

**COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**



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YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of El Dorado
Placerville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Children and Families Commission, El Dorado County Transit Authority and El Dorado County Transportation Commission, which represent the following percentages of assets and revenues/additions as of and for the fiscal year ended June 30, 2019.

<u>Opinion Unit</u>	<u>Assets</u>	<u>Revenues/ Additions</u>
Discretely Presented Component Units	100.0%	100.0%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Children and Families Commission, El Dorado County Transit Authority and El Dorado County Transportation Commission are based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Restatements of Net Position

As disclosed in Note 15 to the financial statements, the County's beginning net position for internal services funds was restated for the correction of errors in prior year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
March 27, 2020

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County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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PLACERVILLE, CALIFORNIA 95667
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JOE HARN
Auditor-
Controller

BOB TOSCANO
Assistant Auditor-Controller

March 27, 2020

Members of the Board of Supervisors and
Citizens of the County of El Dorado:

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, 2019. Please read it in conjunction with the County's financial statements following this section.

FINANCIAL HIGHLIGHTS

- The combined assets and deferred outflows of resources of the County exceeded its combined liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$226.1 million (net position). Of this, \$140.3 million was restricted for specific purposes (restricted net position), and \$373.5 million was net investment in capital assets. Unrestricted net position was a negative \$287.7 million, primarily due to the reporting of long-term net pension liability and total other post-employment benefits (OPEB) liability as prescribed by Governmental Accounting Standards Board (GASB) Statements Nos. 68 and 75.
- The total fund balances for the County's governmental funds amounted to \$259.5 million, an increase of \$23.9 million from the prior year. Approximately \$159.7 million of this total, or 61.5 percent, was either nonspendable or restricted for specific uses; and \$99.8 million, or 38.5 percent, was unrestricted as either committed, assigned, or unassigned and would be available to meet the County's current and future spending needs.
- At the end of the fiscal year the County's primary operating fund, the General Fund, had a fund balance of \$61.9 million. Approximately \$1.8 million was nonspendable. The remaining \$60.1 million, which approximated to 26.8 percent of the General Fund's total expenditures for the year, was unrestricted.
- The County's net investment in capital assets as of June 30, 2019 was \$373.5 million. This balance consisted of \$370.3 million for governmental activities and \$3.2 million for business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Component units are included in our financial statements and consist of legally separate organizations for which the County is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Component units of the County include the El Dorado Transit Authority, Children and Families Commission, and the El Dorado County Transportation Commission.

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

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

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

In addition to the *General Fund*, the County maintains several individual governmental funds organized according to their type (special revenue, capital projects, debt service, and permanent funds). Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Major governmental funds include the *General Fund*, the *Road Fund*, the *Public Safety Facility Loan Fund*, and the *Accumulated Capital Outlay (ACO) Facility Construction Fund*. All other non-major governmental funds are presented in aggregate as *Other Governmental Funds*.

Proprietary Funds are comprised of *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses the enterprise fund to account for 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 fleet operations and maintenance (Fleet Management), and for its health insurance, worker's compensation, and self-insurance programs (Risk Management Authority), which includes employee health benefits, retiree health benefits, workers' compensation, and general liability. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

Required Supplementary Information consists of the County's *pension plan contributions schedule*, *changes in net pension liability schedule*, as well as *changes in total OPEB liability schedule*. It also includes the County's *General Fund and major special revenue funds budgetary comparison schedules* to demonstrate compliance with the County's adopted budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position can serve over time as a useful indicator of whether the County's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. The County's combined assets and deferred outflows of resources exceeded its combined liabilities and deferred inflows of resources by \$226.1 million at June 30, 2019. A comparative analysis of government-wide data is presented below.

Net Position
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 346,567	\$ 320,053	\$ 422	\$ 305	\$ 346,989	\$ 320,358
Capital assets	406,087	367,016	3,178	3,182	409,265	370,198
Total assets	<u>752,654</u>	<u>687,069</u>	<u>3,600</u>	<u>3,487</u>	<u>756,254</u>	<u>690,556</u>
Deferred outflows of resources:						
Deferred pension outflows	60,617	81,746	--	--	60,617	81,746
Deferred OPEB outflows	3,013	3,321	--	--	3,013	3,321
Total deferred outflows of resources	<u>63,630</u>	<u>85,067</u>	<u>--</u>	<u>--</u>	<u>63,630</u>	<u>85,067</u>
Liabilities:						
Current and other liabilities	42,649	33,276	83	22	42,732	33,298
Long-term liabilities	514,191	501,364	12	15	514,203	501,379
Total liabilities	<u>556,840</u>	<u>534,640</u>	<u>95</u>	<u>37</u>	<u>556,935</u>	<u>534,677</u>
Deferred inflows of resources:						
Deferred pension inflows	7,661	4,330	--	--	7,661	4,330
Deferred OPEB inflows	29,210	10,966	--	--	29,210	10,966
Total deferred inflows of resources	<u>36,871</u>	<u>15,296</u>	<u>--</u>	<u>--</u>	<u>36,871</u>	<u>15,296</u>
Net Position:						
Net investment in capital assets	370,367	367,016	3,178	3,182	373,545	370,198
Restricted net position	140,279	132,179	--	--	140,279	132,179
Unrestricted net position	(288,073)	(276,995)	327	268	(287,746)	(276,727)
Total net position	<u>\$ 222,573</u>	<u>\$ 222,200</u>	<u>\$ 3,505</u>	<u>\$ 3,450</u>	<u>\$ 226,078</u>	<u>\$ 225,650</u>

Analysis of Net Position

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

An additional portion of the County's net position, \$140.3 million or 62.0 percent, represents resources that are subject to external restrictions on how they may be used.

The County's unrestricted net position balance of negative \$287.7 million is the result of reporting the net pension liability and total OPEB liability on the statements to comply with accounting standards (GASB Statements Nos. 68 and 75).

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

Change in Net Position
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for services	\$ 48,846	\$ 53,382	\$ 647	\$ 608	\$ 49,493	\$ 53,990
Operating grants and contributions	186,360	168,665	--	--	186,360	168,665
Capital grants and contributions	174	966	353	27	527	993
General Revenues:						
Taxes	134,276	127,906	--	--	134,276	127,906
Use of money and property	5,765	3,400	1	2	5,766	3,402
Other revenues	6,914	4,950	8	10	6,922	4,960
Total revenues	<u>382,335</u>	<u>359,269</u>	<u>1,009</u>	<u>647</u>	<u>383,344</u>	<u>359,916</u>
Expenses						
General government	46,077	50,185	--	--	46,077	50,185
Public protection	138,600	132,746	--	--	138,600	132,746
Public ways and facilities	51,346	50,965	--	--	51,346	50,965
Health and sanitation	69,257	65,025	--	--	69,257	65,025
Public assistance	71,666	69,834	--	--	71,666	69,834
Education	3,630	3,742	--	--	3,630	3,742
Recreation and culture	955	1,210	--	--	955	1,210
Interest on long-term debt	305	136	--	--	305	136
Airports	--	--	1,080	899	1,080	899
Total expenses	<u>381,836</u>	<u>373,843</u>	<u>1,080</u>	<u>899</u>	<u>382,916</u>	<u>374,742</u>
Excess (deficiency) before special items and transfers	499	(14,574)	(71)	(252)	428	(14,826)
Transfers	(126)	(97)	126	97	--	--
Change in net position	373	(14,671)	55	(155)	428	(14,826)
Net position at beginning of year	222,200	251,445	3,450	3,605	225,650	255,050
Restate net position, see below	--	(14,574)	--	--	--	(14,574)
Net position at beginning of year – restated	222,200	236,871	3,450	3,605	225,650	240,476
Net position at end of year	<u>\$ 222,573</u>	<u>\$ 222,200</u>	<u>\$ 3,505</u>	<u>\$ 3,450</u>	<u>\$ 226,078</u>	<u>\$ 225,650</u>

Restatement of net position. The net position at the beginning of 2018 was decreased by \$14.6 million. This restatement was related to the implementation of GASB Statement No. 75 to remove \$87.4 million of GASB Statement No. 45 net OPEB obligation and to report GASB Statement No. 75 \$104.7 million of total OPEB liability and \$2.7 million of deferred OPEB outflows of resources. There was no restatement of net position in 2019.

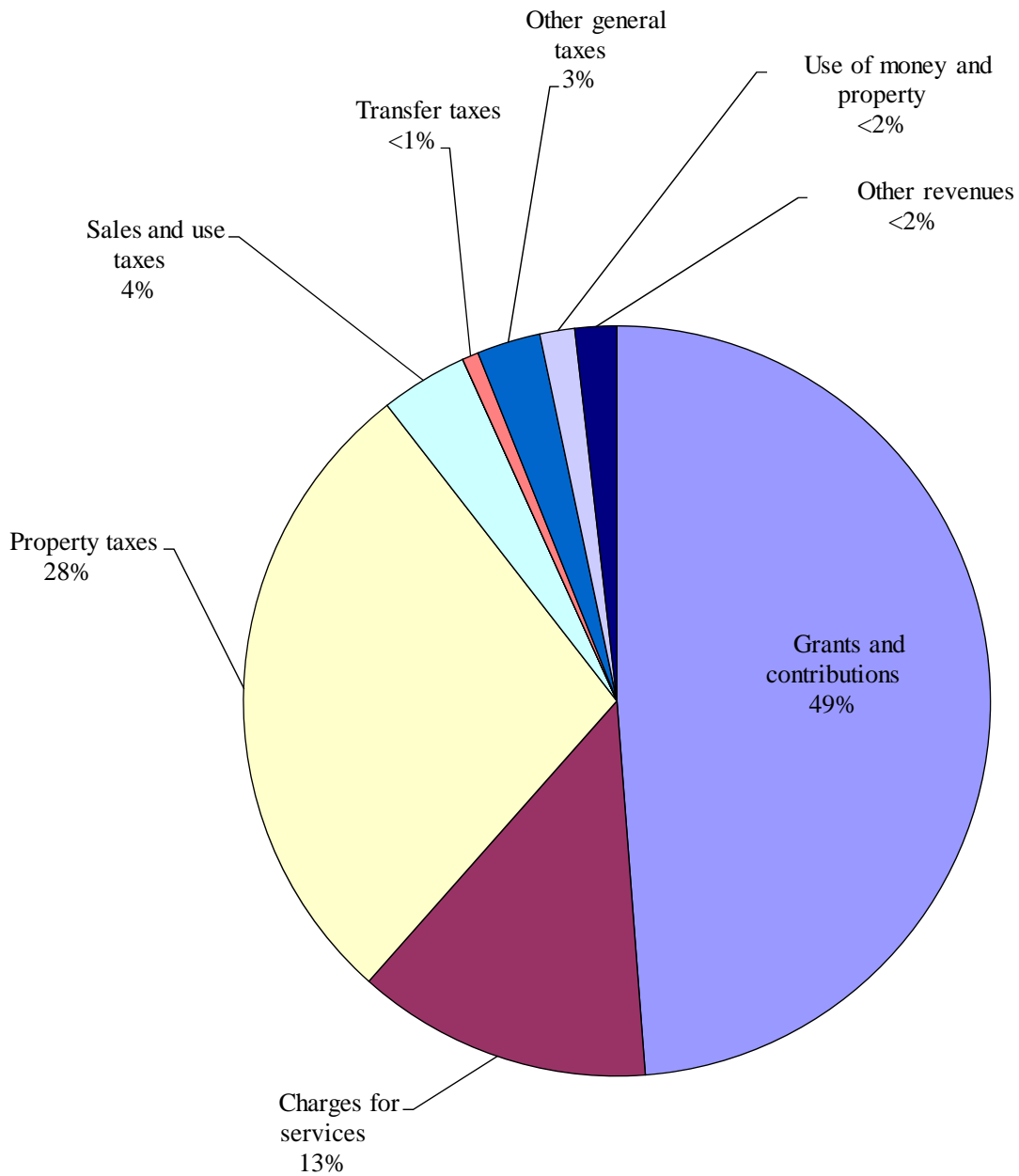
Governmental activities. The County experienced an overall increase in net position of \$428 thousand in 2019, compared to a \$14.8 million decrease in 2018. This increase in net position was attributable almost entirely to **governmental activities**. Specifically, the \$428 thousand increase in net position attributable to governmental activities, resulted from a \$23.1 million or 6.4 percent increase in revenues accompanied by a \$8.0 million or 2.1 percent increase in expenses. The largest revenue increase, \$17.7 million, occurred in the operating grants and contributions category, followed by a \$6.4 million increase in taxes, a \$2.4 million increase in use of money and property, and a \$2.0 million increase in other revenues. These revenue increases were offset by a \$4.5 million decrease in charges for services, and a \$792 thousand decrease in capital grants and contributions. The \$17.7 million increase in operating grants and contributions primarily resulted from \$4.8 million increase in State transportation funding, \$3.6 million increase in Federal highway, bridges and administration funding, \$3.3 million increase in Federal Congestion Mitigation Air Quality funding, \$3.3 million increase in sales tax realignment and vehicle license social service funding, and \$1.9 million increase in Public Assistance programs State revenues. The \$6.4 million increase in taxes was mainly the result of \$4.6 million increase in property taxes revenue and \$2.3 million increase in sales and use taxes. The \$4.5 million decrease in charges for services primarily resulted from \$2.6 million decrease in ambulance service revenues.

As mentioned, while total revenues increased by 6.4 percent, total expenses also increased by 2.1 percent in 2019 when compared to 2018. Further, expenses increased in most of the functional areas but decreased in general government, education, and recreation and cultural areas. The increases or decreases in expenses were all moderate. For example, general government expenses decreased by \$4.1 million or 8.2 percent, primarily due to the increased capitalized expenditures compared to 2018. On the other hand, public protection expenses increased by \$5.9 million or 4.4 percent as a result of the increase in non-capital spending. In addition, health and sanitation expenses increased by \$4.2 million or 6.5 percent, mainly due to \$1.5 million increase in services and supplies, and \$2.6 million increase in other program support charges.

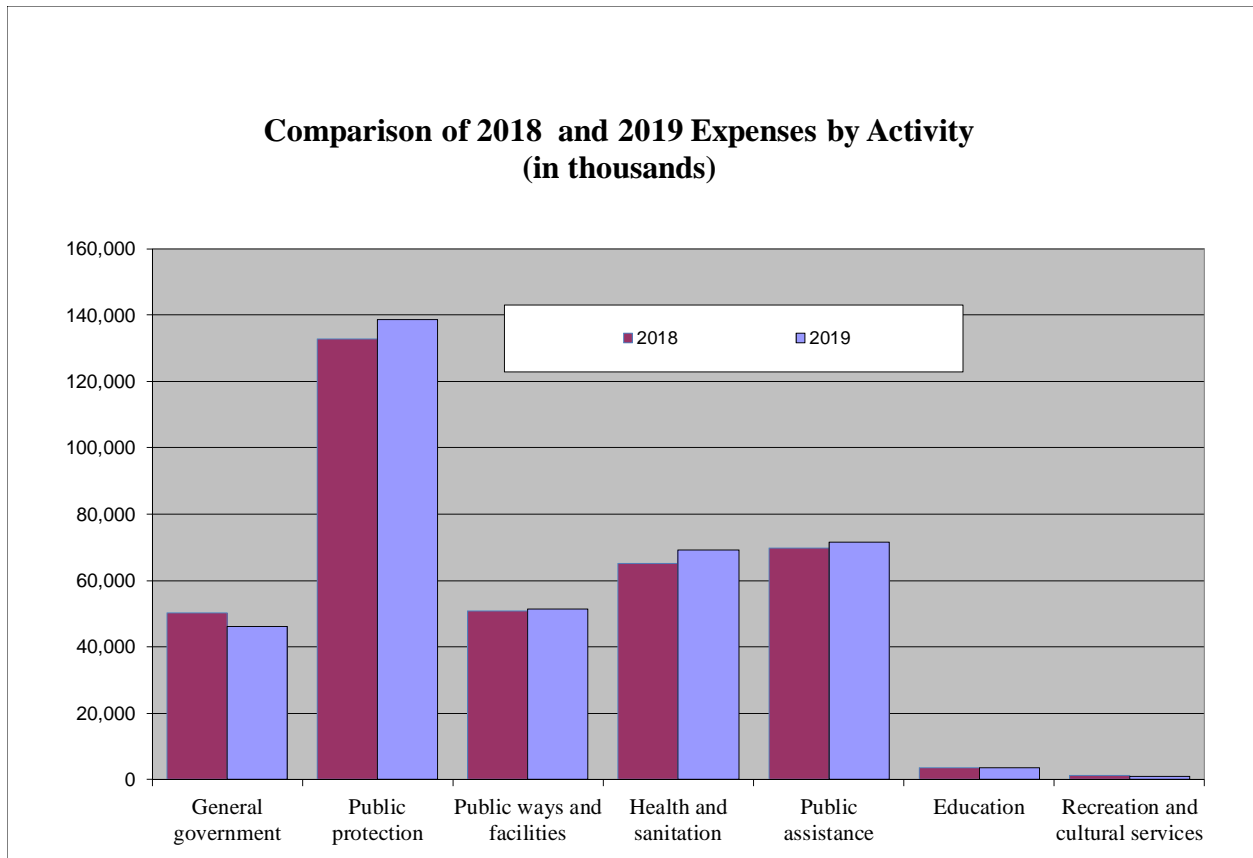
All functional expenses were affected by the recognition of the total OPEB liability, the net pension liability, the deferred OPEB inflows and outflows of resources, and the deferred pension inflows and outflows of resources. The County reported total OPEB liability of \$81.8 million and annual OPEB expense of \$4.4 million in 2019. Further, the County reported net pension liability of \$344.4 million and annual pension expense of \$56.8 million in 2019.

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 (49 percent), property taxes (28 percent), and charges for services (13 percent),

Revenues by Source-Governmental Activities



Below is a graph that presents a comparison of 2019 and 2018 expenses under each of the governmental activities.



Business-type activities. Business-type activities increased the County's net position by \$55 thousand. This net increase was the result of \$433 thousand in operating losses, offset by \$9 thousand in non-operating revenues, \$353 thousand in capital grants contribution, and transfers in of \$126 thousand. Similar to prior years, the County Airports continued to operate at a loss, \$433 thousand in 2019 compared to \$291 thousand last year.

To help finance the operations of business-type activities in 2019, County governmental funds contributed \$126 thousand to the County Airports during the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of June 30, 2019, the County's governmental funds reported a combined ending fund balance of \$259.5 million, compared to the \$235.6 million fund balance of the previous year. Approximately 38.5 percent of this fund balance, or \$99.8 million, was unrestricted and thus would be available to meet the County's current and future spending needs. The remainder of the fund balance was either not spendable or restricted for specific uses.

The General Fund is the chief operating fund of the County. As of June 30, 2019, the General Fund's spendable and unrestricted fund balance was \$60.1 million; an increase of \$12.3 million from last year's spendable and unrestricted fund balance of \$47.8 million. This increase is primarily due to the net change or increase in the General Fund's fund balance of \$11.4 million during the year.

The June 30, 2019 spendable and unrestricted fund balance, as compared to General Fund expenditures for the year, was approximately 26.8 percent compared to 21.8 percent in 2018. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 98 days compared to 80 days last year.

