

**COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2014**

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Table of Contents

	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	19
Reconciliation of the Governmental Funds Balance Sheet to the Governmental-Wide Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Governmental-Wide Statement of Activities	22
Proprietary Funds:	
Statement of Net Position	23
Statement of Revenues, Expenses, and Changes in Net Position.....	24
Statement of Cash Flows.....	25
Fiduciary Funds:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to the Basic Financial Statements.....	29
Required Supplementary Information:	
Schedules of Funding Progress – Pension and Retiree’s Health Benefit	63
Budgetary Comparison Schedule – General Fund.....	64
Budgetary Comparison Schedule – Road Fund	76
Budgetary Comparison Schedule – Silva Valley Interchange TIM Fund.....	78
Notes to the Budgetary Comparison Schedule	80
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Internal Service Funds:	
Combining Statement of Net Position	81
Combining Statement of Revenues, Expenses and Changes in Net Position	82
Combining Statement of Cash Flows.....	83

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INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of El Dorado (County), California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the El Dorado County Transportation Commission, the Children and Families Commission, and the El Dorado County Transit Authority, which represent the following percentages of assets, liabilities and revenues as of and for the fiscal year ended June 30, 2014:

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

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

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

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

To the Board of Supervisors of
the County of El Dorado

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Roseville, California
March 31, 2015



County of El Dorado
OFFICE OF AUDITOR-CONTROLLER

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

JOE HARN
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

March 31, 2015

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

This **Management's Discussion and Analysis** and letter of transmittal of the County of El Dorado's (County) financial statements presents a narrative overview and analysis of the County's financial activities during the fiscal year ended June 30, 2014. Please read it in conjunction with the County's financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$489.2 million (net position). Of this, \$22.2 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors, \$128.6 million is restricted for specific purposes (restricted net position), and \$338.4 million is net investment in capital assets.
- The total fund balances for the County's governmental funds amounted to \$229.2 million, an increase of \$18.6 million from the prior year. Approximately \$134.9 million of this total, or 58.8 percent, is either nonspendable or restricted for specific uses; and \$94.3 million, or 41.2 percent, is unrestricted as either committed, assigned, or unassigned and is available to meet the County's current and future spending needs.
- At the end of the fiscal year the County's primary operating fund, the General Fund, had a fund balance of \$49.2 million. Approximately \$1.2 million is nonspendable. The remaining \$48.0 million, which approximates to 26.7 percent of the General Fund's total expenditures for the year, is unrestricted.
- The County's net investment in capital assets as of June 30, 2014 was \$338.4 million. This balance consisted of \$334.4 million for governmental activities and \$4.0 million for business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position can serve over time as a useful indicator of whether the County's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. The County's assets exceeded its liabilities by \$489.2 million at June 30, 2014. A comparative analysis of government-wide data is presented below.

	Net Position					
	June 30,					
	(in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 309,226	\$ 289,788	\$ 217	\$ 310	\$ 309,443	\$ 290,098
Capital assets	334,373	330,010	3,981	4,259	338,354	334,269
Total assets	<u>643,599</u>	<u>619,798</u>	<u>4,198</u>	<u>4,569</u>	<u>647,797</u>	<u>624,367</u>
Liabilities:						
Current and other liabilities	39,168	29,900	60	137	39,228	30,037
Long-term liabilities	119,344	113,875	29	24	119,373	113,899
Total liabilities	<u>158,512</u>	<u>143,775</u>	<u>89</u>	<u>161</u>	<u>158,601</u>	<u>143,936</u>
Net Position:						
Net investment in capital assets	334,373	330,010	3,981	4,259	338,354	334,269
Restricted net position	128,649	114,665	-	41	128,649	114,706
Unrestricted net position	22,065	31,348	128	108	22,193	31,456
Total net position	<u>\$ 485,087</u>	<u>\$ 476,023</u>	<u>\$ 4,109</u>	<u>\$ 4,408</u>	<u>\$ 489,196</u>	<u>\$ 480,431</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, 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, \$128.6 million or 26.3 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$22.2 million, may be used to meet the government's ongoing obligations to citizens and creditors.

