752</u>	<u>974,429</u>	<u>188,323</u>
Historical Museum				
Salaries and employee benefits	82,388	82,388	82,068	320
Services and supplies	52,577	56,597	32,962	23,635
Capital assets	4,800	4,800	3,408	1,392
Intrafund transfers	10,831	10,831	7,585	3,246
	<u>150,596</u>	<u>154,616</u>	<u>126,023</u>	<u>28,593</u>
Recreation and Cultural Services	<u>1,284,250</u>	<u>1,317,368</u>	<u>1,100,452</u>	<u>216,916</u>
<u>Contingency</u>				
Appropriation for contingencies	5,790,054	4,414,120	--	4,414,120
	<u>5,790,054</u>	<u>4,414,120</u>	<u>--</u>	<u>4,414,120</u>
Contingency	<u>5,790,054</u>	<u>4,414,120</u>	<u>--</u>	<u>4,414,120</u>
Total Charges to Appropriations	<u>226,885,110</u>	<u>229,878,247</u>	<u>196,601,159</u>	<u>33,277,088</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 19,251,710</u>	<u>\$ 19,251,710</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
General Fund
For the Fiscal Year Ended June 30, 2008

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 215,852,869
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	(24,374,442)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(17,283,863)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 174,194,564</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 196,601,159
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(19,492,883)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 177,108,276</u>

COUNTY OF EL DORADO

Budgetary Comparison Schedule Road Fund For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 4,316,055	\$ 4,446,608	\$ 4,446,608	\$ --
Resources (inflows):				
Taxes and assessments	19,185	19,185	16,053	(3,132)
Licenses, permits and franchises	103,576	103,576	80,955	(22,621)
Revenue from use of money or property	122,642	122,642	158,722	36,080
Intergovernmental revenue - State	14,834,408	14,834,408	13,196,357	(1,638,051)
Intergovernmental revenue - Federal	6,832,407	6,832,407	3,601,710	(3,230,697)
Charges for services	5,340,840	5,430,840	3,445,747	(1,985,093)
Miscellaneous revenues	6,658,833	6,658,833	733,200	(5,925,633)
Other financing sources	<u>103,845,143</u>	<u>105,878,683</u>	<u>47,462,609</u>	<u>(58,416,074)</u>
	<u>137,757,034</u>	<u>139,880,574</u>	<u>68,695,353</u>	<u>(71,185,221)</u>
Amounts available for appropriations	<u>142,073,089</u>	<u>144,327,182</u>	<u>73,141,961</u>	<u>(71,185,221)</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Salaries and employee benefits	26,776,006	26,776,006	21,618,780	5,157,226
Services and supplies	89,377,737	89,394,292	38,930,687	50,463,605
Other charges	23,233,711	25,342,251	4,872,752	20,469,499
Capital assets	4,463,292	4,567,068	1,152,181	3,414,887
Other financing uses	250,000	275,222	18,774	256,448
Intrafund transfers	10,380,250	10,380,250	7,383,106	2,997,144
Intrafund abatement	<u>(12,407,907)</u>	<u>(12,407,907)</u>	<u>(9,423,675)</u>	<u>(2,984,232)</u>
Public Ways and Facilities	<u>142,073,089</u>	<u>144,327,182</u>	<u>64,552,605</u>	<u>79,774,577</u>
Total Charges to Appropriations	<u>142,073,089</u>	<u>144,327,182</u>	<u>64,552,605</u>	<u>79,774,577</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 8,589,356</u>	<u>\$ 8,589,356</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued) Road Fund For the Fiscal Year Ended June 30, 2008

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 73,141,961
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	(4,446,608)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(47,443,179)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 21,252,174</u></u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 64,552,605
Difference budget to GAAP	
Tranfers out to other funds are a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(18,774)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 64,533,831</u></u>