In addition to the General Fund, the County maintains three major governmental funds, the Road Fund, the Public Safety Facility Loan Fund, and the ACO Facility Construction Fund. The Road Fund accounts for the planning, design, construction, maintenance, and administration of the County's transportation activities (public ways and facilities). The Road Fund recorded revenue of \$36.8 million in 2019, compared to \$25.6 million last year. This \$11.2 million increase was primarily due to a \$13.2 million increase in intergovernmental revenue, offset or reduced by decreases in other sources of revenues. The \$13.2 million increase in intergovernmental revenue was primarily a result of the increased funding from State and Federal sources, including \$4.8 million increase in State transportation funding, \$3.6 million increase in Federal highway, bridges and administration funding, and \$3.3 million increase in Federal Congestion Mitigation Air Quality funding. Similarly, expenditures increased from \$45.5 million in 2018 to \$48.3 million in 2019. Thus, the \$11.2 million increase in revenues, coupled with the \$2.8 million increase in expenditures resulted in a \$11.5 million deficiency of revenues under expenditures compared to \$19.9 million deficit last year. With the \$15.2 million in net transfers from other funds, the relative net change in fund balance went from a \$6.1 million decrease in fiscal year 2018 to a \$3.7 million increase in 2019.

The Public Safety Facility Loan Fund is a special revenue fund established as a condition of the loan agreements between the County and the U. S. Department of Agriculture (USDA) to receive all proceeds from the USDA loans used to finance the construction of the public safety facility. In addition to the use of money and property revenues of \$186 thousand in 2019, the Public Safety Facility Loan Fund recorded the issuance of notes payable of \$33.3 million in 2019, compared to \$1.2 million last year. Similarly, the transfers out recorded in 2019 totaled \$33.7 million, compared to \$950 thousand in 2018.

The ACO Facility Construction Fund is a capital project fund used to account for all revenues and expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The primary inflows of this fund include a share of the ad valorem property taxes and contributions from other funds. The ACO Facility Construction Fund recorded revenues of \$1.4 million in 2019, comparable to the recorded revenues of \$1.7 million last year. The expenditures recorded in 2019 totaled \$38.7 million, compared to the \$16.6 million in 2018. The net transfers in recorded in 2019 totaled \$35.3 million, compared to the \$15.3 million in 2018. The significant increases of expenditures and net transfers in were primarily attributable to the public safety facility construction project in 2019.

The combined governmental fund balances increased by \$23.9 million during 2019, compared to a \$4.0 million decrease last year. This \$27.9 million increase to the net change in governmental fund balances was the result of 9.0 percent increase in revenues and 9.1 percent increase in expenditures in 2019 when compared to 2018, resulting in a \$9.0 million deficiency of revenues under expenditures in 2019, compared to a \$4.9 million deficiency of revenues under expenditures in 2018, with a \$32.9 million in other financing sources, compared to a \$903 thousand in other financing sources last year.

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

The internal service funds include the Fleet Management and Risk Management Authority funds. In fiscal year 2019, the Fleet Management realized a net operating income of \$80 thousand dollars, compared to a \$269 thousand of net operating income last year. The Risk Management Authority reported a net operating income of \$1.5 million dollars, compared to a net operating income of \$3.7 million dollars (restated) last year. As disclosed in note 15 in the notes to the financial statements, the Risk Management Authority fund was restated to remove the OPEB obligation (prescribed by GASB Statement No. 75) from the fund level presentation in the County's financial statements.

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

GENERAL FUND BUDGETARY ANALYSIS

Compared to the original budget, the final amended budgeted amounts available for appropriations (and budgeted appropriations) increased by \$6.6 million, or 2.3 percent. The largest of the amounts available for appropriations budget modifications included:

- \$1.2 million increase in budgetary fund balances,
- \$1.5 million increase in State intergovernmental revenues,
- \$802 thousand increase in Federal intergovernmental revenues, and
- \$2.6 million increase in other financing sources.

The largest expenditure budget modifications included:

- \$1.4 million increase to the Other General SR – Fund appropriation, including \$294 thousand decrease in services and supplies, \$117 thousand increase in other charges, and \$1.6 million increase in other financing uses,
- \$1.3 million increase to the District Attorney appropriation, including \$555 thousand increase in salaries and employee benefits, \$318 thousand increase in services and supplies, \$8 thousand increase in other charges, \$300 thousand increase in fixed assets, \$50 thousand increase in other financing uses, and \$25 thousand increase in intrafund transfers,
- \$878 thousand increase to the Sheriff appropriation, including \$338 thousand increase in salaries and employee benefits, \$398 thousand increase in services and supplies, \$27 thousand increase in other charges, and \$115 thousand increase in fixed assets,
- \$1.3 million increase to the Planning and Zoning appropriation, including \$70 thousand increase in salaries and employee benefits, and \$1.2 million increase in services and supplies, and
- \$2.0 million decrease to the Contingency for the appropriation for contingencies.

The overall variances between final resources budgeted and the actual amounts available for appropriations were significant, with a negative or deficit variance of \$15.0 million or 5.1 percent. Specifically, compared to the final amounts available for appropriations budget of \$293.3 million, actual funding equaled \$278.3 million. This variance included the following:

- \$2.5 million over budget in taxes and assessments,
- \$1.3 million over budget in fines, forfeitures and penalties,
- \$1.2 million over budget in revenue from use of money and property
- \$5.3 million under budget in State intergovernmental revenues,
- \$3.6 million under budget in Federal intergovernmental revenues,
- \$1.9 million under budget in charges for services, and
- \$8.3 million under budget in other financing sources.

The differences between the budgeted and actual expenditures, not including contingency, were significant. Specifically, expenditures fell \$42.7 million or 14.8 percent below the final budget. Variances occurred under each of the functions, whereby departments' expenditures fell below projections, the most significant of which included:

- General Government – Actual expenditures fell below final budget by \$13.5 million or 18.9 percent. While most of the general government operating units had expenditures that fell below their final budget, some showed considerable differences whereby actual expenditures fell below budget by \$500 thousand or more, including Personnel, Elections, County Promotion, Information Services and Support, Engineer, Other General, and Other General – SR Fund. The operating units that exceeded their final budget included the County Administrative Office and Contributions to Other Agencies.
- Public Protection – Actual expenditures fell below final budget by \$24.6 million or 16.7 percent. Most of the departments under public protection fell below their budgets, with many departments falling significantly below budget (budget exceeded actual expenditures by over \$500 thousand) including District Attorney, Sheriff, Jail, Juvenile Hall, Building Inspector, Emergency Services, Planning and Zoning, and Animal Control. The only department that exceeded its final budget was the Sheriff - Bailiff.
- Health and Sanitation – Environmental Management's actual expenditures fell below final budget by \$510 thousand or 17.9 percent, due mostly to the actual to budget variances of \$223 thousand in other charges.
- Public Assistance – Actual expenditures fell below final budget by \$3.0 million or 4.9 percent, mostly due to the Welfare Administration and Categorical Aids, which fell below budget by \$1.2 million and \$1.3 million, respectively.
- Education – County Library fell under budget by \$311 thousand or 8.3 percent, with services and supplies making up the majority, followed by salaries and benefits, and other financing uses.
- Recreational and Cultural Services – Actual expenditures fell below budget by \$772 thousand or 40.6 percent, mostly due to the Recreation, which fell below budget by \$746 thousand.

In general, both General Fund inflows and outflows fell below budget. Specifically, actual revenues, not including budgetary fund balance, fell \$15.0 million or 5.5 percent under budget while expenditures, not including contingency, fell \$42.7 million or 14.8 percent under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's net investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$373.5 million, specifically, capital assets of \$409.3 million net of related debt of \$35.8 million. The County's capital assets include land and improvements, construction in progress, infrastructure, intangible assets, structures and improvements, and equipment. Additions to capital assets totaled \$68.0 million in 2019.

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

- \$1.7 million in additions to the land and land improvements from the land purchases,
- \$39.1 million in additions to construction in progress,
- \$425 thousand in new road construction, including \$160 thousand for the Saratoga Way Extension to County Line, and \$187 thousand for the Diamond Springs Parkway,
- \$9.2 million in road reconstruction, including \$738 thousand for the Bass Lake Road Specific Plan Phase 1, \$764 thousand for the Elks Club Drive Overlay, \$1.7 million for the Sly Park Road/Clear Creek Crossing Bridge Rehab, \$1.5 million for the Silver Fork Road at South Fork American River Bridge Replacement, and \$774 thousand for the Bassi Road at Granite Creek Bridge Replacement,
- \$502 thousand for signals, safety devices, and road lighting, including \$306 thousand for the Apple Hill Directional Signage,

- \$2.5 million for pedestrian ways and bike paths, including \$2.0 million for Silva Valley Parkway Class 1 and Class 2 Bike Lanes,
- \$1.3 million for storm drains, including \$946 thousand for the Country Club Heights Area 1 Erosion Control Project,
- \$6.6 million for storm damage construction, including \$1.5 million for Cosumnes Mine Road Bridge Repair, \$535 thousand for Cosumnes Mine Road, \$1.0 million for White Meadows Road Slide, \$1.2 million for Pony Express Trail slip out, and \$512 thousand for Happy Valley Slide,
- \$3.3 million in additions to the intangible assets, including \$428 thousand in right of way acquisition, and \$2.9 million in commercially available computer software acquisition through licensing agreements,
- \$1 thousand in additions to the structures and improvements, and
- \$3.3 million in additions to the equipment, including \$452 thousand in general government equipment, \$811 thousand in law enforcement equipment, \$425 thousand in road construction and maintenance equipment, and \$1.5 million of new vehicle purchases by Fleet Management.

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

Debt Administration and Long-Term Debt. As of June 30, 2019 the County's outstanding long-term debt totaled \$42.2 million. The components of this obligation consisted of the software licensing agreements totaling \$1.3 million, and notes payable associated with the Housing and Urban Development (HUD) Home program (\$6 million), HUD State Community Development Block Grant (CDBG) Program (\$483 thousand), and the U.S. Department of Agriculture (USDA) Rural Development Loans (\$34.5 million).

In 2016, the County entered into six loan agreements with the USDA Rural Development Program in an aggregate amount not to exceed \$57,140,000. The purpose of the loans was to fund the development and construction of a new public safety facility in Diamond Springs. The principal outstanding at June 30, 2019 is \$34,463,774.

Additional information on the County's long-term debt can be found in note 6 in the notes to the financial statements.

OTHER LONG-TERM OBLIGATIONS

In addition to long-term debt, as of June 30, 2019, the County had other long-term liabilities of \$480.2 million associated with compensated absences (\$16.4 million), landfill closure (\$18.7 million), self-insurance (\$18.9 million), other post-employment benefits (\$81.8 million), and pension benefits (\$344.4 million). Additional information on the County's long-term obligations follows.

Post Employment Retirement Benefits.

The County has contractually obligated itself with various labor organizations to provide post employment retirement benefits to its employees and former employees. As a result, the County has assumed significant obligations to its retirees and future retirees. These obligations are described in the notes to the financial statements.

The County has two pension plans: the miscellaneous plan and the safety plan. As prescribed by GASB Statement No. 68, the County reported net pension liability of \$210.0 million for its miscellaneous plan and \$134.4 million for its safety plan as of June 30, 2019.

Further, the Retiree's Health obligation has been presented as a liability on the County's financial statements as prescribed by GASB Statement No. 75. In prior fiscal years this OPEB obligation was partially funded in addition to pay-as-you-go via the Retiree Health internal service rates charges to the various County departments and programs. In fiscal year 2010 this practice was discontinued and the County reverted back to a pay-as-you-go basis. As a pay-as-you-go administered program, none of the additional costs were passed to the County funds, programs, or restricted funding sources via the internal service fund rates. While this pay-as-you-go funding reduced the expenditures incurred at the fund level, these liabilities and expenses are recognized in the government-wide level. Specifically, as of June 30, 2019, the County recognized total other post-employment benefits (OPEB) liability of \$81.8 million. This liability was based on the assumption that the Board of Supervisors has enforced and will continue to enforce a cap on the County's contribution. Because the Retiree's Health benefit plan is a defined benefit plan, generally accepted accounting principles required that the County recognize its retiree's health obligation without the cap limitation until it was enforced by the Board of Supervisors and began to impact the pattern of shared costs. The Board of Supervisors voted to enforce the cap in fiscal year 2012. The effect on benefits of the Retiree Health defined benefit plan was that the County's share of benefit costs has been reduced. The Retiree's Health plan has no assets held in a qualifying trust. However, the County has charged departments and programs to set aside cash to fund this obligation, which as of June 30, 2019 and 2018 totaled \$12,644,059 and \$12,376,937, respectively.

REQUEST FOR INFORMATION

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

Respectfully submitted,

Joe Harn
El Dorado County Auditor-Controller

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COUNTY OF EL DORADO
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Assets				
Cash and investments	\$ 272,016,549	\$ 181,312	\$ 272,197,861	\$ 7,875,968
Restricted cash and investments	2,762,501	-	2,762,501	3,349,581
Accounts receivable	7,309,445	7,118	7,316,563	67,786
Special assessments receivable	65,821	-	65,821	-
Interest receivable	605,418	-	605,418	7,917
Notes receivable	10,893,091	-	10,893,091	-
Due from other governments	47,878,544	118,267	47,996,811	4,326,820
Inventories and prepayments	5,035,255	115,615	5,150,870	256,556
Net OPEB assets	-	-	-	29,863
Capital assets:				
Nondepreciable assets	105,997,588	716,414	106,714,002	1,951,777
Depreciable, net	300,089,873	2,461,531	302,551,404	11,436,345
Total Assets	752,654,085	3,600,257	756,254,342	29,302,613
Deferred Outflows of Resources				
Deferred outflows related to pensions	60,617,040	-	60,617,040	1,199,614
Deferred outflows related to OPEB	3,012,908	-	3,012,908	86,712
Total Deferred Outflows of Resources	63,629,948	-	63,629,948	1,286,326
Liabilities				
Accounts payable	22,854,587	76,494	22,931,081	1,215,155
Accrued expenses	-	-	-	79,864
Accrued salaries and benefits	3,500,225	4,786	3,505,011	21,905
Accrued interest payable	807,220	-	807,220	-
Due to other governments	905,534	-	905,534	1,639,546
Unearned revenue	4,751,216	-	4,751,216	3,710,837
Retainage payable	1,653,378	-	1,653,378	46,108
Long-term liabilities:				
Other liabilities	-	-	-	48,693
Total OPEB liability:				
Due within one year	2,306,000	-	2,306,000	-
Due beyond one year	79,527,826	-	79,527,826	-
Liability for self-insurance:				
Due within one year	3,625,595	-	3,625,595	-
Due beyond one year	15,252,405	-	15,252,405	-
Liability for landfill closure and postclosure:				
Due beyond one year	18,691,382	-	18,691,382	-
Net pension liability:				
Due beyond one year	344,371,724	-	344,371,724	3,317,002
Long-term debt:				
Due within one year	548,004	-	548,004	173,173
Due beyond one year	41,630,942	-	41,630,942	802,567
Compensated Absences:				
Due within one year	1,696,928	1,399	1,698,327	275,230
Due beyond one year	14,716,816	12,591	14,729,407	248,038
Net OPEB liability due beyond one year	-	-	-	197,167
Total Liabilities	556,839,782	95,270	556,935,052	11,775,285
Deferred Inflows of Resources				
Deferred inflows related to pensions	7,661,354	-	7,661,354	290,307
Deferred inflows related to OPEB	29,210,120	-	29,210,120	49,270
Total Deferred Inflows of Resources	36,871,474	-	36,871,474	339,577
Net Position				
Net investment in capital assets	370,366,493	3,177,945	373,544,438	12,412,382
Restricted for:				
Capital projects	34,809,265	-	34,809,265	-
Public safety	33,498,598	-	33,498,598	-
Community resources and public facilities	27,330,069	-	27,330,069	2,635,159
Health and public assistance	31,617,053	-	31,617,053	-
General government and support programs	11,536,670	-	11,536,670	-
Other purposes	1,487,436	-	1,487,436	2,202,322
Unrestricted	(288,072,807)	327,042	(287,745,765)	1,224,214
Total Net Position	\$ 222,572,777	\$ 3,504,987	\$ 226,077,764	\$ 18,474,077

See accompanying Notes to Basic Financial Statements.

**COUNTY OF EL DORADO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government activities:				
General government	\$ 46,077,092	\$ 10,576,214	\$ 13,360,134	\$ 19,131
Public protection	138,599,511	12,768,690	35,458,027	-
Public ways and facilities	51,346,395	10,100,707	38,155,627	-
Health and sanitation	69,257,365	13,832,388	33,719,212	155,329
Public assistance	71,665,649	922,799	65,132,356	-
Education	3,630,110	418,463	278,353	-
Recreation and cultural services	954,827	226,434	256,125	-
Debt Service:				
Interest and fiscal charges on long-term debt	305,143	-	-	-
Total governmental activities	381,836,092	48,845,695	186,359,834	174,460
Business-type activities:				
Airports	1,080,493	647,333	-	353,313
Total business-type activities	1,080,493	647,333	-	353,313
Total Primary Government	\$ 382,916,585	\$ 49,493,028	\$ 186,359,834	\$ 527,773
Component Units:				
El Dorado County Transit Authority	\$ 9,467,219	\$ 1,494,423	\$ 6,454,900	\$ 1,082,666
Children and Families Commission	2,481,197	-	2,335,197	-
El Dorado County Transportation Commission	8,981,373	-	1,960,853	-
Total Component Units	\$ 20,929,789	\$ 1,494,423	\$ 10,750,950	\$ 1,082,666

General Revenues:

Taxes:

Property

Sales and use

Transfer taxes

Other general taxes

Unrestricted interest and investment earnings

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net position - July 1

Net position - June 30

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (22,121,613)	\$ -	\$ (22,121,613)	
(90,372,794)	-	(90,372,794)	
(3,090,061)	-	(3,090,061)	
(21,550,436)	-	(21,550,436)	
(5,610,494)	-	(5,610,494)	
(2,933,294)	-	(2,933,294)	
(472,268)	-	(472,268)	
(305,143)	-	(305,143)	
(146,456,103)	-	(146,456,103)	
-	(79,847)	(79,847)	
-	(79,847)	(79,847)	
(146,456,103)	(79,847)	(146,535,950)	
			\$ (435,230)
			(146,000)
			(7,020,520)
			(7,601,750)
106,617,868	-	106,617,868	-
14,428,403	-	14,428,403	7,167,165
2,707,616	-	2,707,616	-
10,521,850	-	10,521,850	-
5,765,255	638	5,765,893	137,903
6,913,796	8,038	6,921,834	79,863
(126,263)	126,263	-	-
146,828,525	134,939	146,963,464	7,384,931
372,422	55,092	427,514	(216,819)
222,200,355	3,449,895	225,650,250	18,690,896
\$ 222,572,777	\$ 3,504,987	\$ 226,077,764	\$ 18,474,077

See accompanying Notes to Basic Financial Statements.