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

	Change in Net Position					
	June 30,					
	(in thousands)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for services	\$ 59,320	\$ 45,311	\$ 726	\$ 728	\$ 60,046	\$ 46,039
Operating grants and contributions	141,609	154,687	-	-	141,609	154,687
Capital grants and contributions	1,026	191	(9)	715	1,017	906
General Revenues:						
Taxes	103,568	100,941	-	-	103,568	100,941
Use of money and property	835	841	-	-	835	841
SCIP revenues	5,270	-	-	-	5,270	-
Other revenues	4,439	3,280	1	2	4,440	3,282
Total revenues	<u>316,067</u>	<u>305,251</u>	<u>718</u>	<u>1,445</u>	<u>316,785</u>	<u>306,696</u>
Expenses						
General government	42,399	35,625	-	-	42,399	35,625
Public protection	106,464	99,923	-	-	106,464	99,923
Public ways and facilities	52,096	61,270	-	-	52,096	61,270
Health and sanitation	47,477	49,765	-	-	47,477	49,765
Public assistance	53,253	51,675	-	-	53,253	51,675
Education	3,660	3,507	-	-	3,660	3,507
Recreation and culture	1,396	1,315	-	-	1,396	1,315
Interest on long-term debt	96	65	-	-	96	65
Airports	-	-	1,125	1,094	1,125	1,094
SLT Transit Program	-	-	41	-	41	-
Total expenses	<u>306,841</u>	<u>303,145</u>	<u>1,166</u>	<u>1,094</u>	<u>308,007</u>	<u>304,239</u>
Excess (deficiency) before special items and transfers	9,226	2,106	(448)	351	8,778	2,457
Transfers	<u>(149)</u>	<u>(176)</u>	<u>149</u>	<u>176</u>	<u>-</u>	<u>-</u>
Change in net position	<u>9,077</u>	<u>1,930</u>	<u>(299)</u>	<u>527</u>	<u>8,778</u>	<u>2,457</u>
Net position at beginning of year	476,023	475,593	4,408	3,881	480,431	479,474
Restate net position, see below	<u>(13)</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>(1,500)</u>
Net position at beginning of year – restated	<u>476,010</u>	<u>474,093</u>	<u>4,408</u>	<u>3,881</u>	<u>480,418</u>	<u>477,974</u>
Net position at end of year	<u>\$ 485,087</u>	<u>\$ 476,023</u>	<u>\$ 4,109</u>	<u>\$ 4,408</u>	<u>\$ 489,196</u>	<u>\$ 480,431</u>

Restatement of net position. The net position at the beginning of 2014 was decreased by \$13 thousand. This restatement was to correct the overstated accounts receivable of \$212 thousand and the overstated other long-term liabilities of \$199 thousand.