COUNTY OF EL DORADO

Notes to Required Supplementary Information For the Year Ended June 30, 2008

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

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

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

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

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

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

SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2008

	Fleet Management	Risk Management Authority	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 2,626,937	\$ 42,903,777	\$ 45,530,714
Cash with fiscal agent	--	139,939	139,939
Account receivable	11,879	257,742	269,621
Due from other funds	23,430	--	23,430
Deposits	--	83,100	83,100
Inventory	38,498	--	38,498
Total Current Assets	2,700,744	43,384,558	46,085,302
Capital assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	11,002,930	55,028	11,057,958
Accumulated depreciation	(5,354,318)	(23,606)	(5,377,924)
Total Capital Assets, net of accumulated depreciation	6,348,517	31,422	6,379,939
Total Assets	\$ 9,049,261	\$ 43,415,980	\$ 52,465,241
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 73,013	\$ 1,544,009	\$ 1,617,022
Salaries and benefits payable	9,541	13,337	22,878
Liability for self-insurance	--	5,071,944	5,071,944
Total Current Liabilities	82,554	6,629,290	6,711,844
Long-Term Liabilities:			
Liability for self-insurance	--	12,760,316	12,760,316
Liability for other post-employment benefits	--	11,967,793	11,967,793
Compensated absences-due beyond one year	29,694	28,160	57,854
Total Long-Term Liabilities	29,694	24,756,269	24,785,963
Total Liabilities	112,248	31,385,559	31,497,807
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	6,348,517	31,422	6,379,939
Restricted	1,699,749	--	1,699,749
Unrestricted	888,747	11,998,999	12,887,746
Total Net Assets	8,937,013	12,030,421	20,967,434
Total Liabilities and Net Assets	\$ 9,049,261	\$ 43,415,980	\$ 52,465,241

COUNTY OF EL DORADO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2008

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Totals</u>
Operating Revenues:			
Service fees	\$ 2,127,885	\$ 32,076,358	\$ 34,204,243
Operating Expenses:			
Salaries and benefits	450,249	646,688	1,096,937
Services and supplies	781,854	32,408,474	33,190,328
Depreciation	944,668	4,497	949,165
Total Operating Expenses	<u>2,176,771</u>	<u>33,059,659</u>	<u>35,236,430</u>
Operating Income (Loss)	<u>(48,886)</u>	<u>(983,301)</u>	<u>(1,032,187)</u>
Non Operating Revenues (Expenses):			
Interest income	101,723	1,409,111	1,510,834
Gain (loss) on sale of capital assets	(334)	--	(334)
Miscellaneous nonoperating revenue	11,511	881,039	892,550
Total Non-Operating Revenues (Expenses)	<u>112,900</u>	<u>2,290,150</u>	<u>2,403,050</u>
Income (Loss) Before Transfers and Contributions	64,014	1,306,849	1,370,863
Capital contributions	54,734	34,424	89,158
Transfers in	<u>97,285</u>	<u>--</u>	<u>97,285</u>
Change in Net Assets	216,033	1,341,273	1,557,306
Net Assets - Beginning of Year	<u>8,720,980</u>	<u>10,689,148</u>	<u>19,410,128</u>
Net Assets - End of Year	<u>\$ 8,937,013</u>	<u>\$ 12,030,421</u>	<u>\$ 20,967,434</u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2008

	Fleet Management	Risk Management Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from internal fund services provided	\$ 2,123,708	\$ 31,919,838	\$ 34,043,546
Cash paid to suppliers for goods and services	(961,873)	(27,458,514)	(28,420,387)
Cash paid to employees for salaries and benefits	(436,823)	(701,599)	(1,138,422)
	<u>725,012</u>	<u>3,759,725</u>	<u>4,484,737</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer in	73,855	--	73,855
Non-operating revenues	11,511	881,039	892,550
	<u>85,366</u>	<u>881,039</u>	<u>966,405</u>
Net cash provided (used) by noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	126,063	--	126,063
Payments related to the acquisition of capital assets	(1,364,045)	(34,424)	(1,398,469)
Capital contributions	54,734	34,424	89,158
	<u>(1,183,248)</u>	<u>--</u>	<u>(1,183,248)</u>
Net cash provided (used) by capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	101,723	1,409,111	1,510,834
Net cash provided by investing activities	<u>101,723</u>	<u>1,409,111</u>	<u>1,510,834</u>
Net increase (decrease) in cash and cash equivalents	(271,147)	6,049,875	5,778,728
Cash and cash equivalents, beginning of year	<u>2,898,084</u>	<u>36,993,841</u>	<u>39,891,925</u>
Cash and cash equivalents, end of year	<u>\$ 2,626,937</u>	<u>\$ 43,043,716</u>	<u>\$ 45,670,653</u>

continued

COUNTY OF EL DORADO

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2008

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (48,886)	\$ (983,301)	\$ (1,032,187)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	944,668	4,497	949,165
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(4,177)	(156,520)	(160,697)
Inventory	42,895	--	42,895
Increase (decrease) in:			
Accounts payable	(222,914)	969,901	746,987
Salaries payable	2,904	(1,463)	1,441
Liability for compensated absences	10,522	(53,448)	(42,926)
Liability for self-insurance	--	370,223	370,223
Liability for other post employment benefits	--	3,609,836	3,609,836
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 725,012</u>	<u>\$ 3,759,725</u>	<u>\$ 4,484,737</u>