**COUNTY OF EL DORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Road Fund	Public Safety Facility Loan Fund	ACO Facility Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 49,780,042	\$ 12,312	\$ -	\$ 1,503,074	\$ 176,383,213	\$ 227,678,641
Restricted cash and investments	-	83,776	-	-	2,678,725	2,762,501
Accounts receivable	1,124,410	896,142	-	-	5,286,893	7,307,445
Special assessments	-	-	-	-	65,821	65,821
Notes receivable	-	-	-	-	10,893,091	10,893,091
Due from other funds	8,462,243	30,119	-	10,748,603	199,130	19,440,095
Due from other governments	9,682,077	14,953,070	10,748,603	-	12,494,794	47,878,544
Advances to other funds	430,000	-	-	-	-	430,000
Inventories	-	491,786	-	-	94,516	586,302
Prepaid expenses	1,409,245	38,058	-	68	440,626	1,887,997
Total Assets	\$ 70,888,017	\$ 16,505,263	\$ 10,748,603	\$ 12,251,745	\$ 208,536,809	\$ 318,930,437
Liabilities						
Accounts payable	\$ 5,189,014	\$ 4,726,935	\$ -	\$ 7,322,384	\$ 4,509,351	\$ 21,747,684
Salaries and benefits payable	2,819,347	272,394	-	-	391,247	3,482,988
Due to other funds	30,119	5,987,000	10,748,603	-	2,558,373	19,324,095
Due to other governments	889,185	-	-	-	16,349	905,534
Advances from other funds	-	-	-	-	430,000	430,000
Unearned revenue	15,000	158,127	-	-	4,578,089	4,751,216
Retainage payable	-	-	-	1,653,378	-	1,653,378
Total Liabilities	8,942,665	11,144,456	10,748,603	8,975,762	12,483,409	52,294,895
Deferred Inflows of Resources						
Unavailable revenue	-	1,973,669	-	-	5,140,372	7,114,041
Fund Balances						
Nonspendable	1,839,245	529,844	-	68	3,920,081	6,289,238
Restricted	-	2,857,294	-	-	150,573,780	153,431,074
Committed	20,717,670	-	-	3,275,915	17,462,677	41,456,262
Assigned	1,896,068	-	-	-	19,413,570	21,309,638
Unassigned	37,492,369	-	-	-	(457,080)	37,035,289
Total Fund Balances	61,945,352	3,387,138	-	3,275,983	190,913,028	259,521,501
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 70,888,017	\$ 16,505,263	\$ 10,748,603	\$ 12,251,745	\$ 208,536,809	\$ 318,930,437

See accompanying Notes to Basic Financial Statements.

COUNTY OF EL DORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Fund balances - total governmental funds	\$ 259,521,501
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term interest receivables are not financial resources and therefore are not reported in the governmental funds.	605,418
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	398,168,306
Unavailable revenues are not available to pay for current period expenditures, and therefore, are deferred inflows of resources in the governmental funds.	7,114,041
Deferred outflows of resources reported in statement of net position	63,629,948
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, deferred outflows of resources, liabilities, and deferred inflows of resources are included in governmental activities in the statement of net position. The net position of internal service funds is:	34,640,681
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.	(807,220)
Deferred inflows of resources reported in statement of net position	(36,871,474)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Notes payable	(40,921,752)
Software licensing agreement liability	(1,257,194)
Compensated absences	(16,352,546)
Liability for landfill closure and post-closure	(18,691,382)
Net pension liability	(344,371,724)
Total OPEB liability	(81,833,826)
Net position of governmental activities	\$ 222,572,777

See accompanying Notes to Basic Financial Statements.

COUNTY OF EL DORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Road Fund	Public Safety Facility Loan Fund	ACO Facility Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 115,325,898	\$ 58,915	\$ -	\$ 1,516,827	\$ 17,371,578	\$ 134,273,218
Licenses, permits, and franchises	10,450,328	501,887	-	-	1,181,052	12,133,267
Intergovernmental revenues	67,849,915	35,912,047	-	19,131	85,101,521	188,882,614
Use of money and property	1,615,056	(267,785)	185,702	(159,356)	3,635,210	5,008,827
Charges for services	9,520,012	166,425	-	-	27,212,425	36,898,862
Fines, forfeits, and penalties	2,127,437	-	-	425	904,367	3,032,229
Miscellaneous revenues	2,283,017	390,571	-	6,781	2,949,345	5,629,714
Other revenues	5,086	33,168	-	-	-	38,254
Total Revenues	209,176,749	36,795,228	185,702	1,383,808	138,355,498	385,896,985
Expenditures						
Current:						
General government	36,533,362	-	-	13,799	118,449	36,665,610
Public protection	120,889,509	-	-	-	5,900,447	126,789,956
Public ways and facilities	-	45,447,617	-	-	953,045	46,400,662
Health and sanitation	2,337,660	-	-	-	64,370,431	66,708,091
Public assistance	58,323,463	-	-	-	10,741,224	69,064,687
Education	3,442,193	-	-	-	-	3,442,193
Recreation and cultural services	1,127,692	-	-	-	-	1,127,692
Capital Outlay	1,401,947	2,854,133	-	38,681,518	1,779,141	44,716,739
Total Expenditures	224,055,826	48,301,750	-	38,695,317	83,862,737	394,915,630
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,879,077)	(11,506,522)	185,702	(37,311,509)	54,492,761	(9,018,645)
Other Financing Sources (Uses)						
Issuance of notes payable	-	-	33,293,245	-	-	33,293,245
Transfers in	37,483,275	15,258,665	-	36,506,115	6,405,883	95,653,938
Transfers out	(11,182,860)	(93,910)	(33,699,476)	(1,240,176)	(49,780,953)	(95,997,375)
Total Other Financing Sources (Uses)	26,300,415	15,164,755	(406,231)	35,265,939	(43,375,070)	32,949,808
Net Change in Fund Balances	11,421,338	3,658,233	(220,529)	(2,045,570)	11,117,691	23,931,163
Fund Balances - Beginning of Year	50,524,014	(271,095)	220,529	5,321,553	179,795,337	235,590,338
Fund Balances - End of Year	\$ 61,945,352	\$ 3,387,138	\$ -	\$ 3,275,983	\$ 190,913,028	\$ 259,521,501

See accompanying Notes to Basic Financial Statements.

COUNTY OF EL DORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	\$	23,931,163
Amounts reported for governmental activities in the statement of activities are different because:		
Government 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	\$ 64,060,061	
Depreciation	<u>(26,834,336)</u>	37,225,725
Disposal of capital assets: proceeds from the sale of capital assets are a financial resource in governmental funds, but only the net gain or loss is presented in the statement of activities.		
		(155,135)
Because long-term receivables will not be collected within the year, they are reported as deferred inflows of resources in the governmental funds. Unavailable revenues increased by this amount this year:		
		(5,564,464)
Because long-term interest receivables will not be collected within the year, they are not considered available resources and are not reported in governmental funds. Long-term interest receivables increased by this amount:		
		103,341
Resources from debt issuance are recognized as inflows in governmental funds, but are reported as increases to liabilities in the statement of net position.		
		(33,293,245)
Some revenues reported in the statement of activities do not result in the increase of current financial resources and, therefore, are not reported as revenues in governmental funds.		
		1,141
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 governmental funds.		
Change in compensated absences		(315,387)
Change in accrued interest payable		(305,143)
Change in software licensing agreement liability		386,818
Change in notes payable		25,022
Change in liability for closure and post-closure		(402,358)
Change in net pension liability and deferred inflows/outflows related to pensions		(23,667,142)
Change in total OPEB liability and deferred inflows/outflows related to OPEB		(1,366,889)
Internal service funds are used by the County to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		
		<u>3,768,975</u>
Change in net position of governmental activities	\$	<u>372,422</u>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF EL DORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Business - Type Activities		Governmental Activities
	County Airports	Total Enterprise Funds	Internal Service Funds
Assets			
Current Assets:			
Cash and investments	\$ 181,312	\$ 181,312	\$ 44,337,908
Accounts receivable	7,118	7,118	2,000
Due from other governments	118,267	118,267	-
Deposits	85,741	85,741	83,100
Inventories	29,874	29,874	29,008
Prepaid expenses	-	-	2,448,848
Total Current Assets	<u>422,312</u>	<u>422,312</u>	<u>46,900,864</u>
Noncurrent Assets:			
Capital Assets:			
Land	319,665	319,665	40,000
Construction in progress	396,749	396,749	-
Structures and improvements	9,517,650	9,517,650	173,128
Equipment	43,703	43,703	13,541,910
Accumulated depreciation	(7,099,822)	(7,099,822)	(5,835,883)
Total Capital Assets, Net of Accumulated Depreciation	<u>3,177,945</u>	<u>3,177,945</u>	<u>7,919,155</u>
Total Assets	<u>3,600,257</u>	<u>3,600,257</u>	<u>54,820,019</u>
Liabilities			
Current Liabilities:			
Accounts payable	76,494	76,494	1,106,903
Salaries and benefits payable	4,786	4,786	17,237
Due to other funds	-	-	116,000
Liability for self-insurance	-	-	3,625,595
Compensated absences - due in one year	1,399	1,399	6,120
Total Current Liabilities	<u>82,679</u>	<u>82,679</u>	<u>4,871,855</u>
Noncurrent Liabilities:			
Liability for self-insurance	-	-	15,252,405
Compensated absences - due beyond one year	12,591	12,591	55,078
Total Noncurrent Liabilities	<u>12,591</u>	<u>12,591</u>	<u>15,307,483</u>
Total Liabilities	<u>95,270</u>	<u>95,270</u>	<u>20,179,338</u>
Net Position			
Net investment in capital assets	3,177,945	3,177,945	7,919,155
Restricted	-	-	2,534,815
Unrestricted	327,042	327,042	24,186,711
Total Net Position	<u>\$ 3,504,987</u>	<u>\$ 3,504,987</u>	<u>\$ 34,640,681</u>

See accompanying Notes to Basic Financial Statements.

COUNTY OF EL DORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Business -Type Activities</u>		<u>Governmental Activities</u>
	<u>County Airports</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Operating Revenues			
Service fees	\$ 647,333	\$ 647,333	\$ 42,628,207
Total Operating Revenues	<u>647,333</u>	<u>647,333</u>	<u>42,628,207</u>
Operating Expenses			
Salaries and benefits	235,980	235,980	948,524
Services and supplies	549,161	549,161	39,128,737
Depreciation	295,352	295,352	956,268
Total Operating Expenses	<u>1,080,493</u>	<u>1,080,493</u>	<u>41,033,529</u>
Operating Income (Loss)	<u>(433,160)</u>	<u>(433,160)</u>	<u>1,594,678</u>
Nonoperating Revenues (Expenses)			
Interest income	638	638	653,087
Gain (Loss) on sale of fixed assets	-	-	(158,286)
Miscellaneous nonoperating revenue	8,038	8,038	1,430,182
Total Nonoperating Revenues (Expenses)	<u>8,676</u>	<u>8,676</u>	<u>1,924,983</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(424,484)</u>	<u>(424,484)</u>	<u>3,519,661</u>
Transfers In (Out) and Capital Contributions			
Transfers in	126,263	126,263	217,174
Capital contributions (deductions)	353,313	353,313	32,140
Total Transfers and Capital Contributions	<u>479,576</u>	<u>479,576</u>	<u>249,314</u>
Change in Net Position	55,092	55,092	3,768,975
Net Position - Beginning of Year	3,449,895	3,449,895	(75,792,443)
Restatement of Beginning Net Position	-	-	106,664,149
Net Position - Beginning of Year (restated)	<u>3,449,895</u>	<u>3,449,895</u>	<u>30,871,706</u>
Net Position - End of Year	<u>\$ 3,504,987</u>	<u>\$ 3,504,987</u>	<u>\$ 34,640,681</u>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF EL DORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Business -Type Activities</u>		<u>Governmental Activities</u>
	<u>County Airports</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 643,089	\$ 643,089	\$ -
Cash receipts from interfund services provided	-	-	42,626,317
Cash paid to suppliers for goods and services	(513,967)	(513,967)	(40,599,102)
Cash paid to employees for salaries and benefits	(237,314)	(237,314)	(950,502)
Net cash provided (used) by operating activities	(108,192)	(108,192)	1,076,713
Cash Flows From Noncapital Financing Activities			
Cash received from (paid to) other funds	116,263	116,263	(41,826)
Nonoperating receipts	8,038	8,038	1,430,182
Net cash provided (used) by noncapital financing activities	124,301	124,301	1,388,356
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of capital assets	-	-	99,377
Payments related to the acquisition of capital assets	(290,930)	(290,930)	(1,537,686)
Capital contributions	286,734	286,734	-
Net cash provided (used) by capital and related financing activities	(4,196)	(4,196)	(1,438,309)
Cash Flows From investing Activities			
Interest received (paid)	638	638	653,087
Net cash provided (used) by investing activities	638	638	653,087
Net Increase (Decrease) in Cash and Cash Equivalents	12,551	12,551	1,679,847
Cash and Cash Equivalents - Beginning of Year	168,761	168,761	42,658,061
Cash and Cash Equivalents - End of year	\$ 181,312	\$ 181,312	\$ 44,337,908

Continued

**COUNTY OF EL DORADO
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Business -Type Activities</u>		<u>Governmental Activities</u>
	<u>County Airports</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (433,160)	\$ (433,160)	\$ 1,594,678
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	295,352	295,352	956,268
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(4,244)	(4,244)	(1,890)
Inventory	2,516	2,516	10,736
Deposits and prepaid expenses	(26,738)	(26,738)	(57,544)
Increase (decrease) in:			
Accounts payable	59,416	59,416	(89,557)
Salaries payable	762	762	4,696
Liability for compensated absences	(2,096)	(2,096)	(6,674)
Liability for self-insurance	-	-	(1,334,000)
Net Cash Provided (Used) by Operating Activities	<u>\$ (108,192)</u>	<u>\$ (108,192)</u>	<u>\$ 1,076,713</u>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF EL DORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Investment Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 229,114,009	\$ 10,464,762
Interest receivable	1,781,915	78,510
Taxes receivable	-	23,384,485
	<hr/>	<hr/>
Total Assets	230,895,924	33,927,757
Liabilities		
Accounts payable	6,691,928	1,150,925
Salaries and benefits payable	533,087	-
Fiduciary liabilities	-	32,776,832
	<hr/>	<hr/>
Total Liabilities	7,225,015	33,927,757
Net Position		
Net position held in trust for external pool participants	<hr/> 223,670,909	<hr/> -
	<hr/>	<hr/>
Total Net Position	\$ 223,670,909	\$ -
	<hr/> <hr/>	<hr/> <hr/>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF EL DORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Investment Trust Funds
Additions:	
Contributions to investment pool	\$ 1,456,629,683
Interest and investment income	4,549,818
Total Additions	<u>1,461,179,501</u>
 Deductions:	
Distributions from investment pool	<u>1,457,373,683</u>
Total Deductions	<u>1,457,373,683</u>
 Changes in Net Position	 3,805,818
 Net Position - Beginning	 <u>219,865,091</u>
 Net Position - Ending	 <u><u>\$ 223,670,909</u></u>

See accompanying Notes to Basic Financial Statements.

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COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

A. Description of the Reporting Entity

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

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

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

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

Blended Component Units: The following component units are blended into the County's financial statements because the governing board members are substantively the same as the County Board of Supervisors and the County's management has operational responsibility for these component units.

- The County Service Areas are separate legal entities created to provide services such as water, sewer, lighting, and road maintenance throughout the County.
- The Air Quality Management District was established as a separate legal entity to maintain and improve the County's air quality.
- The In-Home Supportive Services Public Authority was created for the purpose of collective bargaining for in-home supportive services (IHSS) providers.
- The El Dorado County Housing Authority was formed to issue certificates and vouchers for Section 8 housing.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

Blended Component Units: (continued)

- The El Dorado County Bond Authority was established pursuant to a joint exercise of powers agreement between the County and the El Dorado Redevelopment Agency to obtain financing for public capital improvements.
- The El Dorado Hills Business Park Light and Landscape District was formed to provide lighting and landscaping to the business park in El Dorado Hills.

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

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

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

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

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

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

A. Description of the Reporting Entity (continued)

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

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

B. Basis of Presentation

Government-Wide Financial Statements

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

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

When both restricted and unrestricted components of net position are available, restricted resources are used just before the unrestricted resources are used.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

B. Basis of Presentation (continued)

Fund Financial Statements

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

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

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance, education, and recreation and cultural services.
- The Road Fund is a special revenue fund used to account for funds allocated for the planning, design, construction, maintenance, and administration of County transportation activities (public ways and facilities). The Road Fund's revenues primarily come from intergovernmental sources. The State provides the allocation to the Road Fund from sources such as gas taxes, transportation planning funds and Proposition 1B. The federal government also provides funding through various federal construction funds. In addition, Road Fund receives operating transfers of local revenues generated from road improvement fees and traffic impact mitigation fees charged on new development.
- The Public Safety Facility Loan Fund is a special revenue fund established as a condition of the loan agreements between the County and the U. S. Department of Agriculture (USDA). The sole purpose of this fund is to receive all proceeds from the USDA loans used to finance the construction of the public safety facility.
- The Accumulated Capital Outlay (ACO) Facility Construction Fund is a capital project fund used to account for all revenues and expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The revenues of this fund are derived from a share of the ad valorem property taxes and contributions from other funds.

The County reports the following nonmajor enterprise fund:

- The County Airports Fund accounts for the activities of the County airports.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

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

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

C. Basis of Accounting and Measurement Focus

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when earned, 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.

D. Cash and Investments

The County maintains an investment pool that is managed by the County Treasurer. The County Treasury 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.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

D. Cash and Investments (continued)

Participants' equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accredited discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every month. 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 Treasury investment pool, to be cash equivalents.

F. Mortgages Receivables

Governmental fund long-term mortgage receivables arise from mortgage subsidiary programs. These long-term receivables are recorded in the governmental fund balance sheet as well as in the governmental activities of the government-wide statement of net position.

G. Inventories and Prepaid Expenses

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 inventories are equally offset by the nonspendable fund balance to indicate that portion of fund balance is not in spendable form.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Similarly, reported prepaid expenses are equally offset by the nonspendable fund balance.

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 acquisition value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines infrastructure and building and improvements as purchases or improvements with an aggregate cost of more than \$25,000 and with useful life of more than one year. This threshold was increased from \$10,000 during fiscal year 2018-2019. The County defines intangible assets with the acquirement or development with an aggregate cost of more than \$100,000 and with useful life in excess of one year. The County defines equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. This threshold was increased from \$1,500 to \$5,000 effectively July 1, 2015.

The estimated useful lives are as follows:

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

**COUNTY OF EL DORADO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019**

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

H. Capital Assets and Depreciation (continued)

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

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

I. Property Tax Levy, Collection, and Maximum Rates

The State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2018-2019 net assessed valuation of the County was \$33,347,796,677.

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

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

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

The County’s policy allows employees to accumulate earned but unused vacation, sick leave, and compensatory time-off. Vacation pay may be accumulated to a maximum of six to eight weeks depending on the employee’s years of service and is payable upon termination. Employees with at least five years of service receive a percentage of their unused sick leave upon termination ranging from 20 percent at five years to 100 percent at twenty years up to a maximum cap between 500 to 504 hours. Compensated time off may be accumulated up to a maximum of 160 to 200 hours depending on the employee’s bargaining unit and, similar to vacation pay, is payable upon termination.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

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

K. Interfund Transactions

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

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

L. Self-Insurance

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

M. Pensions

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net positions of the County’s pension plans (the Plans) and additions to/deductions from the Plans’ fiduciary net positions have been determined on the same basis as they are reported by the California Public Employees’ Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the total other postemployment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, benefit payments are recognized when due and payable in accordance with the benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

O. Deferred Outflows and Inflows of Resources

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities,*” the County recognized deferred outflows and inflows of resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets by the County that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense/ expenditure) until then. The County has two types of deferred outflows of resources. The first type is from pension activities and is reported in the government-wide statement of net position. The second type is from other postemployment benefit (OPEB) activities and is reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets by the County that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that time. The County has three types of deferred inflows of resources. The first type, unavailable revenue, arises under the modified accrual basis of accounting and therefore, is reported only in the governmental fund balance sheet. The second type is from pension activities and is reported in the government-wide statement of net position. The third type is from other postemployment benefit (OPEB) activities and is reported in the government-wide statement of net position.