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

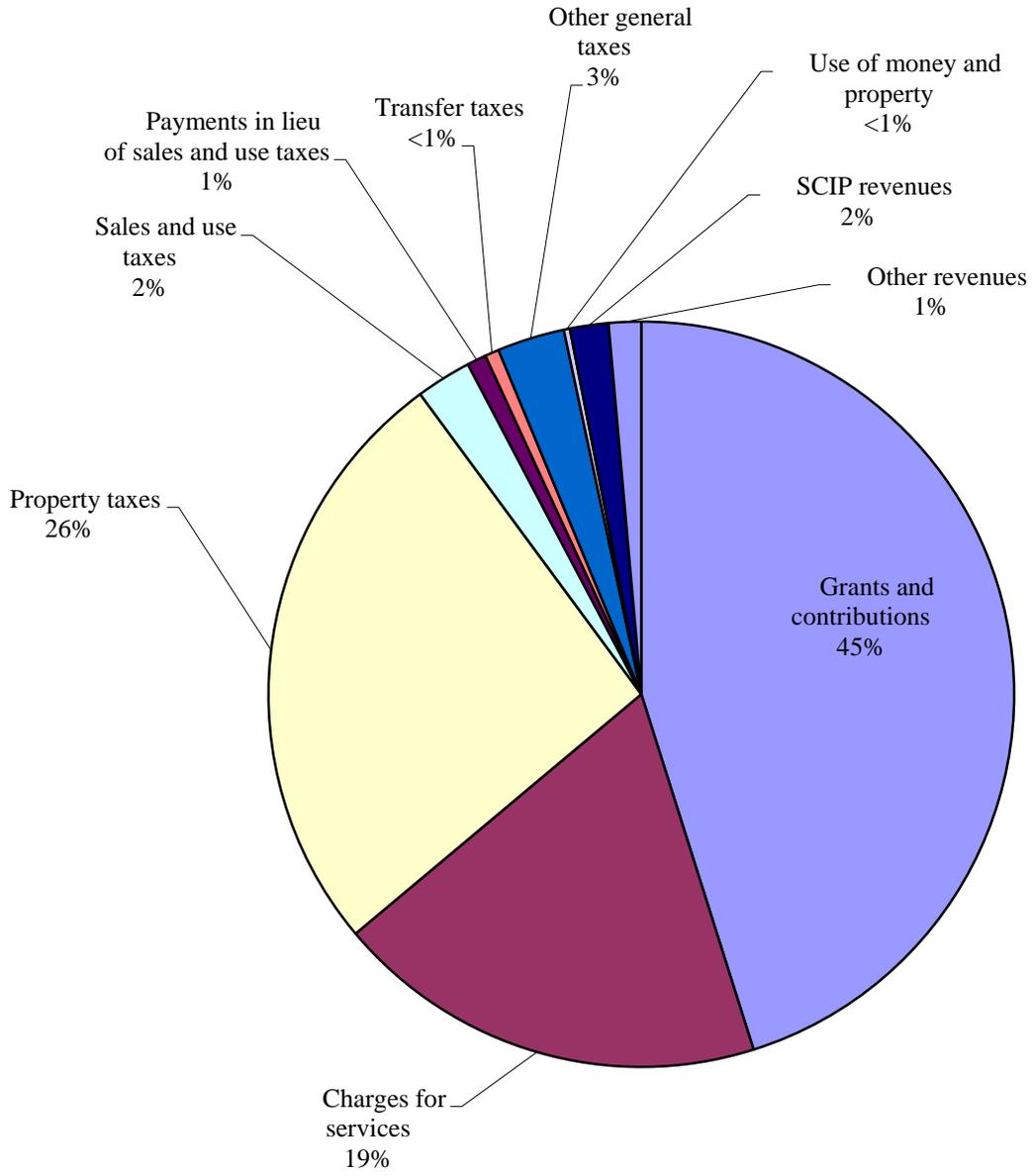
Governmental activities. The County experienced an overall increase in net position of \$8.8 million in 2014, compared to a \$2.5 million increase in 2013. This increase in net position is attributable entirely to **governmental activities**. Specifically, the \$9.1 million increase in net position attributable to governmental activities, resulted from a \$10.1 million or 3.3 percent increase in revenues accompanied by a more moderate \$3.8 million increase in expenses. The largest revenue increase, \$14 million, occurred in the charges for services category, followed by a \$5.3 million increase for a new revenue source from California Statewide Community Infrastructure Program (SCIP), a \$2.6 million increase in taxes, and \$1.2 million increase in other revenues. Revenue increases were offset by a \$13.1 million reduction in operating grants and contributions. The \$14 million increase in charges for services primarily was the result of increases in TIM fee payments in the amount of \$17.7 million from the developer of the Blackstone project along with reduction of \$1.5 million in ambulance service revenues. The \$13.1 million decrease in operating grants and contributions was due to decreased funding of \$4.4 million for Congestion Mitigation and Air Quality Improvement Program (CMAQ) revenues and decreased funding of \$8.4 million in Prop 1B revenues to the Road Fund along with a \$2.2 million reduction in Sacramento Municipal Utility District (SMUD) cooperative agreement revenues.

As mentioned, while total revenues increased by 3.3 percent, total expenses increased by only 1.2 percent in 2014 when compared to 2013. Further, and while expenses increased moderately in most of the functional areas, general government and public protection expenses increased significantly, by \$6.8 million or 19.0 percent and \$6.5 million or 6.6 percent, respectively, in 2014 when compared to 2013. More than the majority of these increase in general government and public protection expenses, or \$5.1 million and \$4.7 million, respectively, occurred within the General Fund and are discussed later in the financial analysis of governmental funds and in the General Fund budgetary analysis. These and other increases in expenses by governmental activities have been offset by declines in public ways and facilities, and health and sanitation expenses, down by \$9.2 million or 15.0 percent and by \$2.3 million or 4.6 percent, respectively, in 2014 when compared to 2013. The decrease in public ways and facilities expenses is entirely attributable to Road Fund's activities. Specifically, while the overall expenditures in the Road Fund decreased only \$3.1 million, its capital spending (capital assets) in infrastructure increased by more than \$6 million in 2014 compared to 2013. The decrease in health and sanitation expenses primarily resulted from the change in reporting the County Medical Services Program (CMSP) program expenditures.

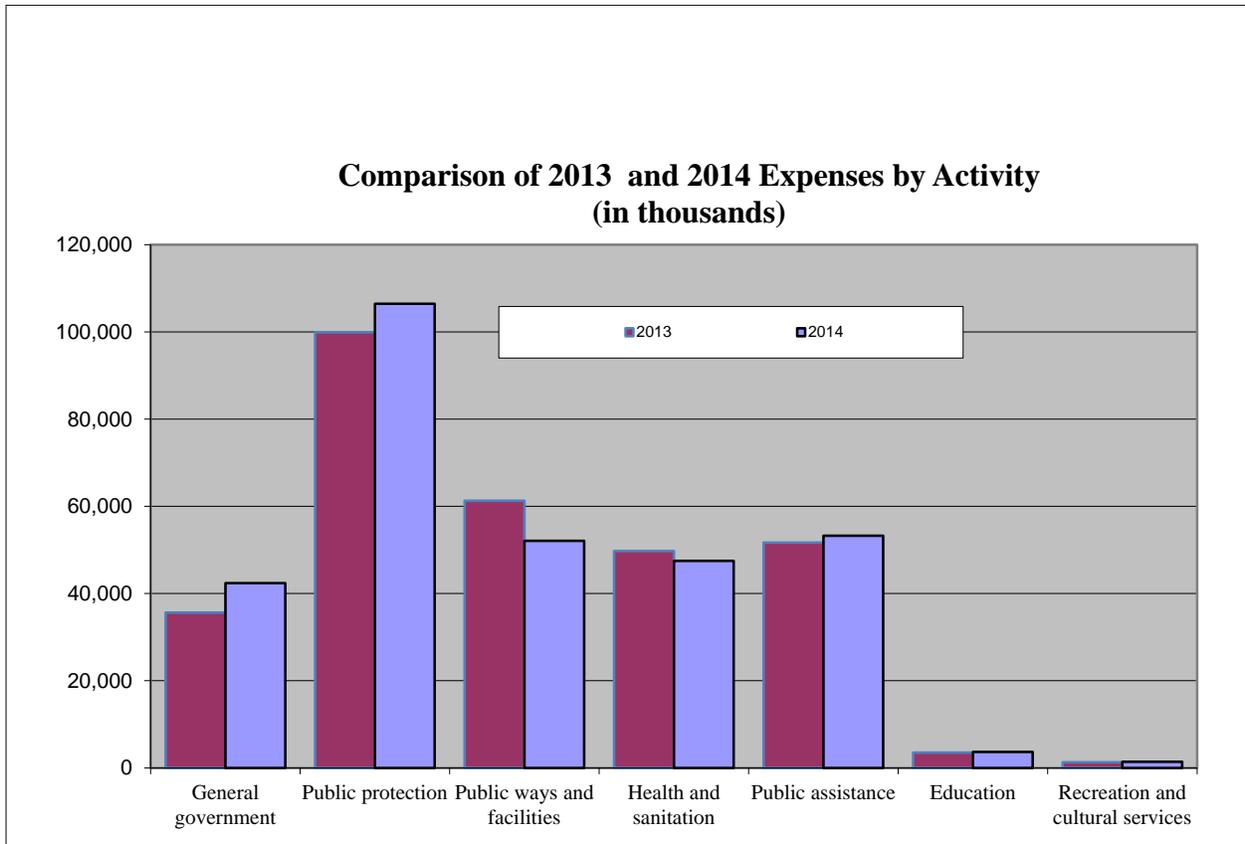
All functional expenses were affected by the recognition of the other post-employment benefits (OPEB) Retiree Health obligation (Retiree Health). With the continued enforcement of the County's cap on the aggregate cost of the County's share of benefit costs and other modifications to those employees entitled to receive these benefits, the annual Retiree Health cost was \$6.8 million in 2014 compared to \$6.7 million in 2013. Further, the Retiree Health liability increased by \$4.7 million in 2014 compared to \$3.9 million in 2013. The effect on benefits of the Retiree Health defined benefit plan was that the County's share of benefit costs was reduced by 39 percent in 2014 and 37 percent in 2013.