P. Net Position and Fund Balances

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets:* This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in governmental activities restricted net position at June 30, 2019, is net position restricted by enabling legislation of \$134.0 million.
- *Unrestricted Net Position:* This category represents net position of the County, not restricted for any project or other purpose.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in those funds.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

P. Net Position and Fund Balances (continued)

Fund Balances (continued)

As of June 30, 2019, fund balances for governmental funds comprise the following based on the relative strength of the constraints that control how specific amounts can be spent:

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

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

General Fund General Reserves and Contingency

The County’s Board has established policies with adoption of the annual budget to establish and maintain General Fund General Reserves and Contingency.

- *General Reserves*: should be maintained at a target of five percent (5%) of adjusted General Fund budget. General Reserves are to be maintained at this level at all times, except in the case of a Board recognized fiscal emergency.
- *Appropriation for Contingencies*: should be established annually at a minimum of three percent (3%) of adjusted General Fund appropriations. Funds are to be used during the fiscal year to address unanticipated expenditure increases or revenue decreases. The use of contingency funds requires the County’s Board and the Chief Administrative Office approval.

For 2018-2019, the appropriation for contingencies in General Fund budget was \$5.1 million. As of June 30, 2019, the balance of General Fund General Reserves was \$8.9 million. General Fund General Reserves and Contingency are reported within unassigned fund balances because they do not meet the criteria to be reported within the restricted or committed classifications.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

Q. Use of Estimates

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

R. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

S. Implementation of GASB Statements

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for periods beginning after June 15, 2018. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations. The County has determined this statement to be not applicable.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is effective for periods beginning after June 15, 2018. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement was implemented by the County as of fiscal year ended June 30, 2019.

T. New Accounting Pronouncements

GASB recently released the following new accounting and financial reporting standards, which may have significant impacts on the County's financial reporting process.

GASB Statement No. 84, *Fiduciary Activities*, is issued in January 2017 and effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, is issued in June 2017 and effective for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

T. New Accounting Pronouncements (continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is issued in June 2018 and effective for periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, is issued in August 2018 and effective for periods beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 91, *Conduit Debt Obligations*, is issued in May 2019 and effective for periods beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

NOTE 2: **CASH AND INVESTMENTS**

The County Treasurer manages an investment pool as prescribed in the County's investment policy. 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 schools, certain special districts, and other governmental entities to maintain their cash surplus with the County Treasury pool.

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

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

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

As of June 30, 2019, total County cash and investments were as follows:

	Pooled Treasury	External to Pool	Total
Cash:			
Imprest cash	\$ -	\$ 247,750	\$ 247,750
Cash on hand	500	-	500
Deposits	43,855,098	6,625,812	50,480,910
Total Cash	<u>43,855,598</u>	<u>6,873,562</u>	<u>50,729,160</u>
Investments	473,796,516	1,239,006	475,035,522
Total Cash and Investments	<u>\$ 517,652,114</u>	<u>\$ 8,112,568</u>	<u>\$ 525,764,682</u>

Total cash and investments as of June 30, 2019 were presented on the County's financial statements as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
County Investment Pool:				
Unrestricted	\$ 271,950,511	\$ 239,197,578	\$ 1,829,200	\$ 512,977,289
Restricted	2,678,725	-	1,996,100	4,674,825
Total in County Investment Pool	<u>274,629,236</u>	<u>239,197,578</u>	<u>3,825,300</u>	<u>517,652,114</u>
External to Pool:				
Other restricted cash and investments	83,776	-	1,353,481	1,437,257
Other unrestricted cash and investments	-	381,193	6,046,368	6,427,561
Imprest cash	247,350	-	400	247,750
Total External to Pool	<u>331,126</u>	<u>381,193</u>	<u>7,400,249</u>	<u>8,112,568</u>
Total Cash and Investments	<u>\$ 274,960,362</u>	<u>\$ 239,578,771</u>	<u>\$ 11,225,549</u>	<u>\$ 525,764,682</u>

In the statement of fiduciary net position, the total cash and investments balance for Investment Trust and Agency Funds in the amount of \$239,578,771 includes, and is decreased by the negative cash balances maintained in certain agency funds used to allocate property taxes under the alternate method of tax apportionment (Teeter Plan). The total cash deficits of these Teeter Plan funds of \$7,867,453 is entirely offset by, and is significantly less than, the total \$13,240,324 that has been recorded by these funds as taxes receivable.

Cash and investments were restricted as of June 30, 2019, for the following purposes:

	Primary Government	Component Units	Total
Closure and postclosure costs	\$ 2,678,725	\$ -	\$ 2,678,725
Retainage held in escrow	83,776	-	83,776
Transit and transportation grant expenditures	-	3,332,285	3,332,285
Risk financing	-	17,296	17,296
Total	<u>\$ 2,762,501</u>	<u>\$ 3,349,581</u>	<u>\$ 6,112,082</u>

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer *
U.S. Treasury Obligations	5 years	100%	100%
Bankers Acceptances	180 days	40%	5%
Domestic Commercial Paper	31 days	20%	5%
Certificates of Deposit, Negotiable	5 years	30%	5%
Certificates of Deposit, Non-negotiable	5 years	100%	100%
Repurchase Agreements	1 year	100%	5%
U.S. Agency Obligations	3 years	100%	5%
Demand Deposit Savings Accounts	5 years	100%	100%
State Warrants	1 year	100%	100%
Local Agency Investment Fund (LAIF)**	N/A	100%	100%
Medium-Term Notes U.S. Corporations & Depository Institutions	3 years	30%	30%
Commercial Paper under FDIC Temporary Liquidity Guarantee Program	270 days	40%	40%
Fully Collateralized Bank Deposits	N/A	100%	100%
Deposits placed with Private Sector Entity	5 years	30%	***

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

** Subject to a \$65 million cap set by LAIF.

*** Individual deposit no more than can be federally insured.

As of June 30, 2019, the County had the following investments:

	Interest Rates	Maturities	Par Value	Book Value	Fair Value	WAM (Years)
Investments in Investment Pool						
Treasury Securities - Coupon	0.750%-2.375%	07/15/19-05/31/20	\$ 363,000,000	\$ 361,196,316	\$ 361,994,304	0.45
California Local Agency Investment Fund	2.449%	On Demand	65,000,000	65,000,000	65,000,000	0.00
Money Market Account	0.200%-2.560%	On Demand	47,600,200	47,600,200	47,600,200	0.00
Total Investments in Investment Pool			<u>\$ 475,600,200</u>	<u>\$ 473,796,516</u>	<u>\$ 474,594,504</u>	0.34
Investments Outside Investment Pool						
Component Units:						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	2.449%	On Demand	\$ 1,239,006	\$ 1,239,006	\$ 1,239,006	--
Total Investments Outside Investment Pool			<u>\$ 1,239,006</u>	<u>\$ 1,239,006</u>	<u>\$ 1,239,006</u>	--

As of June 30, 2019 the difference between the carrying value and fair value of cash and investments was not material (fair value was 100.168% of carrying value). No adjustment has been recorded on the financial statements.

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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, 2019, the investment pool had a weighted average maturity of 0.34 year.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

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 as of June 30, 2019.

	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Treasury Securities - Coupon	AA+	76.27%
California Local Agency Investment Fund	Unrated	13.70%
Money Market Account	Unrated	10.03%
Total		<u>100.00%</u>

Custodial Credit Risk

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

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

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Treasury Securities – Coupon, valued at \$361.2 million in total, are classified in Level 1 of the fair value hierarchy, valued using quoted prices in active markets. Deposits and withdrawals in governmental investment pools, such as the State of California Local Agency Investment Fund (LAIF), are made on the basis of one dollar and not fair value. Accordingly, the fair value of the County's proportionate share in this type of investment is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. Money Market Accounts are nonparticipating interest-bearing savings accounts. They are measured using a cost-based measure, not fair value and therefore, not subject to fair value hierarchy.

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Local Agency Investment Fund

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

As of June 30, 2019, the County's investment position in LAIF was \$65 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 \$24.6 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA), whose balance as of June 30, 2019 was \$105.7 billion. Of that amount, 1.77% was invested in medium-term and short-term structured notes and asset-backed securities.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the County Treasury investment pool as of June 30, 2019:

Statement of Net Position

Net position held for pool participants	\$ 517,652,114
Equity of internal pool participants	\$ 288,538,105
Equity of external pool participants	229,114,009
Total net position	<u>\$ 517,652,114</u>

Statement of Changes in Net Position

Net position - July 1, 2018	\$ 504,179,764
Investment income	10,636,067
Investment expenses	(617,539)
Net contributions (withdrawals) by pool participants	3,453,822
Net position - June 30, 2019	<u>\$ 517,652,114</u>

NOTE 3: **LONG-TERM RECEIVABLES**

The accounts receivable balances reported in the governmental funds include an allowance for uncollectible amounts of \$15,570,974. Among the accounts receivables, \$5,444,136 (net of uncollectible amount) are long-term accounts receivables. In addition, the due from other government balances reported in the governmental funds include long-term receivables of \$1,604,084. These long-term receivables are not expected to be fully collected in the next fiscal year and are therefore equally offset by the deferred inflows of resources (unavailable revenue). Similarly, the governmental funds report special assessment receivables of \$65,821 (net of uncollectible amounts of \$1,737,171), which are also not expected to be fully collected in the next fiscal year and are therefore equally offset by the deferred inflows of resources (unavailable revenue). Further, the governmental funds and the governmental activities report long-term notes receivables of \$10,893,091. The governmental activities also report long-term interest receivables of \$605,418.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2019
<u>Governmental Activities</u>					
Capital assets, not being depreciated					
Land and improvements	\$ 56,721,229	\$ 1,670,433	\$ -	\$ (29,479,732)	\$ 28,911,930
Intangible assets (Right of Way)	-	428,219	-	29,793,556	30,221,775
Construction in progress	29,893,080	38,858,439	-	(21,887,636)	46,863,883
Total capital assets not being depreciated	86,614,309	40,957,091	-	(21,573,812)	105,997,588
Capital assets, being depreciated					
Infrastructure	506,989,702	20,460,067	-	-	527,449,769
Intangible assets (Software)	-	2,904,192	-	6,107,515	9,011,707
Structures and improvements	128,249,672	-	(41,128)	15,466,297	143,674,841
Equipment	53,690,177	3,341,610	(2,187,165)	-	54,844,622
Total capital assets being depreciated	688,929,551	26,705,869	(2,228,293)	21,573,812	734,980,939
Less accumulated depreciation for					
Infrastructure	(321,943,530)	(20,620,421)	-	-	(342,563,951)
Intangible assets (Software)	-	(1,532,313)	-	-	(1,532,313)
Structures and improvements	(51,714,803)	(2,901,542)	41,128	-	(54,575,217)
Equipment	(34,869,704)	(3,156,388)	1,806,507	-	(36,219,585)
Total accumulated depreciation	(408,528,037)	(28,210,664)	1,847,635	-	(434,891,066)
Total capital assets being depreciated, net	280,401,514	(1,504,795)	(380,658)	21,573,812	300,089,873
Governmental activities capital assets, net	\$ 367,015,823	\$ 39,452,296	\$ (380,658)	\$ -	\$ 406,087,461
<u>Business Type Activities</u>					
Capital assets, not being depreciated					
Land	\$ 319,665	\$ -	\$ -	\$ -	\$ 319,665
Construction in progress	107,104	289,645	-	-	396,749
Total capital assets not being depreciated	426,769	289,645	-	-	716,414
Capital assets, being depreciated					
Structures and improvements	9,516,365	1,285	-	-	9,517,650
Equipment	43,703	-	-	-	43,703
Total capital assets being depreciated	9,560,068	1,285	-	-	9,561,353
Less accumulated depreciation for					
Structures and improvements	(6,767,538)	(293,561)	-	-	(7,061,099)
Equipment	(36,932)	(1,791)	-	-	(38,723)
Total accumulated depreciation	(6,804,470)	(295,352)	-	-	(7,099,822)
Total capital assets being depreciated, net	2,755,598	(294,067)	-	-	2,461,531
Business type activities capital assets, net	\$ 3,182,367	\$ (4,422)	\$ -	\$ -	\$ 3,177,945

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,635,124
Public protection	2,595,092
Public ways and facilities	21,626,949
Health and sanitation	383,815
Public assistance	569,731
Education	263,050
Recreation and cultural services	180,635
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	956,268
Total depreciation expense governmental activities	<u>\$ 28,210,664</u>

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

Airports	\$ 295,352
Total depreciation expense business-type activities	<u>\$ 295,352</u>

NOTE 5: **UNEARNED REVENUE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Unearned Revenues

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide statement of net position, as well as governmental and proprietary funds, delay revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earning process is complete are offset by a corresponding liability for unearned revenue.

As of June 30, 2019, governmental funds and governmental activities report unearned revenue in connection with resources that have been received, but not yet earned. The various components of unearned revenue were reported as follows:

	<u>Governmental Funds</u>	<u>Governmental Activities</u>
	Unearned Revenue	Unearned Revenue
Governmental Funds/Governmental Activities:		
General Fund:		
Various grants and charges	\$ 15,000	\$ 15,000
Road Fund:		
Various grants and charges	158,127	158,127
Other Governmental Funds:		
Various grants, charges, and special assessments	4,578,089	4,578,089
Total	<u>\$ 4,751,216</u>	<u>\$ 4,751,216</u>

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5: UNEARNED REVENUE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
(CONTINUED)

Deferred Outflows and Inflows of Resources

As described in Note 1N, pursuant to GASB Statement No. 63 and Statement No. 65, the County recognizes deferred outflows and inflows of resources in the financial statements. Under the modified accrual basis of accounting, in addition to “having been earned”, revenue must also be available to finance expenditures of the current period for it to be recognized in the current period. When an asset is recorded in governmental fund financial statements but the revenue is not available, governmental funds report a deferred inflow of resources until such time as the revenue becomes available. These deferred inflows of resources are in connection with receivables for revenues considered unavailable for the current period. Further, the County reports deferred outflows and inflows of resources related to pensions and other post-employment benefits (OPEB) in its governmental activities.

The summary of the deferred outflows and inflows of resources reported for the year ended June 30, 2019, is as follows:

	<u>Governmental Funds</u>		<u>Governmental Activities</u>	
	(Unavailable Revenue)		Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental Funds:				
Road Fund:				
Various grants and charges	\$ 1,973,669		\$ -	\$ -
Other Governmental Funds:				
Various grants, charges, and special assessments	5,140,372		-	-
Governmental Activities:				
Deferred pension outflows	-		60,617,040	-
Deferred OPEB outflows	-		3,012,908	-
Deferred pension inflows	-		-	7,661,354
Deferred OPEB inflows	-		-	29,210,120
Total	<u>\$ 7,114,041</u>		<u>\$ 63,629,948</u>	<u>\$ 36,871,474</u>

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6: LONG-TERM LIABILITIES

Long-term debt at June 30, 2019 consisted of the following:

	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2019</u>
<u>Governmental Activities</u>						
Notes Payable:						
HUD HOME Program ¹⁾	2003	2058	0.00%	2)	\$ 3,000,000	\$ 2,974,978
HUD HOME Program ¹⁾	2013	2067	3.00%	2)	3,000,000	3,000,000
HUD State CDBG Program ¹⁾	2013	2068	3.00%	2)	483,000	483,000
USDA Rural Development Loans	2018	2058	2.375%	\$591,721 - \$1,377,519	34,463,774 ³⁾	34,463,774
Software Licensing Agreements:						
Kronos	2019	2022	0.00%	\$128,958	386,874	349,261
Microsoft Enterprise	2018	2021	0.00%	\$419,046	1,257,138	<u>907,933</u>
Total Governmental Activities						<u>\$ 42,178,946</u>

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

²⁾ Outstanding principal is due in total at the end of note maturity.

³⁾ See below.

USDA Rural Development Loans

In 2016, the County entered into six loan agreements with the U.S. Department of Agriculture (USDA) Rural Development Program in an aggregate amount not to exceed \$57,140,000. The purpose of the loans was to fund the development and construction of a new public safety facility in Diamond Springs. The principal outstanding at June 30, 2019 is \$34,463,774.

The following is a summary of long-term liabilities transactions for the year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Notes payable:					
* HUD HOME Program	\$ 6,000,000	\$ -	\$ 25,022	\$ 5,974,978	\$ -
* HUD State CDBG Program	483,000	-	-	483,000	-
* USDA Rural Development Loans	1,170,529	33,293,245	-	34,463,774	-
Compensated absences	16,105,031	1,998,374	1,689,661	16,413,744	1,696,928
* Software licensing agreements	-	1,644,012	386,818	1,257,194	548,004
Landfill closure / post-closure liability	18,289,024	402,358	-	18,691,382	-
Liability for self-insurance claims	20,212,000	27,566,717	28,900,717	18,878,000	3,625,595
Other postemployment benefits	99,019,487	9,103,709	26,289,370	81,833,826	2,306,000
Net pension liability	345,165,615	103,038,377	103,832,268	344,371,724	-
	<u>\$ 506,444,686</u>	<u>\$ 177,046,792</u>	<u>\$ 161,123,856</u>	<u>\$ 522,367,622</u>	<u>\$ 8,176,527</u>
Business-Type Activities					
Compensated absences	\$ 16,086	\$ -	\$ 2,096	\$ 13,990	\$ 1,399
	<u>\$ 16,086</u>	<u>\$ -</u>	<u>\$ 2,096</u>	<u>\$ 13,990</u>	<u>\$ 1,399</u>

* Direct borrowings and direct placements

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

The County acquired commercially available computer software through licensing agreements. Under the term of the agreements, the County is required to make annual installment payments to the software vendors for the right to use the software over the lives of the agreements. Software licensing agreement liability is generally liquidated by the General Fund.

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

As of June 30, 2019, annual debt service requirements of governmental activities having fixed maturities are shown below. The HUD State CDBG Program note payable and both of the HUD Home Program notes payable are not included in the schedule.

Year Ending June 30:	Governmental Activities		
	Notes Payable*		Software Licensing Agreements*
	Principal	Interest	Principal
2020	\$ -	\$ 201,802	\$ 548,004
2021	-	818,515	548,004
2022	591,720	818,515	161,186
2023	605,774	804,461	-
2024	620,161	790,074	-
2025-2029	3,328,860	3,722,316	-
2030-2034	3,743,390	3,307,786	-
2035-2039	4,209,541	2,841,636	-
2040-2044	4,733,739	2,317,438	-
2045-2049	5,323,213	1,727,963	-
2050-2054	5,986,093	1,065,084	-
2055-2058	5,321,283	319,659	-
	\$ 34,463,774	\$ 18,735,249	\$ 1,257,194

* Direct borrowings and direct placements

As of June 30, 2019, there are no annual debt service requirements of business-type activities to maturity.

NOTE 7: LIMITED OBLIGATION DEBT

Pursuant to various development agreements, the County has formed a number of community facility districts (CFDs) and has issued limited obligation bonds to finance infrastructure. The bonds are limited obligation debt repayable solely from the special taxes collected with each CFD. The only foreseeable circumstances that would make the County partially responsible for debt service payments or damages to bond investors would be if an error or omission is made by the County in the formation of the CFD, in the preparation of the offering statement, in the ongoing SEC required disclosures, or in the administration of the CFD. No adjustments were made to the County's financial statements for these limited obligation debt. As of June 30, 2019, the balances of these districts' outstanding debt were as follows:

Community Facilities District No. 1992-1 (EDH Serrano)	\$ 30,470,000
Community Facilities District No. 2001-1 (Promontory)	\$ 22,885,000
Community Facilities District No. 2005-1 (Blackstone)	\$ 26,380,000
Community Facilities District No. 2005-2 (Laurel Oaks)	\$ 3,010,000
Community Facilities District No. 2014-1 (Carson Creek)	\$ 32,595,000
Community Facilities District No. 2018-1 (Bass Lake)	\$ 12,000,000

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8: **LEASES**

Operating Lease Obligations

The County leases various office space, equipment, and buildings under various operating leases. Annual rent expenditures were approximately \$3.8 million for the year ended June 30, 2019.

Future minimum operating lease commitments are as follows:

Year Ending June 30	
2020	\$ 2,666,787
2021	2,514,180
2022	2,436,124
2023	2,367,699
2024	1,680,250
2025-2028	<u>2,300,824</u>
	<u>\$ 13,965,864</u>

NOTE 9: **LIABILITY FOR CLOSURE AND POSTCLOSURE COSTS**

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

The County ceased accepting waste from the public in 1997 and 8.2 acres or 19.4 percent of the landfill's 42.3 acres remain open to waste generated onsite. The estimated landfill closure care liability of \$2,678,725 reported as of June 30, 2019, 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 \$16,012,657 representing postclosure costs for the entire 42.3 acres has been recognized and is a cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes.

State and federal laws require the County to make contributions to a special fund in order to finance closure care. At June 30, 2019, cash and investments held of \$2,678,725 in this special fund are part of the pooled funds held by the County Treasury and are reported as restricted assets on the statement of net position. 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 \$16,012,657, 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10: INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2019 is as follows:

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Internal Service Fund - Risk	\$ 116,000	Advance for cash flow
	Road Fund	5,987,000	Advance for cash flow
	Other Governmental Funds	275,175	Realignment Funds
	Other Governmental Funds	183,000	Advance to Erosion Control Fund to cover cash shortfall
	Other Governmental Funds	556,000	Advance to Community Services Funds to cover cash shortfall
	Other Governmental Funds	213,000	Advance to Health Fund to cover cash shortfall
	Other Governmental Funds	465,000	Advance to Mental Health Fund to cover cash shortfall
	Other Governmental Funds	73,000	Advance to Social Services Fund to cover cash shortfall
	Other Governmental Funds	31,000	Advance to Public Housing Authority Fund to cover cash shortfall
	Other Governmental Funds	72,000	Advance to CSA #9 Fund to cover cash shortfall
	Other Governmental Funds	491,068	Reimbursement for Insurance Fraud Program Expenditures
		<u>8,462,243</u>	
Road Fund	General Fund	30,119	Reimbursement to Road Fund
		<u>30,119</u>	
ACO Facility Construction Fund	Public Safety Facility Loan Fund	10,748,603	USDA Loan Proceeds
		<u>10,748,603</u>	
Other Governmental Funds	Other Governmental Funds	158,551	Sales Tax Realignment Funds for Health Programs
	Other Governmental Funds	40,579	HCED Fund for HCED Programs
		<u>199,130</u>	
	Total	<u>\$ 19,440,095</u>	

Advance To/From Other Funds

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

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10: **INTERFUND TRANSACTIONS** (CONTINUED)

Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	ACO Facility Construction Fund	\$ 1,010,330	ACO Fund Reimbursements to General Fund
	Other Governmental Funds	65,570	Timber Tax to Sheriff's Office Patrol, Search and Rescue
	Other Governmental Funds	8,516	Public Health Special Revenue Fund to Environmental Management For Vector Control
	Other Governmental Funds	165,085	Mental Health Special Revenue Fund to Probation For JJCPA Claim
	Other Governmental Funds	346,842	County Service Area #10 Solid Waste to Environmental Management General Fund Operating and Admin
	Other Governmental Funds	1,354,169	County Service Area #10 Special Tax Revenues to Library General Fund Operating
	Other Governmental Funds	116,907	State Off-Highway Vehicle & El Dorado-SMUD Agreement Funds to Parks & Rubicon Trail
	Other Governmental Funds	82,806	El Dorado-SMUD Cooperation Agreement Funds to Sheriff OHV Rubicon
	Other Governmental Funds	1,852	Veteran's House Committee Reimbursement to General Fund Maintenance
	Other Governmental Funds	1,783	CASp Fee Admin Share To General Fund
	Other Governmental Funds	277,881	Park / River Fees to Parks and Rivers General Fund Operating
	Other Governmental Funds	391,719	Time Share, Overpayment, and Redemption Fees to BOS / Auditor / TTC / Assessor
	Other Governmental Funds	2,198	Overages to Treasurer Tax Collector Operating
	Other Governmental Funds	836,996	Grant Revenues, Prop 64, Environmental & Real Estate Funds to District Attorney General Fund Operating
	Other Governmental Funds	454,886	Grant Revenues & Program Revenues to Sheriff's Operating
	Other Governmental Funds	153,394	Probation CCPIF SB678 Reimbursement to General Fund Adult Supervision
	Other Governmental Funds	339,321	Micro, Computer System, Vital Health Statistics, Electronic Recording to Recorder Operating
	Other Governmental Funds	677,136	Engineer Time and Materials to DOT County Engineer
	Other Governmental Funds	64,703	Commercial Grading to Building Operating
	Other Governmental Funds	8,372	Planning Projects Revenues to Planning
	Other Governmental Funds	13,095	License Plate Fees to Veteran Services Operating
	Other Governmental Funds	106,875	Library Trust Funds to Library Operating
	Other Governmental Funds	355,968	Realignment Funds to Animal Services
	Other Governmental Funds	301,203	Realignment Funds to Environmental Management
	Other Governmental Funds	12,743,549	Realignment Funds to Social Services
	Other Governmental Funds	706,509	Realignment Funds to Probation
	Other Governmental Funds	110,402	County Local Revenue Funds to DA
	Other Governmental Funds	23,250	County Local Revenue Funds to Public Defender
	Other Governmental Funds	4,331,246	County Local Revenue Funds to Sheriff
	Other Governmental Funds	2,004,022	County Local Revenue Funds to Probation
	Other Governmental Funds	9,587,545	County Local Revenue Funds to Social Services
	Other Governmental Funds	839,145	Supplemental Law Enforcement Services Fund (SLESF) to DA/Sheriff/Probation Operating
		<u>37,483,275</u>	

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10: INTERFUND TRANSACTIONS (CONTINUED)

Transfers (continued)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
Road Fund	General Fund	\$ 3,159,322	General Fund Billing
	ACO Facility Construction Fund	195,200	ACO Fund Billing
	Other Governmental Funds	6,556,326	Road District Tax to Road Fund Operating
	Other Governmental Funds	88,726	EI Dorado-SMUD Cooperation Agreement Fund Billing
	Other Governmental Funds	5,255,480	Road Projects Billing and Traffic Impact Fees to Road Fund Operating
	Other Governmental Funds	3,611	Rare Plant Endowment Fund Billing
		<u>15,258,665</u>	
ACO Facility Construction Fund	General Fund	1,368,465	General Fund Reimbursements to ACO Fund
	Road Fund	54,309	Road Fund Reimbursements to ACO
	Public Safety Facility Loan Fund	33,699,476	Public Safety Facility Loan Fund to ACO Fund for Loan Proceeds
	Other Governmental Funds	510,792	Health Fund and CSA#10 to ACO Fund for Project Billing
	Other Governmental Funds	1,856	Mental Health Fund to ACO Fund for Project Billing
	Other Governmental Funds	117,650	Air Quality to ACO Fund for Project Billing
	Other Governmental Funds	671,689	Central Services Designated Fund to ACO Fund for Billing
	Other Governmental Funds	69,600	Assessor AB1653 Fund to ACO Fund for Project Billing
	Other Governmental Funds	12,278	Sheriff Designated Fund to ACO Fund for Project Billing
		<u>36,506,115</u>	
Internal Services Fund - Fleet	General Fund	177,573	General Fund Contribution
	Road Fund	39,601	Road Fund Contributed Capital
		<u>217,174</u>	
Enterprise Fund - Airports	General Fund	71,617	General Fund Contribution
	ACO Facility Construction Fund	34,646	ACO Fund Contribution
	Other Governmental Funds	20,000	Special Aviation Funding
		<u>126,263</u>	
Other Governmental Funds	General Fund	1,738,942	General Fund Contribution to Community Services
	General Fund	114,622	General Fund Contribution to HCED
	General Fund	3,543,957	General Fund Contribution to Public Health
	General Fund	44,635	General Fund Contribution to IHSS Public Authority Fund
	General Fund	19,381	General Fund Contribution to Housing Authority
	General Fund	15,000	General Fund Contribution For Veterans Hall
	General Fund	2,874	General Fund Transfer to Change Difference Shortage
	General Fund	205,770	General Fund Contribution to Veterans
	General Fund	720,702	General Fund Contribution to Health and Welfare
		<u>6,405,883</u>	
Total		<u>\$ 95,997,375</u>	

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11: **PENSIONS**

A. **General Information about the Pension Plans**

Plan Description

The County has two pension plans (the Plans): the miscellaneous plan and the safety plan. Both Plans are agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions under the Plans are established by State statutes and County's resolutions. CalPERS issues publicly available reports that include a full description of the Plans regarding benefit provisions, assumptions, and membership information. These reports and CalPERS' audited financial statements can be viewed at CalPERS' website.

Benefits Provided

CalPERS provides service retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, each equal to a year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for miscellaneous PEPRAs members hired on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, the Optional Settlement 2 Death Benefit, or the Special Death Benefit (for safety members only). The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law (PERL).

Below is a summary of the Plans' provisions and benefits in effect at June 30, 2019:

	Miscellaneous		
	Classic		PEPRA
	Prior to October 5, 2012	On or after October 5, 2012	On or after January 1, 2013
Hire Date			
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement eligibility age	50	50	52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1% to 2.5%
Required employee contribution rates	7% *	7% *	7% *
Required employer contribution - normal cost %	8.898% *	8.898% *	8.898% *

Required employer contribution - payment of unfunded accrued liability: \$12,108,033 *

	Safety		
	Classic		PEPRA
	Prior to October 5, 2012	On or after October 5, 2012	On or after January 1, 2013
Hire Date			
Benefit formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement eligibility age	50	50	50
Monthly benefits, as a % of eligible compensation	3%	2% to 2.7%	2% to 2.7%
Required employee contribution rates	9% *	9% *	10.750% *
Required employer contribution - normal cost %	17.227% *	17.227% *	17.227% *

Required employer contribution - payment of unfunded accrued liability: \$7,635,932 *

* The required contribution for fiscal year 2018-2019 was determined as part of the June 30, 2016 actuarial.

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11: **PENSIONS** (CONTINUED)

A. **General Information about the Pension Plans** (continued)

Employees Covered

Listed below is the summary of number of employees covered by the benefit terms as of June 30, 2018, the most recent actuarial valuation date:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,886	411
Inactive employees entitled to but not yet receiving benefits (Transferred + Terminated)	1,407	269
Active employees	1,387	364
Total	4,680	1,044

Contribution

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2018 (the measurement date), the active employee contribution rate is 7 percent of annual pay for miscellaneous employees (6.25 percent for miscellaneous PEPRA employees hired on or after January 1, 2013), and 9 percent for safety employees (10.75 percent for safety PEPRA employees hired on or after January 1, 2013). The employer's contribution rate is 8.613 percent of annual payroll for miscellaneous employees and 16.792 percent of annual payroll for safety employees. Employer contribution rates may change if plan contracts are amended. Further, the employees pay a portion or all of their required CalPERS contribution to CalPERS depending on their labor agreements with the County. When employees are required to pay only a portion of their required contribution, the County pays the remaining portion on their behalf and for their account. Payments made by the County to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

B. **Net Pension Liability**

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2018, using standard update procedures.

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11: **PENSIONS** (CONTINUED)

B. **Net Pension Liability** (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 (the measurement date) total pension liability for each Plan, based on the following actuarial methods and assumptions:

	<u>Miscellaneous and Safety</u>
Actuarial cost method	Entry age normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table ⁴⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.00% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

⁴⁾ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of Assumptions

In 2018, the inflation reduced from 2.75 percent to 2.50 percent. In addition, the post retirement benefit increase assumption changed. Specifically, the assumption was based on contract COLA up to 2.00 percent (changed from 2.75 percent) until purchasing power protection allowance floor on purchasing power applied and 2.50 percent (changed from 2.75 percent) thereafter.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11: **PENSIONS** (CONTINUED)

B. Net Pension Liability (continued)

Long-term Expected Rate of Return (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class⁵⁾	Assumed Asset Allocation	Real Return Years 1 – 10⁶⁾	Real Return Years 11+⁷⁾
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	--	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	--	(0.92%)

5) In the System's CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments;
Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

6) An expected inflation of 2.00% used for this period

7) An expected inflation of 2.92% used for this period

C. Changes in the Net Pension Liability

The change in the net pension liability for each Plan follows:

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 677,517,001	\$ 462,804,515	\$ 214,712,486
Changes for the year:			
Service cost	14,891,508	-	14,891,508
Interest	47,291,119	-	47,291,119
Changes of benefit terms	-	-	-
Changes of assumptions	(4,046,853)	-	(4,046,853)
Differences between expected and actual experience	(2,556,049)	-	(2,556,049)
Net plan to plan resource movement	-	(345,983)	345,983
Contributions - employer	-	17,626,714	(17,626,714)
Contributions - employees	-	6,262,153	(6,262,153)
Net investment income	-	38,887,824	(38,887,824)
Benefit payments, including refunds of employee contributions	(33,891,226)	(33,891,226)	-
Administrative expense	-	(721,176)	721,176
Other miscellaneous income/(expense) ⁸⁾	-	(1,369,528)	1,369,528
Net changes	21,688,499	26,448,778	(4,760,279)
Balances at 6/30/18	\$ 699,205,500	\$ 489,253,293	\$ 209,952,207

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11: **PENSIONS** (CONTINUED)

C. **Changes in the Net Pension Liability** (continued)

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 350,886,670	\$ 220,433,541	\$ 130,453,129
Changes for the year:			
Service cost	8,809,579	-	8,809,579
Interest	24,988,667	-	24,988,667
Changes of benefit terms	-	-	-
Changes of assumptions	(1,194,377)	-	(1,194,377)
Differences between expected and actual experience	3,624,469	-	3,624,469
Net plan to plan resource movement	-	(547)	547
Contributions - employer	-	11,747,848	(11,747,848)
Contributions - employees	-	2,976,981	(2,976,981)
Net investment income	-	18,533,469	(18,533,469)
Benefit payments, including refunds of employee contributions	(16,459,423)	(16,459,423)	-
Administrative expense	-	(343,496)	343,496
Other miscellaneous income/(expense) ⁸⁾	-	(652,305)	652,305
Net changes	19,768,915	15,802,527	3,966,388
Balances at 6/30/18	\$ 370,655,585	\$ 236,236,068	\$ 134,419,517

⁸⁾ During Fiscal Year 2017-2018, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-2018, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

		<u>Miscellaneous</u>	<u>Safety</u>
		Net Pension Liability	Net Pension Liability
1% Decrease	6.15%	\$ 296,840,608	\$ 186,196,280
Current Discount Rate	7.15%	\$ 209,952,207	\$ 134,419,517
1% Increase	8.15%	\$ 137,358,183	\$ 91,923,709

Pension Plan Fiduciary Net Position

Detailed information about each Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11: **PENSIONS** (CONTINUED)

D. Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the County recognized total pension expense of \$56,803,182, \$37,343,523 for its miscellaneous plan and \$19,459,659 for its safety plan. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		
Miscellaneous	\$ 11,144,484	\$ 2,651,386
Safety	10,859,701	1,732,645
Differences between expected and actual experience		
Miscellaneous	-	1,708,809
Safety	3,510,116	1,568,514
Net difference between projected and actual earnings on plan investments		
Miscellaneous	1,240,431	-
Safety	657,335	-
County contributions subsequent to the measurement date		
Miscellaneous	20,162,469	-
Safety	13,042,504	-
Total	\$ 60,617,040	\$ 7,661,354

\$33,204,973 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to pensions and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amounts
2020	\$ 21,747,970
2021	4,741,496
2022	(5,167,016)
2023	(1,571,737)
Total	\$ 19,750,713

E. CalPERS Discount Rate and Inflation Rate Changes

In December 2016, CalPERS Board of Administration approved lowering the CalPERS discount rate from 7.5 percent to 7.0 percent over the next three fiscal years, beginning in 2017-2018. The change in the discount rate would affect the required contribution beginning in 2018-2019 and result in increases to the normal costs and required unfunded actuarial liabilities (UAL) payment. Further, in December 2017, CalPERS Board of Administration approved lowering the CalPERS inflation rate in two steps and would be 2.625 percent for the June 30, 2017 valuation and 2.50 percent for the June 30, 2018 valuation.

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12: **OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

A. **General Information about the OPEB Plan**

Plan Description. The County of El Dorado (County) Retiree Healthcare Plan (OPEB Plan) is a single-employer defined benefit healthcare plan administered by the County. The benefit terms, and the contribution requirements of the plan members and the County are established and may be amended by the County. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The County’s OPEB Plan provides healthcare insurance benefits to employees who retire from active service due to disability or after the age of 50 and are eligible to commence pension benefits.

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

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

Employees Covered by Benefit Terms. At June 30, 2018, the measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees currently receiving benefits	446
Inactive employees entitled to but not yet receiving benefits	-
Active employees	1,591
Total	2,037

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12: **OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (CONTINUED)

B. Total OPEB Liability

The County's total OPEB liability of \$81,833,826 was measured as of June 30, 2018, and was determined based on an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs

The following actuarial assumptions and other inputs were used to determine the June 30, 2018 (the measurement date) total OPEB liability in the June 30, 2018 actuarial valuation:

Contribution policy	No pre-funding
Discount rate	3.87% at June 30, 2018 (Bond Buyer 20-Bond Index) 3.58% at June 30, 2017 (Bond Buyer 20-Bond Index)
General inflation	2.75% annually
Mortality, retirement, disability, termination	CalPERS 1997-2015 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Salary increases	Aggregate: 3% annually Merit: CalPERS 1997-2015 Experience Study
Medical trend	Non-Medicare: 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Medicare: 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Participation at retirement	Eligible for cash subsidy: 80% Not eligible for cash subsidy: 50%

C. Changes in the Total OPEB Liability

The change in the total OPEB liability for the OPEB Plan follows:

	Total OPEB Liability
Balances at 6/30/17	<u>\$ 99,019,487</u>
Changes for the year:	
Service cost	5,424,074
Interest	3,679,635
Changes of benefit terms	-
Differences between expected and actual experience	(12,167,339)
Changes in assumptions or other inputs	(10,801,060)
Benefit payments	<u>(3,320,971)</u>
Net changes	<u>(17,185,661)</u>
Balances at 6/30/18	<u><u>\$ 81,833,826</u></u>

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12: **OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (CONTINUED)

C. Changes in the Total OPEB Liability (continued)

There are no changes of benefit terms during the measurement period. Changes of assumptions and other inputs reflect the following:

Discount rate	Changed from 3.58% at June 30, 2017 to 3.87% at June 30, 2018
General inflation	Changed from 3% to 2.75% annually
Mortality, retirement, disability, termination	Demographic assumptions were undated to CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality improvement scale was updated to Scale MP-2018
Salary increases	Aggregate: changed from 3.25% to 3% annually Merit: updated to CalPERS 1997-2015 Experience Study
Medical trend	Medical trend was updated
Participation at retirement	Participation at retirement was updated to 80% for those eligible for cash subsidy
Medical plan at retirement	Medical plan at retirement was updated to 50% Blue Shield PPO Standard and 50% Kaiser

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

	Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ 95,524,145	\$ 81,833,826	\$ 70,970,278

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease (Non-Medicare: 6.5% decreasing to 3.0%; Medicare: 5.5% decreasing to 3.0%)	Current Rate (Non-Medicare: 7.5% decreasing to 4.0%; Medicare: 6.5% decreasing to 4.0%)	1% Increase (Non-Medicare: 8.5% decreasing to 5.0%; Medicare: 7.5% decreasing to 5.0%)
Total OPEB Liability	\$ 79,793,810	\$ 81,833,826	\$ 85,012,490

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12: **OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (CONTINUED)

D. OPEB Expense and Deferred Outflows / Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the County recognized OPEB expense of \$4,379,797. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,545,027
Changes of assumptions or other inputs	-	18,665,093
County contributions subsequent to the measurement date	3,012,908	-
Total	\$ 3,012,908	\$ 29,210,120

\$3,012,908 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB, if any, and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amounts
2020	\$ (4,723,912)
2021	(4,723,912)
2022	(4,723,912)
2023	(4,723,912)
2024	(4,723,912)
Thereafter	(5,590,560)
Total	\$ (29,210,120)

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13: 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. During fiscal year 2018-2019, under this program, the Risk Management Fund provided coverage for up to a maximum of \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim. The County purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss, including the workers' compensation insurance coverage effective September 1, 2018. The amount of settlements did not exceed coverage provided by the Risk Management Fund in each of the last three years.

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$18,878,000 reported in the Risk Management Fund at June 30, 2019 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, 2019 and 2018 were as follows:

	2019	2018	
Unpaid claims, beginning of year	\$ 20,212,000	\$ 20,557,000	
Plus estimated claims incurred	27,566,717	32,228,298	
Less claims payments	(28,900,717)	(32,573,298)	
Unpaid claims, end of year	\$ 18,878,000	\$ 20,212,000	

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

NOTE 14: 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.

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14: **COMMITMENTS AND CONTINGENCIES** (CONTINUED)

Encumbrances

The County uses an encumbrances system to control expenditures for the year and to enhance cash management. Under this system, purchase orders and contracts are recorded in order to reserve that portion of applicable appropriations. Encumbrances still open at the end of the year are not accounted for as expenditures and liabilities but rather as part of the fund balances. As of June 30, 2019, General Fund had a total of \$1,896,068 in encumbrances, which were reported as part of the assigned fund balances on the governmental fund balance sheet. Road Fund had a total of \$1,384,121 in encumbrances, which were reported as part of the restricted fund balances. ACO Facility Construction Fund had a total of \$866,427 in encumbrances, which were reported as part of the committed fund balances. Other (nonmajor) governmental funds had a total of \$109,213 in encumbrances, which were reported as part of the restricted fund balances.

Construction Commitments and Other Significant Commitments

At June 30, 2019, the County has ongoing construction commitments that totaled approximately \$31 million and no other significant commitments.

Road Improvement Reimbursement Agreements

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

Further, in the reimbursement agreements, the County has offered the developers credits against their TIM Fee payments in lieu of cash. The amount of credits utilized by the developers offsets the County's TIM fee revenue and also reduces the County's outstanding reimbursement obligations. None of the developers has utilized any of the eligible credits as of June 30, 2019. Similar to the reimbursement obligations, these eligible but unutilized credits are not included on the County's statement of net position.

The County's outstanding reimbursement obligations and the developers' eligible but unutilized credits as of June 30, 2019 are as follows:

	County's Outstanding Reimbursement Obligations	Developers' Eligible but Unutilized Credits
Latrobe Road Connector Study	\$ 82,553	\$ -
Bass Lake Road (SIA)	2,215,291	-
Saratoga Road	11,352,343	6,520,056
Silva Valley Interchange	8,465,848	-
Silver Springs Pkwy	2,016,504	1,063,498
Silver Springs Pkwy to Bass Lake Road	3,988,003	1,799,574
Deer Valley Road	69,889	69,889
US50/Bass Lake Road Signal	15,000	15,000
Total	<u>\$ 28,205,431</u>	<u>\$ 9,468,017</u>

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14: **COMMITMENTS AND CONTINGENCIES** (CONTINUED)

Tax Abatement Agreement

The California Land Conservation Act of 1965 was commonly referred to as the "Williamson Act" (Act). Pursuant to the Act, the County enters into contracts with property owners for the purpose of limiting the use of specific properties to agricultural and compatible uses. To be established as an agricultural preserve, the property needs to meet all criteria, including minimum acreage, minimum capital outlay, and minimum income, set forth by the Act and the County's Board. The initial term of a contract is ten years. On each anniversary date of a contract, a year shall be automatically added to the initial term unless written notice of non-renewal is given. If the property owner or the County in any year serves written notice of non-renewal, the contract shall remain in effect for the balance of the unexpired term. During the term of the contract, the property owner pays substantially reduced property tax through a reduction of the assessed value on the property and in return agrees to limit the use of the property to agricultural and compatible uses. The assessed value of the property under the Act contract is determined by the capitalization of the property income stream. In fiscal year 2018-2019, the County's tax revenues were reduced by \$226,814 as a result of the Williamson Act contracts.

Mitigation Fee Act Litigation – The Austins

In December of 2015 Thomas and Helen Austin of El Dorado Hills filed a lawsuit against the County seeking a writ of Mandate that would force the County to refund fees collected under the Mitigation Fee Act on behalf of the El dorado Hills Community Services District, the El Dorado Hills County Water District, the Ecological Preserve Program, and the County's Traffic Impact Mitigation Fee program. The County and the Austins sought to resolve the matter through mediation without success. The total of fees collected in the various accounts at the time findings were required to be made is approximately \$35 million, approximately \$15 million of which have been collected on behalf of the two aforementioned special districts. It is the County's position, among other asserted arguments, that this lawsuit was not filed on a timely basis. The County filed a demurrer asserting that the lawsuit should be barred by the statute of limitations. That demurrer was overruled by the trial court. The County petitioned the Court of Appeal for an Extraordinary Writ of Mandate seeking to reverse the trial court's decision. The Court of Appeal issued its decision on the Extraordinary Writ on October 30, 2019, and found for the County on some issues and found for the Austins on some issues. The ultimate resolution of this matter is not determinable at this time; regardless, the County's cost of defense will likely be material.

Mitigation Fee Act Litigation – Lunsman

In January 2017, Jerry Lunsman filed a complaint for recovery of impact fees collected seeking a refund of \$35,470 collected from Mr. Lunsman by the County and other agencies. The complaint alleges that the fees were collected and retained illegally because the County failed to make specific findings required by the Mitigation Fee Act. Since the complaint was filed, it was voluntarily amended to conform in substance to that in the Sheetz matter as a Complaint of Declaratory and Injunctive Relief, and to add a Verified Petition for Writ of Mandate. The Petitioner has now filed a Third Amended Complaint. No hearing is presently set in this matter. The ultimate resolution of this matter is not determinable at this time; regardless, the County's cost of defense could be material.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14: **COMMITMENTS AND CONTINGENCIES** (CONTINUED)

Mitigation Fee Act Litigation – Sheetz/Friends of El Dorado

In June 2017, George Sheetz filed a lawsuit against the County seeking a writ of Mandate that would force the County to refund fees collected under the Mitigation Fee Act on behalf of the County. The complaint alleges that the fees were collected and retained illegally because the County failed to make specific findings required by the Mitigation Fee Act. The Complaint further alleges that portions of Measure Y, the General Plan and the TIM Fee program are unlawful. A second demurrer was filed in response and the trial court sustained the demurrer to all causes of action other than the First Cause of Action for return of the Petitioner's fees. The administrative record was lodged with the court and briefing is complete. At the time the County filed its opposition brief; it also filed a motion to augment the record to address an issue that was raised in Petitioner's opening brief. The hearing on the motion to augment the record is scheduled for March 24, 2020. The hearing on the merits of the writ petition is scheduled for July 16, 2020. The ultimate resolution of this matter is not determinable at this time; regardless, the County's cost of defense could be material.

Auto accident on Latrobe Road

In June 2018, a single car auto accident occurred on Latrobe Road and a minor sustained fatal injuries in the accident. The County has been sued alleging that substandard road conditions caused the accident. The ultimate resolution of this matter is not determinable at this time; regardless the County's cost of defense could be material.

Medicaid Administrative Activities (MAA) / Targeted Case Management (TCM) Program Audit

The State Department of Health Care Services (DHCS) issued a preliminarily settlement letter for the County's 2015-2016 MAA/TCM cost report in 2017-2018. The letter stated that the County was overpaid by \$181,736, to which the payment was made subsequently through revenue offsets of the State's payments to the County. The County received the final reconciliation of the 2015-2016 MAA/TCM cost report in 2018-2019 identifying a final payment due to the State of \$2,373. The total overpayment of \$184,109 has been paid to and finalized with the State. Further, the County also received a notice from the DHCS, for the 2014-2015 TCM program site visit performed by the DHCS, requesting a payback from the County of invoices totaling \$36,716. Subsequent to that notice, additional denied encounters were identified; therefore, an additional \$3,415 payback was due to the State. The total overpayment of \$40,131 has been paid to and finalized with the State. No liability or allowance has been recognized in the financial statements for any potential future revenue offsets; however, an audit reserve has been established since 2016-2017 to mitigate the impact of this type of future audits to the General Fund.

COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15: FUND BALANCES / NET POSITION

A. Fund Balances

Fund balances for all the major and nonmajor governmental funds as of June 30, 2019, were presented as follows:

	General	Road Fund	Public Safety Facility Loan Fund	ACO Facility Construction Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Advances	\$ 430,000	\$ -	\$ -	\$ -	\$ -	\$ 430,000
Inventory	-	491,786	-	-	94,516	586,302
Prepaid expenses	1,409,245	38,058	-	68	440,626	1,887,997
Permanent fund principal	-	-	-	-	3,384,939	3,384,939
Subtotal	<u>1,839,245</u>	<u>529,844</u>	<u>-</u>	<u>68</u>	<u>3,920,081</u>	<u>6,289,238</u>
Restricted for:						
Capital projects	-	-	-	-	34,809,265	34,809,265
Public protection	-	-	-	-	33,631,245	33,631,245
Public ways and facilities	-	2,857,294	-	-	22,489,938	25,347,232
Health and sanitation	-	-	-	-	38,430,324	38,430,324
Public assistance	-	-	-	-	14,039,501	14,039,501
General government	-	-	-	-	5,702,071	5,702,071
Education	-	-	-	-	1,329,284	1,329,284
Recreation & cultural services	-	-	-	-	142,152	142,152
Subtotal	<u>-</u>	<u>2,857,294</u>	<u>-</u>	<u>-</u>	<u>150,573,780</u>	<u>153,431,074</u>
Committed to:						
Capital projects	11,651,282	-	-	3,275,915	4,643,055	19,570,252
Debt service	7,465,346	-	-	-	-	7,465,346
Public protection	-	-	-	-	338,615	338,615
Public ways and facilities	-	-	-	-	12,436,917	12,436,917
Public assistance	-	-	-	-	44,090	44,090
General government	1,601,042	-	-	-	-	1,601,042
Subtotal	<u>20,717,670</u>	<u>-</u>	<u>-</u>	<u>3,275,915</u>	<u>17,462,677</u>	<u>41,456,262</u>
Assigned to:						
Debt service	-	-	-	-	1,883,686	1,883,686
Public protection	-	-	-	-	1,059,204	1,059,204
Public ways and facilities	-	-	-	-	456	456
Health and sanitation	-	-	-	-	12,913,387	12,913,387
Public assistance	-	-	-	-	2,900,787	2,900,787
General government	1,896,068	-	-	-	203,241	2,099,309
Education	-	-	-	-	42,994	42,994
Recreation and cultural services	-	-	-	-	409,815	409,815
Subtotal	<u>1,896,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,413,570</u>	<u>21,309,638</u>
Unassigned	<u>37,492,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(457,080)</u>	<u>37,035,289</u>
Total	<u>\$ 61,945,352</u>	<u>\$ 3,387,138</u>	<u>\$ -</u>	<u>\$ 3,275,983</u>	<u>\$ 190,913,028</u>	<u>\$ 259,521,501</u>

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 15: **FUND BALANCES / NET POSITION** (CONTINUED)

B. Prior Period Adjustments

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

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

	Primary Government Governmental Activities
	Internal Service Funds
Net Position, June 30, 2018, as previously reported	\$ (75,792,443)
Restatements:	
Remove the following items from Internal Service Funds:	
Deferred OPEB outflows	(3,320,971)
Total OPEB liability	99,019,487
Deferred OPEB inflows	10,965,633
Total restatements	106,664,149
Net Position, June 30, 2018, as restated	\$ 30,871,706

C. Deficit Fund Balances / Net Position

The following funds had deficit fund balances or net position as of June 30, 2019:

Nonmajor Governmental Funds:	
Erosion Control	\$ 67,941
BSCC – Recidivism Reduction Grant	58,750
Time & Material Developer Deposit	3,011
Commercial Grading	17,730
Zone Administration	71,658

The deficits in the nonmajor governmental funds are expected to be eliminated in future years through future revenues and/or transfers from other funds.

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 16: CONDENSED SEGMENT INFORMATION ON COMPONENT UNITS

The County has three Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2019, is as follows:

**Component Units Statement of Net Position
June 30, 2019**

	Children and Families Commission	El Dorado County Transit Authority	El Dorado County Transportation Commission	Total
<u>ASSETS</u>				
Current and other assets	\$ 2,714,014	\$ 7,764,509	\$ 2,056,524	\$ 12,535,047
Capital assets	32,323	13,340,293	15,506	13,388,122
Restricted cash	-	302,384	3,047,197	3,349,581
Other long-term assets	-	-	29,863	29,863
Total Assets	2,746,337	21,407,186	5,149,090	29,302,613
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred pension outflows	-	1,023,001	176,613	1,199,614
Deferred OPEB outflows	-	82,763	3,949	86,712
Total Deferred Outflows of Resources	-	1,105,764	180,562	1,286,326
<u>LIABILITIES</u>				
Current liabilities	665,005	4,264,648	2,232,165	7,161,818
Long-term liabilities	-	4,144,234	469,233	4,613,467
Total Liabilities	665,005	8,408,882	2,701,398	11,775,285
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred pension inflows	-	272,141	18,166	290,307
Deferred OPEB inflows	-	44,181	5,089	49,270
Total Deferred Inflows of Resources	-	316,322	23,255	339,577
<u>NET POSITION</u>				
Net investment in capital assets	32,323	12,364,553	15,506	12,412,382
Restricted	2,049,009	153,313	2,635,159	4,837,481
Unrestricted	-	1,269,880	(45,666)	1,224,214
Total Net Position	\$ 2,081,332	\$ 13,787,746	\$ 2,604,999	\$ 18,474,077

**COUNTY OF EL DORADO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 16: **CONDENSED SEGMENT INFORMATION ON COMPONENT UNITS** (CONTINUED)

**Component Units Statement of Activities
For the Year Ended June 30, 2019**

	Children and Families Commission	El Dorado County Transit Authority	El Dorado County Transportation Commission	Total
Revenues:				
Program Revenues:				
Charges for current services	\$ -	\$ 1,494,423	\$ -	\$ 1,494,423
Operating grants and contributions	2,335,197	6,454,900	1,960,853	10,750,950
Capital grants and contributions	-	1,082,666	-	1,082,666
General Revenues:				
Taxes	-	-	7,167,165	7,167,165
Interest and investment earnings	39,715	44,720	53,468	137,903
Other revenues (expenses)	280	77,632	1,951	79,863
Total Revenues	<u>2,375,192</u>	<u>9,154,341</u>	<u>9,183,437</u>	<u>20,712,970</u>
Expenses:				
Health and sanitation	2,481,197	-	-	2,481,197
Public ways and facilities	-	9,467,219	8,981,373	18,448,592
Total Expenses	<u>2,481,197</u>	<u>9,467,219</u>	<u>8,981,373</u>	<u>20,929,789</u>
Change in net position	(106,005)	(312,878)	202,064	(216,819)
Net Position - Beginning of Year	<u>2,187,337</u>	<u>14,100,624</u>	<u>2,402,935</u>	<u>18,690,896</u>
Net Position - End of Year	<u>\$ 2,081,332</u>	<u>\$ 13,787,746</u>	<u>\$ 2,604,999</u>	<u>\$ 18,474,077</u>

NOTE 17: **SUBSEQUENT EVENTS**

COVID-19

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County of El Dorado, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the County of El Dorado is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

During the period from January 1, 2020 through March 27, 2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended June 30, 2019 as these events occurred subsequent to year end and are still developing.

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**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - MISCELLANEOUS PLAN

Last 10 Fiscal Years

Measurement period	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
TOTAL PENSION LIABILITY					
Service cost	\$ 14,891,508	\$ 14,801,381	\$ 12,811,520	\$ 12,078,733	\$ 11,725,418
Interest	47,291,119	45,739,429	44,067,819	41,382,955	39,506,575
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	(4,046,853)	35,910,002	-	(9,496,499)	-
Differences between expected and actual experience	(2,556,049)	(110,058)	9,494,835	(1,425,729)	-
Benefit payments, including refunds of employee contributions	(33,891,226)	(30,670,813)	(29,352,908)	(27,100,337)	(25,473,913)
Net change in total pension liability	21,688,499	65,669,941	37,021,266	15,439,123	25,758,080
Total pension liability - beginning	677,517,001	611,847,060	574,825,794	559,386,671	533,628,591
Total pension liability - ending (a)	\$ 699,205,500	\$ 677,517,001	\$ 611,847,060	\$ 574,825,794	\$ 559,386,671
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 17,626,714	\$ 16,577,036	\$ 15,708,862	\$ 13,708,979	\$ 11,938,552
Contributions - employee	6,262,153	6,205,211	6,021,392	6,127,135	5,440,632
Net investment income	38,887,824	47,314,474	2,206,776	9,597,580	64,244,763
Benefit payments, including refunds of employee contributions	(33,891,226)	(30,670,813)	(29,352,908)	(27,100,337)	(25,473,913)
Net plan to plan resource movement	(345,983)	(640,517)	-	-	-
Administrative expense	(721,176)	(626,961)	(262,260)	(484,087)	-
* Other miscellaneous income	(1,369,528)	-	-	-	-
Net change in plan fiduciary net position	26,448,778	38,158,430	(5,678,138)	1,849,270	56,150,034
** Plan fiduciary net position - beginning	462,804,515	424,646,085	430,324,223	428,474,953	372,324,919
Plan fiduciary net position - ending (b)	\$ 489,253,293	\$ 462,804,515	\$ 424,646,085	\$ 430,324,223	\$ 428,474,953
Plan net pension liability (asset) - ending (a) - (b)	\$ 209,952,207	\$ 214,712,486	\$ 187,200,975	\$ 144,501,571	\$ 130,911,718
Plan fiduciary net position as a percentage of the total pension liability	69.97%	68.31%	69.40%	74.86%	76.60%
Covered payroll	\$ 89,965,916	\$ 88,269,627	\$ 86,583,597	\$ 82,336,210	\$ 76,231,096
Plan net pension liability as a percentage of covered payroll	233.37%	243.25%	216.21%	175.50%	171.73%

* During Fiscal Year 2017-2018, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-2018, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

** Includes any beginning of year adjustment.

Notes to Schedule For the Year Ended June 30, 2019:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

GASB Statement No. 68 was first implemented during the year ended June 30, 2015.

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

SCHEDULE OF PLAN CONTRIBUTIONS - MISCELLANEOUS PLAN

Last 10 Fiscal Years	(restated)					
Fiscal year	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Actuarially determined contribution	\$ 20,162,469	\$ 17,626,714	\$ 16,577,036	\$ 15,708,862	\$ 13,708,979	\$ 11,938,552
Contributions in relation to the actuarially determined contribution	(20,162,469)	(17,626,714)	(16,577,036)	(15,708,862)	(13,708,979)	(11,938,552)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 90,920,794	\$ 89,965,916	\$ 88,269,627	\$ 86,583,597	\$ 82,336,210	\$ 76,231,096
Contributions as a percentage of covered payroll	22.176%	19.593%	18.780%	18.143%	16.650%	15.661%

Notes to Schedule For the Year Ended June 30, 2019:

Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375%, net of pension plan investment and administrative expenses; including inflation
Retirement age	The probabilities of retirement are based on the CalPERS experience study.
Mortality	The probabilities of retirement are based on the CalPERS experience study. Post-retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

GASB Statement No. 68 was first implemented during the year ended June 30, 2015.

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - SAFETY PLAN

Last 10 Fiscal Years

Measurement period	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
TOTAL PENSION LIABILITY					
Service cost	\$ 8,809,579	\$ 8,491,956	\$ 7,236,448	\$ 7,200,973	\$ 7,156,945
Interest	24,988,667	23,650,313	22,782,825	21,518,049	20,468,275
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	(1,194,377)	20,302,919	-	(5,396,169)	-
Differences between expected and actual experience	3,624,469	(2,828,359)	2,171,978	(373,791)	-
Benefit payments, including refunds of employee contributions	(16,459,423)	(15,566,486)	(14,758,855)	(13,992,567)	(13,019,302)
Net change in total pension liability	19,768,915	34,050,343	17,432,396	8,956,495	14,605,918
Total pension liability - beginning	350,886,670	316,836,327	299,403,931	290,447,436	275,841,518
Total pension liability - ending (a)	\$ 370,655,585	\$ 350,886,670	\$ 316,836,327	\$ 299,403,931	\$ 290,447,436
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 11,747,848	\$ 11,063,176	\$ 9,978,939	\$ 9,161,922	\$ 8,185,724
Contributions - employee	2,976,981	3,157,738	2,976,868	2,655,620	2,581,344
Net investment income	18,533,469	22,262,639	986,537	4,431,631	29,611,782
Benefit payments, including refunds of employee contributions	(16,459,423)	(15,566,486)	(14,758,855)	(13,992,567)	(13,019,302)
Net plan to plan resource movement	(547)	-	(23,001)	23,897	-
Administrative expense	(343,496)	(295,008)	(122,361)	(225,994)	-
* Other miscellaneous income	(652,305)	-	-	-	-
Net change in plan fiduciary net position	15,802,527	20,622,059	(961,873)	2,054,509	27,359,548
** Plan fiduciary net position - beginning	220,433,541	199,811,482	200,773,355	198,718,846	171,359,298
Plan fiduciary net position - ending (b)	\$ 236,236,068	\$ 220,433,541	\$ 199,811,482	\$ 200,773,355	\$ 198,718,846
Plan net pension liability (asset) - ending (a) - (b)	\$ 134,419,517	\$ 130,453,129	\$ 117,024,845	\$ 98,630,576	\$ 91,728,590
Plan fiduciary net position as a percentage of the total pension liability	63.73%	62.82%	63.06%	67.06%	68.42%
Covered payroll	\$ 31,072,925	\$ 30,429,287	\$ 29,868,120	\$ 28,517,826	\$ 27,344,994
Plan net pension liability as a percentage of covered payroll	432.59%	428.71%	391.81%	345.86%	335.45%

* During Fiscal Year 2017-2018, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-2018, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

** Includes any beginning of year adjustment.

Notes to Schedule For the Year Ended June 30, 2019:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

GASB Statement No. 68 was first implemented during the year ended June 30, 2015.

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

SCHEDULE OF PLAN CONTRIBUTIONS - SAFETY PLAN

Fiscal year	(restated)					
	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Actuarially determined contribution	\$ 13,042,504	\$ 11,747,848	\$ 11,063,176	\$ 9,978,939	\$ 9,161,922	\$ 8,185,724
Contributions in relation to the actuarially determined contribution	(13,042,504)	(11,747,848)	(11,063,176)	(9,978,939)	(9,161,922)	(8,185,724)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 31,621,802	\$ 31,072,925	\$ 30,429,287	\$ 29,868,120	\$ 28,517,826	\$ 27,344,994
Contributions as a percentage of covered payroll	41.245%	37.807%	36.357%	33.410%	32.127%	29.935%

Notes to Schedule For the Year Ended June 30, 2019:

Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375%, net of pension plan investment and administrative expenses; including inflation
Retirement age	The probabilities of retirement are based on the CalPERS experience study.
Mortality	The probabilities of retirement are based on the CalPERS experience study. Post-retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

GASB Statement No. 68 was first implemented during the year ended June 30, 2015.

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

Measurement period	2017-2018	2016-2017
TOTAL OPEB LIABILITY		
Service cost	\$ 5,424,074	\$ 6,569,576
Interest	3,679,635	3,131,916
Changes of benefit terms	-	-
Differences between expected and actual experience	(12,167,339)	-
Changes in assumptions or other inputs	(10,801,060)	(12,627,092)
Benefit payments	<u>(3,320,971)</u>	<u>(2,754,246)</u>
Net change in total OPEB liability	(17,185,661)	(5,679,846)
Total OPEB liability - beginning	99,019,487	104,699,333
Total OPEB liability - ending (a)	<u>\$ 81,833,826</u>	<u>\$ 99,019,487</u>
Covered-employee payroll	\$ 127,514,272	\$ 177,352,019
Total OPEB liability as a percentage of covered-employee payroll	64.176%	55.832%

Notes to Schedule For the Year Ended June 30, 2019:

There were no changes of benefit terms.

Changes of assumptions and other inputs: Changes of assumptions include the reflection of the effects of changes in the discount rate each period. The following are the discount rates used in each measurement period:

2017-2018	3.87%
2016-2017	3.58%
2015-2016	2.85%

Further, the following reflects other changes of assumptions and other inputs in June 30, 2018

measurement date valuation:

General inflation	Changed from 3% to 2.75% annually
Mortality, retirement, disability, termination	Demographic assumptions were undated to CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality improvement scale was updated to Scale MP-2018
Salary increases	Aggregate: changed from 3.25% to 3% annually Merit: updated to CalPERS 1997-2015 Experience Study
Medical trend	Medical trend was updated
Participation at retirement	Participation at retirement was updated to 80% for those eligible for cash subsidy
Medical plan at retirement	Medical plan at retirement was updated to 50% Blue Shield PPO Standard and 50% Kaiser

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

GASB Statement No. 75 was first implemented during the year ended June 30, 2018.

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balances, July 1	\$ 20,129,559	\$ 21,363,429	\$ 21,363,429	\$ -
Resources (inflows):				
Taxes and assessments	112,638,208	112,781,401	115,325,898	2,544,497
Licenses, permits and franchises	11,069,769	11,069,769	10,450,328	(619,441)
Fines, forfeitures and penalties	781,691	781,691	2,127,437	1,345,746
Revenue from use of money and property	422,250	422,250	1,615,056	1,192,806
Intergovernmental revenues-State	34,567,307	36,090,381	30,791,607	(5,298,774)
Intergovernmental revenues-Federal	31,128,791	31,930,372	28,342,716	(3,587,656)
Revenue other governmental agencies	8,786,714	8,786,714	8,715,592	(71,122)
Charges for services	21,693,834	21,739,834	19,843,655	(1,896,179)
Miscellaneous revenues	2,325,655	2,616,265	2,283,017	(333,248)
Other financing sources	43,177,694	45,783,260	37,488,361	(8,294,899)
	<u>266,591,913</u>	<u>272,001,937</u>	<u>256,983,667</u>	<u>(15,018,270)</u>
Amounts available for appropriations	<u>286,721,472</u>	<u>293,365,366</u>	<u>278,347,096</u>	<u>(15,018,270)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and employee benefits	1,408,938	1,401,438	1,380,403	21,035
Services and supplies	107,688	107,688	96,249	11,439
Intrafund transfers	7,187	14,687	13,188	1,499
	<u>1,523,813</u>	<u>1,523,813</u>	<u>1,489,840</u>	<u>33,973</u>
County Administrative Office				
Salaries and employee benefits	1,590,246	1,590,246	1,690,962	(100,716)
Services and supplies	180,643	210,643	183,825	26,818
Intrafund transfers	19,416	19,416	19,425	(9)
	<u>1,790,305</u>	<u>1,820,305</u>	<u>1,894,212</u>	<u>(73,907)</u>
Annual Audit				
Services and supplies	65,000	65,000	44,033	20,967
	<u>65,000</u>	<u>65,000</u>	<u>44,033</u>	<u>20,967</u>
Auditor-Controller				
Salaries and employee benefits	3,866,683	3,903,841	3,750,813	153,028
Services and supplies	108,635	114,010	105,885	8,125
Intrafund transfers	10,325	12,792	11,787	1,005
Intrafund abatement	(41,150)	(41,150)	(55,533)	14,383
	<u>3,944,493</u>	<u>3,989,493</u>	<u>3,812,952</u>	<u>176,541</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Treasurer/Tax Collector				
Salaries and employee benefits	2,438,654	2,403,654	2,299,298	104,356
Services and supplies	526,202	528,202	426,505	101,697
Fixed assets	40,000	40,000	36,077	3,923
Other financing uses	3,600	3,600	2,874	726
Intrafund transfers	44,123	224,123	174,984	49,139
Intrafund abatement	(11,700)	(11,700)	(16,717)	5,017
	<u>3,040,879</u>	<u>3,187,879</u>	<u>2,923,021</u>	<u>264,858</u>
Assessor				
Salaries and employee benefits	4,011,853	4,051,453	3,874,473	176,980
Services and supplies	135,463	135,463	120,364	15,099
Other charges	-	1,000	464	536
Intrafund transfers	11,833	13,233	13,213	20
	<u>4,159,149</u>	<u>4,201,149</u>	<u>4,008,514</u>	<u>192,635</u>
Purchasing				
Salaries and employee benefits	672,884	672,884	576,061	96,823
Services and supplies	178,951	178,951	14,803	164,148
Services and supplies abatements	(150,000)	(150,000)	-	(150,000)
Intrafund transfers	455	455	2,348	(1,893)
Intrafund abatement	(41,204)	(41,204)	-	(41,204)
	<u>661,086</u>	<u>661,086</u>	<u>593,212</u>	<u>67,874</u>
Revenue Recovery				
Salaries and employee benefits	38,247	38,247	36,673	1,574
Services and supplies	10,860	10,860	5,507	5,353
Intrafund abatement	(300)	(300)	(6,334)	6,034
	<u>48,807</u>	<u>48,807</u>	<u>35,846</u>	<u>12,961</u>
County Counsel				
Salaries and employee benefits	2,997,783	2,997,783	2,958,079	39,704
Services and supplies	415,744	414,744	369,374	45,370
Intrafund transfers	5,638	6,638	5,820	818
Intrafund abatement	-	-	(40,705)	40,705
	<u>3,419,165</u>	<u>3,419,165</u>	<u>3,292,568</u>	<u>126,597</u>
Personnel				
Salaries and employee benefits	1,646,343	1,792,589	1,414,919	377,670
Services and supplies	291,240	491,740	317,663	174,077
Intrafund transfers	4,617	9,617	5,306	4,311
	<u>1,942,200</u>	<u>2,293,946</u>	<u>1,737,888</u>	<u>556,058</u>
Elections				
Salaries and employee benefits	875,520	938,045	894,043	44,002
Services and supplies	1,238,234	1,826,310	820,867	1,005,443
Fixed assets	10,747	1,529	-	1,529
Intrafund transfers	4,482	4,482	3,917	565
	<u>2,128,983</u>	<u>2,770,366</u>	<u>1,718,827</u>	<u>1,051,539</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Courier and Messenger				
Salaries and employee benefits	169,013	169,013	160,387	8,626
Services and supplies	284,979	284,979	201,912	83,067
Services and supplies abatements	(265,000)	(265,000)	(176,522)	(88,478)
Intrafund abatement	(159,093)	(159,093)	(159,080)	(13)
	<u>29,899</u>	<u>29,899</u>	<u>26,697</u>	<u>3,202</u>
Building and Grounds				
Salaries and employee benefits	3,841,677	3,865,677	3,728,139	137,538
Services and supplies	2,565,878	2,578,823	2,481,743	97,080
Other charges	15,000	15,000	20,467	(5,467)
Fixed assets	20,000	20,000	17,053	2,947
Intrafund transfers	500	500	868	(368)
Intrafund abatement	(273,450)	(286,395)	(261,799)	(24,596)
	<u>6,169,605</u>	<u>6,193,605</u>	<u>5,986,471</u>	<u>207,134</u>
County Promotion				
Salaries and employee benefits	202,734	326,141	182,745	143,396
Services and supplies	1,522,068	1,471,910	922,016	549,894
Other charges	25,207	121,207	95,582	25,625
Intrafund transfers	5,300	6,300	40,886	(34,586)
	<u>1,755,309</u>	<u>1,925,558</u>	<u>1,241,229</u>	<u>684,329</u>
Information Services & Support				
Salaries and employee benefits	5,627,684	5,646,684	5,479,970	166,714
Services and supplies	5,000,756	4,865,356	4,073,974	791,382
Other charges	-	1,000	80	920
Fixed assets	113,500	248,900	154,445	94,455
Intrafund transfers	12,956	12,956	8,910	4,046
Intrafund abatement	(207,710)	(407,710)	(350,385)	(57,325)
	<u>10,547,186</u>	<u>10,367,186</u>	<u>9,366,994</u>	<u>1,000,192</u>
Surveyor				
Salaries and employee benefits	1,695,491	1,678,491	1,540,572	137,919
Services and supplies	81,030	81,030	62,178	18,852
Other charges	-	2,000	1,092	908
Intrafund transfers	2,531	17,531	11,752	5,779
Intrafund abatement	(165,000)	(165,000)	(144,107)	(20,893)
	<u>1,614,052</u>	<u>1,614,052</u>	<u>1,471,487</u>	<u>142,565</u>
Central Service Fiscal				
Salaries and employee benefits	1,288,078	1,288,078	1,311,140	(23,062)
Services and supplies	101,626	101,626	102,457	(831)
Intrafund transfers	500	500	-	500
Intrafund abatement	(4,000)	(4,000)	(54,115)	50,115
	<u>1,386,204</u>	<u>1,386,204</u>	<u>1,359,482</u>	<u>26,722</u>
Engineer				
Services and supplies	676,385	676,385	294,030	382,355
Other charges	1,472,508	1,457,508	1,340,811	116,697
Intrafund transfers	38,374	53,374	51,645	1,729
	<u>2,187,267</u>	<u>2,187,267</u>	<u>1,686,486</u>	<u>500,781</u>
Contributions to Other Funds				
Other financing uses	720,702	720,702	720,702	-
	<u>720,702</u>	<u>720,702</u>	<u>720,702</u>	<u>-</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Contributions to Other Agencies				
Other charges	142,000	144,000	197,424	(53,424)
	<u>142,000</u>	<u>144,000</u>	<u>197,424</u>	<u>(53,424)</u>
Other General				
Salaries and employee benefits	10,888,737	10,776,557	9,847,097	929,460
Services and supplies	2,728,578	2,687,578	2,375,419	312,159
Services and supplies abatements	(710,000)	(710,000)	(631,720)	(78,280)
Fixed assets	-	50,000	27,897	22,103
Intrafund transfers	1,226,879	1,311,879	1,239,435	72,444
Intrafund abatement	(12,472,136)	(12,472,136)	(12,101,924)	(370,212)
	<u>1,662,058</u>	<u>1,643,878</u>	<u>756,204</u>	<u>887,674</u>
Other General - SR Fund				
Services and supplies	951,194	656,760	235,618	421,142
Other charges	2,897,992	3,014,492	2,959,032	55,460
Other financing uses	15,773,373	17,386,739	10,204,833	7,181,906
	<u>19,622,559</u>	<u>21,057,991</u>	<u>13,399,483</u>	<u>7,658,508</u>
General Government	<u>68,560,721</u>	<u>71,251,351</u>	<u>57,763,572</u>	<u>13,487,779</u>
<u>Public Protection</u>				
Superior Court				
Services and supplies	1,220,794	1,270,794	1,260,863	9,931
Other charges	1,069,000	1,069,000	1,066,245	2,755
	<u>2,289,794</u>	<u>2,339,794</u>	<u>2,327,108</u>	<u>12,686</u>
Grand Jury				
Services and supplies	80,612	79,652	48,809	30,843
Intrafund transfers	2,272	3,232	3,226	6
	<u>82,884</u>	<u>82,884</u>	<u>52,035</u>	<u>30,849</u>
District Attorney				
Salaries and employee benefits	9,270,629	9,825,870	9,563,372	262,498
Services and supplies	1,068,257	1,385,872	1,331,736	54,136
Other charges	2,420	9,920	7,616	2,304
Fixed assets	150,000	449,500	230,284	219,216
Other financing uses	-	50,282	32,264	18,018
Intrafund transfers	53,510	78,455	34,485	43,970
Intrafund abatement	(373,761)	(373,761)	(338,476)	(35,285)
	<u>10,171,055</u>	<u>11,426,138</u>	<u>10,861,281</u>	<u>564,857</u>
Child Support Services				
Salaries and employee benefits	4,122,913	3,991,397	3,829,308	162,089
Services and supplies	630,209	800,209	544,154	256,055
Intrafund transfers	290,447	310,447	295,132	15,315
	<u>5,043,569</u>	<u>5,102,053</u>	<u>4,668,594</u>	<u>433,459</u>
Public Defender				
Salaries and employee benefits	3,284,541	3,260,741	2,881,827	378,914
Services and supplies	382,438	382,438	348,445	33,993
Fixed assets	-	84,500	17,250	67,250
Other financing uses	-	23,800	16,190	7,610
Intrafund transfers	29,273	29,273	23,577	5,696
	<u>3,696,252</u>	<u>3,780,752</u>	<u>3,287,289</u>	<u>493,463</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Sheriff - Bailiff				
Salaries and employee benefits	2,865,712	2,865,712	2,952,780	(87,068)
Services and supplies	46,351	46,351	35,551	10,800
Other charges	300	300	-	300
	<u>2,912,363</u>	<u>2,912,363</u>	<u>2,988,331</u>	<u>(75,968)</u>
Sheriff				
Salaries and employee benefits	37,619,435	37,957,544	36,198,288	1,759,256
Services and supplies	6,541,789	6,939,369	5,243,112	1,696,257
Other charges	137,838	164,965	28,962	136,003
Fixed assets	1,641,004	1,756,004	454,316	1,301,688
Other financing uses	1,460,000	1,460,000	83,215	1,376,785
Intrafund transfers	31,689	31,689	36,628	(4,939)
Intrafund abatement	(74,904)	(74,904)	(14,591)	(60,313)
	<u>47,356,851</u>	<u>48,234,667</u>	<u>42,029,930</u>	<u>6,204,737</u>
Central Dispatch				
Salaries and employee benefits	435,355	435,355	441,614	(6,259)
Services and supplies	163,898	163,898	142,573	21,325
Fixed assets	50,000	310,000	243,592	66,408
Intrafund abatement	(3,500)	(3,500)	(2,343)	(1,157)
	<u>645,753</u>	<u>905,753</u>	<u>825,436</u>	<u>80,317</u>
Jail				
Salaries and employee benefits	14,074,077	14,074,077	13,283,384	790,693
Services and supplies	2,561,811	2,540,397	2,046,187	494,210
Other charges	5,500	5,500	909	4,591
Fixed assets	60,000	60,000	57,346	2,654
Other financing uses	7,928,752	7,928,752	-	7,928,752
Intrafund transfers	80,000	155,000	111,468	43,532
	<u>24,710,140</u>	<u>24,763,726</u>	<u>15,499,294</u>	<u>9,264,432</u>
Juvenile Hall				
Salaries and employee benefits	6,143,372	6,143,372	5,610,377	532,995
Services and supplies	884,494	864,568	727,475	137,093
Fixed assets	20,334	39,260	14,794	24,466
Intrafund transfers	27,963	28,963	16,889	12,074
	<u>7,076,163</u>	<u>7,076,163</u>	<u>6,369,535</u>	<u>706,628</u>
Probation				
Salaries and employee benefits	9,285,200	9,285,200	9,704,430	(419,230)
Services and supplies	2,399,025	2,589,156	1,804,634	784,522
Other charges	79,625	88,125	87,087	1,038
Other financing uses	-	11,354	11,354	-
Intrafund transfers	20,988	21,003	33,075	(12,072)
	<u>11,784,838</u>	<u>11,994,838</u>	<u>11,640,580</u>	<u>354,258</u>
Agricultural Commissioner				
Salaries and employee benefits	1,185,951	1,185,951	1,146,563	39,388
Services and supplies	203,992	225,498	193,217	32,281
Other charges	3,000	3,000	948	2,052
Fixed assets	-	129,268	94,191	35,077
Other financing uses	-	15,000	13,558	1,442
Intrafund transfers	3,548	3,548	3,153	395
	<u>1,396,491</u>	<u>1,562,265</u>	<u>1,451,630</u>	<u>110,635</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Building Inspector				
Salaries and employee benefits	5,234,551	5,427,656	5,127,362	300,294
Services and supplies	734,483	759,483	503,936	255,547
Other charges	-	-	3,305	(3,305)
Fixed assets	35,000	35,000	-	35,000
Other financing uses	70,000	70,000	59,194	10,806
Intrafund transfers	2,856,554	2,856,554	2,819,314	37,240
Intrafund abatement	(1,569,776)	(1,569,776)	(1,523,908)	(45,868)
	<u>7,360,812</u>	<u>7,578,917</u>	<u>6,989,203</u>	<u>589,714</u>
Coroner				
Salaries and employee benefits	1,172,746	1,172,746	1,134,638	38,108
Services and supplies	577,149	583,649	438,712	144,937
	<u>1,749,895</u>	<u>1,756,395</u>	<u>1,573,350</u>	<u>183,045</u>
Emergency Services				
Salaries and employee benefits	913,902	913,902	987,671	(73,769)
Services and supplies	159,369	159,369	155,675	3,694
Other charges	1,000	1,000	616	384
Fixed assets	1,200,000	1,200,000	54,702	1,145,298
	<u>2,274,271</u>	<u>2,274,271</u>	<u>1,198,664</u>	<u>1,075,607</u>
Recorder - Clerk				
Salaries and employee benefits	1,473,432	1,470,407	1,283,505	186,902
Services and supplies	418,227	418,227	171,543	246,684
Intrafund transfers	9,524	12,549	12,407	142
	<u>1,901,183</u>	<u>1,901,183</u>	<u>1,467,455</u>	<u>433,728</u>
Planning and Zoning				
Salaries and employee benefits	2,610,629	2,681,062	2,315,191	365,871
Services and supplies	2,416,296	3,614,676	761,330	2,853,346
Other charges	260,695	260,695	273,165	(12,470)
Other financing uses	35,000	35,000	23,809	11,191
Intrafund transfers	888,228	888,228	812,213	76,015
Intrafund abatement	(35,874)	(35,874)	(41,873)	5,999
	<u>6,174,974</u>	<u>7,443,787</u>	<u>4,143,835</u>	<u>3,299,952</u>
Animal Control				
Salaries and employee benefits	1,877,478	1,877,478	1,597,263	280,215
Services and supplies	593,881	593,881	431,935	161,946
Other charges	109,770	109,770	106,426	3,344
Fixed assets	35,000	35,000	-	35,000
Intrafund transfers	1,173,616	1,173,616	1,124,534	49,082
	<u>3,789,745</u>	<u>3,789,745</u>	<u>3,260,158</u>	<u>529,587</u>
Public Guardian				
Salaries and employee benefits	1,377,651	1,352,651	1,202,031	150,620
Services and supplies	121,268	183,268	153,655	29,613
Other charges	50,000	50,000	1,135	48,865
Intrafund transfers	474,745	474,745	447,483	27,262
	<u>2,023,664</u>	<u>2,060,664</u>	<u>1,804,304</u>	<u>256,360</u>
Cemeteries				
Salaries and employee benefits	65,118	61,118	47,263	13,855
Services and supplies	123,747	123,747	31,479	92,268
Other charges	4,240	4,240	-	4,240
Intrafund transfers	21,372	21,372	36,128	(14,756)
	<u>214,477</u>	<u>210,477</u>	<u>114,870</u>	<u>95,607</u>
Public Protection				
	<u>142,655,174</u>	<u>147,196,835</u>	<u>122,552,882</u>	<u>24,643,953</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Health and Sanitation</u>				
Environmental Management				
Salaries and employee benefits	2,083,557	2,096,057	1,919,709	176,348
Services and supplies	210,980	213,480	140,285	73,195
Other charges	224,888	224,888	1,515	223,373
Intrafund transfers	351,950	351,950	276,151	75,799
Intrafund abatement	(39,172)	(39,172)	-	(39,172)
	<u>2,832,203</u>	<u>2,847,203</u>	<u>2,337,660</u>	<u>509,543</u>
Health and Sanitation	<u>2,832,203</u>	<u>2,847,203</u>	<u>2,337,660</u>	<u>509,543</u>
<u>Public Assistance</u>				
Welfare Administration				
Salaries and employee benefits	21,765,766	22,065,766	21,411,124	654,642
Services and supplies	2,110,432	2,010,432	1,801,075	209,357
Other charges	2,787,088	2,867,088	2,817,136	49,952
Intrafund transfers	7,437,481	7,537,481	7,271,580	265,901
	<u>34,100,767</u>	<u>34,480,767</u>	<u>33,300,915</u>	<u>1,179,852</u>
Social Services Programs				
Salaries and employee benefits	96,767	96,767	62,776	33,991
Services and supplies	6,318	6,318	22,522	(16,204)
Other charges	2,907,763	2,907,763	2,582,846	324,917
Intrafund transfers	89,653	89,653	82,522	7,131
	<u>3,100,501</u>	<u>3,100,501</u>	<u>2,750,666</u>	<u>349,835</u>
Categorical Aids				
Other charges	22,436,750	22,856,750	21,522,655	1,334,095
	<u>22,436,750</u>	<u>22,856,750</u>	<u>21,522,655</u>	<u>1,334,095</u>
Aid to Indigents				
Services and supplies	5,600	5,600	3,600	2,000
Other charges	210,100	210,100	182,127	27,973
	<u>215,700</u>	<u>215,700</u>	<u>185,727</u>	<u>29,973</u>
Veterans' Services				
Salaries and employee benefits	427,662	439,287	408,902	30,385
Services and supplies	74,660	129,660	122,566	7,094
Intrafund transfers	91,493	95,868	87,032	8,836
Intrafund transfers	-	-	(55,000)	55,000
	<u>593,815</u>	<u>664,815</u>	<u>563,500</u>	<u>101,315</u>
Public Assistance	<u>60,447,533</u>	<u>61,318,533</u>	<u>58,323,463</u>	<u>2,995,070</u>
<u>Education</u>				
County Library				
Salaries and employee benefits	2,766,325	2,769,325	2,625,020	144,305
Services and supplies	935,089	944,684	789,948	154,736
Other charges	2,000	2,000	400	1,600
Other financing uses	-	20,150	14,774	5,376
Intrafund transfers	32,168	32,168	26,825	5,343
	<u>3,735,582</u>	<u>3,768,327</u>	<u>3,456,967</u>	<u>311,360</u>
Education	<u>3,735,582</u>	<u>3,768,327</u>	<u>3,456,967</u>	<u>311,360</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Recreation and Cultural Services</u>				
Recreation				
Salaries and employee benefits	629,737	629,737	581,412	48,325
Services and supplies	314,491	369,719	220,316	149,403
Other charges	91,636	321,264	166,953	154,311
Fixed assets	-	302,712	-	302,712
Other financing uses	74,125	5,552	93	5,459
Intrafund transfers	96,229	96,229	10,301	85,928
	<u>1,206,218</u>	<u>1,725,213</u>	<u>979,075</u>	<u>746,138</u>
Historical Museum				
Salaries and employee benefits	106,405	106,405	109,901	(3,496)
Services and supplies	66,727	66,727	38,677	28,050
Intrafund transfers	1,000	1,000	132	868
	<u>174,132</u>	<u>174,132</u>	<u>148,710</u>	<u>25,422</u>
Recreation and Cultural Services	<u>1,380,350</u>	<u>1,899,345</u>	<u>1,127,785</u>	<u>771,560</u>
<u>Contingency</u>				
Contingency				
Appropriation for contingencies	7,109,909	5,083,772	-	5,083,772
	<u>7,109,909</u>	<u>5,083,772</u>	<u>-</u>	<u>5,083,772</u>
Contingency	<u>7,109,909</u>	<u>5,083,772</u>	<u>-</u>	<u>5,083,772</u>
Total charges to appropriations	<u>286,721,472</u>	<u>293,365,366</u>	<u>245,562,329</u>	<u>47,803,037</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,784,767</u>	<u>\$ 32,784,767</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

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

Sources/inflows of resources:

Actual amount (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 278,347,096
Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(21,363,429)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(37,483,275)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(10,323,643)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 209,176,749</u></u>

Uses/outflows of resources:

Actual amount (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 245,562,329
Difference budget to GAAP	
Transfers out to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(11,182,860)
Interfund expenditures to other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(10,323,643)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 224,055,826</u></u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balances, July 1	\$ 652,823	\$ 330,823	\$ 330,823	\$ -
Resources (inflows):				
Taxes and assessments	7,000	7,000	58,915	51,915
Licenses, permits and franchises	723,943	723,943	501,887	(22,056)
Revenue from use of money and property	24,401	(271,599)	(267,785)	3,814
Intergovernmental revenues-State	17,212,756	17,113,456	16,147,693	(965,763)
Intergovernmental revenues-Federal	26,295,462	26,980,062	19,764,354	(7,215,708)
Charges for services	4,555,996	4,879,228	2,243,045	(2,636,183)
Miscellaneous revenues	1,797,566	1,627,566	390,571	(1,236,995)
Other financing sources	27,829,108	31,411,714	15,291,833	(16,119,881)
	<u>78,446,232</u>	<u>82,471,370</u>	<u>54,130,513</u>	<u>(28,340,857)</u>
Amounts available for appropriations	<u>79,099,055</u>	<u>82,802,193</u>	<u>54,461,336</u>	<u>(28,340,857)</u>
Charges to appropriations (outflows):				
<u>Public ways and facilities</u>				
Salaries and employee benefits	18,133,789	18,112,789	17,117,084	995,705
Services and supplies	46,149,391	49,291,736	27,286,395	22,005,341
Other charges	8,603,569	8,437,256	3,868,030	4,569,226
Fixed assets	5,389,259	5,429,259	2,854,133	2,575,126
Other financing uses	726,528	747,528	93,910	653,618
Intrafund transfers	5,883,785	5,883,785	-	5,883,785
Intrafund abatement	(6,808,660)	(6,808,160)	(747,272)	(6,060,888)
Appropriations for contingencies	1,021,394	1,708,000	-	1,708,000
	<u>79,099,055</u>	<u>82,802,193</u>	<u>50,472,280</u>	<u>32,329,913</u>
Total charges to appropriations	<u>79,099,055</u>	<u>82,802,193</u>	<u>50,472,280</u>	<u>32,329,913</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,989,056</u>	<u>\$ 3,989,056</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
ROAD FUND
YEAR ENDED JUNE 30, 2019**

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

Sources/inflows of resources:

Actual amount (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 54,461,336
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	(330,823)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(15,258,665)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,076,620)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 36,795,228</u>

Uses/outflows of resources:

Actual amount (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 50,472,280
Difference budget to GAAP	
Transfers out to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(93,910)
Interfund expenditures to other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,076,620)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 48,301,750</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY FACILITY LOAN FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balances, July 1	\$ -	\$ -	\$ 220,529	\$ 220,529
Resources (inflows):				
Revenue from use of money and property	-	-	185,702	185,702
Other financing sources	-	39,354,529	33,293,245	(6,061,284)
	-	39,354,529	33,478,947	(5,875,582)
Amounts available for appropriations	-	39,354,529	33,699,476	(5,655,053)
Charges to appropriations (outflows):				
<u>General Government</u>				
Other financing uses	-	39,354,529	33,699,476	5,655,053
General government	-	39,354,529	33,699,476	5,655,053
Total charges to appropriations	-	39,354,529	33,699,476	5,655,053
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
PUBLIC SAFETY FACILITY LOAN FUND
YEAR ENDED JUNE 30, 2019**

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

Sources/inflows of resources:

Actual amount (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 33,699,476
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	(220,529)
Proceeds from the issuance of notes payable are not revenues for financial reporting purposes	<u>(33,293,245)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 185,702</u>

Uses/outflows of resources:

Actual amount (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 33,699,476
Difference budget to GAAP	
Transfers out to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(33,699,476)</u>
	<u>\$ -</u>

**COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2019**

BUDGETARY BASIS OF ACCOUNTING

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

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

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

The budgets for 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.

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**COUNTY OF EL DORADO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019**

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 3,283,575	\$ 41,054,333	\$ 44,337,908
Accounts receivable	2,000	-	2,000
Deposits	-	83,100	83,100
Inventories	29,008	-	29,008
Prepaid expenses	-	2,448,848	2,448,848
Total Current Assets	<u>3,314,583</u>	<u>43,586,281</u>	<u>46,900,864</u>
Capital Assets:			
Land	40,000	-	40,000
Structures and improvements	173,128	-	173,128
Equipment	13,529,894	12,016	13,541,910
Accumulated depreciation	<u>(5,826,166)</u>	<u>(9,717)</u>	<u>(5,835,883)</u>
Total Capital Assets, net of accumulated depreciation	<u>7,916,856</u>	<u>2,299</u>	<u>7,919,155</u>
Total Assets	<u>11,231,439</u>	<u>43,588,580</u>	<u>54,820,019</u>
Liabilities			
Current Liabilities:			
Accounts payable	483,396	623,507	1,106,903
Salaries and benefits payable	6,014	11,223	17,237
Due to other funds	-	116,000	116,000
Liability for self-insurance	-	3,625,595	3,625,595
Compensated absences - due within one year	3,222	2,898	6,120
Total Current Liabilities	<u>492,632</u>	<u>4,379,223</u>	<u>4,871,855</u>
Long-Term Liabilities:			
Liability for self-insurance	-	15,252,405	15,252,405
Compensated absences - due beyond one year	28,999	26,079	55,078
Total Long-Term Liabilities	<u>28,999</u>	<u>15,278,484</u>	<u>15,307,483</u>
Total Liabilities	<u>521,631</u>	<u>19,657,707</u>	<u>20,179,338</u>
Net Position			
Net investment in capital assets	7,916,856	2,299	7,919,155
Restricted for general government and support programs	2,534,815	-	2,534,815
Unrestricted	258,137	23,928,574	24,186,711
Total Net Position	<u>\$ 10,709,808</u>	<u>\$ 23,930,873</u>	<u>\$ 34,640,681</u>

**COUNTY OF EL DORADO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Operating Revenues:			
Service fees	\$ 2,031,801	\$ 40,596,406	\$ 42,628,207
Total Operating Revenues	<u>2,031,801</u>	<u>40,596,406</u>	<u>42,628,207</u>
Operating Expenses:			
Salaries and benefits	308,564	639,960	948,524
Services and supplies	688,324	38,440,413	39,128,737
Depreciation	955,246	1,022	956,268
Total Operating Expenses	<u>1,952,134</u>	<u>39,081,395</u>	<u>41,033,529</u>
Operating Income (Loss)	<u>79,667</u>	<u>1,515,011</u>	<u>1,594,678</u>
Nonoperating Revenues (Expenses):			
Interest income	51,395	601,692	653,087
Gain (loss) on sale of capital assets	(158,286)	-	(158,286)
Miscellaneous nonoperating revenues	6,623	1,423,559	1,430,182
Total Nonoperating Revenues (Expenses)	<u>(100,268)</u>	<u>2,025,251</u>	<u>1,924,983</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(20,601)</u>	<u>3,540,262</u>	<u>3,519,661</u>
Transfers In (Out) and Capital Contributions			
Transfers in	217,174	-	217,174
Capital contributions	32,140	-	32,140
Total Transfers and Capital Contributions	<u>249,314</u>	<u>-</u>	<u>249,314</u>
Change in Net Position	228,713	3,540,262	3,768,975
Net Position - Beginning of Year	10,481,095	(86,273,538)	(75,792,443)
Restatement of Beginning Net Position	-	106,664,149	106,664,149
Net Position - Beginning of Year	<u>10,481,095</u>	<u>20,390,611</u>	<u>30,871,706</u>
Net Position - End of Year	<u>\$ 10,709,808</u>	<u>\$ 23,930,873</u>	<u>\$ 34,640,681</u>

**COUNTY OF EL DORADO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from internal fund services provided	\$ 2,029,911	\$ 40,596,406	\$ 42,626,317
Cash paid to suppliers for goods and services	(933,176)	(39,665,926)	(40,599,102)
Cash paid to employees for services	(313,611)	(636,891)	(950,502)
Net cash provided (used) by operating activities	<u>783,124</u>	<u>293,589</u>	<u>1,076,713</u>
Cash Flows From Noncapital Financing Activities:			
Cash received from (paid to) other funds	217,174	(259,000)	(41,826)
Non operating receipts	6,623	1,423,559	1,430,182
Net cash provided (used) by noncapital financing activities	<u>223,797</u>	<u>1,164,559</u>	<u>1,388,356</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from sale of capital assets	99,377	-	99,377
Payments related to the acquisition of capital assets	(1,537,686)	-	(1,537,686)
Net cash provided (used) by capital and related financing activities	<u>(1,438,309)</u>	<u>-</u>	<u>(1,438,309)</u>
Cash Flows From investing Activities:			
Interest received	51,395	601,692	653,087
Net cash provided (used) by investing activities	<u>51,395</u>	<u>601,692</u>	<u>653,087</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(379,993)	2,059,840	1,679,847
Cash and Cash Equivalents, Beginning of Year	<u>3,663,568</u>	<u>38,994,493</u>	<u>42,658,061</u>
Cash and Cash Equivalents, End of year	<u>\$ 3,283,575</u>	<u>\$ 41,054,333</u>	<u>\$ 44,337,908</u>

Continued

**COUNTY OF EL DORADO
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	Fleet Management	Risk Management Authority	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 79,667	\$ 1,515,011	\$ 1,594,678
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	955,246	1,022	956,268
Changes in assets, liabilities and deferred outflows/inflows:			
(Increase) decrease in:			
Accounts receivable	(1,890)	-	(1,890)
Inventory	10,736	-	10,736
Deposits and prepaid expenses	1,026	(58,570)	(57,544)
Increase (decrease) in:			
Accounts payable	(256,614)	167,057	(89,557)
Salaries payable	(233)	4,929	4,696
Liability for compensensated absences	(4,814)	(1,860)	(6,674)
Liability for self-insurance	-	(1,334,000)	(1,334,000)
	<u>783,124</u>	<u>293,589</u>	<u>1,076,713</u>
Net Cash Provided (Used) by Operating Activities	\$ 783,124	\$ 293,589	\$ 1,076,713