Following is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (45 percent), property taxes (26 percent), and charges for services (19 percent),

Revenue by Source-Governmental Activities



Below is a graph that presents a comparison of 2014 and 2013 expenses under each of the governmental activities,



Business-type activities. Business-type activities decreased the County's net position by \$299 thousand. This net decrease is the result of \$441 thousand in operating losses and \$8 thousand in capital grants deduction, offset by \$1 thousand in non-operating revenues, and transfers in of \$149 thousand. Similar to prior years, the County Airports continue to operate at a loss, \$441 thousand in 2014 compared to \$366 thousand last year.

To help finance the operations of business-type activities in 2014, County governmental funds contributed \$149 thousand to the County Airports during the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of June 30, 2014 the County's governmental funds reported a combined ending fund balance of \$229.2 million, compared to the \$210.9 million fund balance of the previous year. Approximately 41.2 percent of this fund balance, or \$94.3 million, is unrestricted and thus is available to meet the County's current and future spending needs. The remainder of the fund balance is either not spendable or restricted for specific uses.

The General Fund is the chief operating fund of the County. As of June 30, 2014, the General Fund's spendable and unrestricted fund balance was \$48.0 million; a decrease of \$8.1 million from last year's spendable and unrestricted fund balance of \$56.1 million. This decrease is entirely due to the net change or decrease in the General Fund's balance of \$7.9 million during the year.

The June 30, 2014 spendable and unrestricted fund balance, as compared to General Fund expenditures for the year, is approximately 26.7 percent, compared to 33.4 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 97 days, compared to 122 days last year.

In addition to the General Fund, the County maintains two major governmental funds, the Road Fund and the Silva Valley Interchange Traffic Impact Mitigation Fee (TIM) 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 \$31.8 million in 2014, compared to \$37.4 million last year. This \$5.6 million decrease was primarily due to a \$9.9 million decrease in intergovernmental revenue plus a \$1.2 million decrease in charges for services, offset or reduced by \$5.2 million increase in other revenue sources and moderate increases in taxes, licenses and permits, and interest. The \$9.9 million decrease in intergovernmental revenue was due to decreased funding of both CMAQ program revenues and Prop 1B revenues. The \$5.2 million increase in other revenue sources was entirely due to the revenues received from SCIP. Similarly, expenditures decreased from \$50.3 million in 2013 to \$47.1 million in 2014. Thus, the \$5.6 million decrease in revenues, offset by the \$3.2 million increase in expenditures resulted in a \$15.3 million deficiency of revenues to expenditures compared to \$12.8 million deficit last year. With the additional or increase of \$1 million in net transfers from other funds, the relative net change in fund balance went from a \$4.8 million increase in fiscal year 2013 to a \$3.2 million increase in 2014.

The Silva Valley Interchange Traffic Impact Mitigation Fee (TIM) Fund accounts for traffic impact mitigation fees received from individual property owners in the El Dorado Hills area to mitigate traffic impacts and to fund the future construction of the Silva Valley interchange. This is the first year the Silva Valley Interchange TIM Fund has been designated a major fund due to its large balance in cash and investments. The Silva Valley Interchange TIM Fund's activity increased significantly when compared to prior year. Specifically, its fund balance increased by \$18.9 million in 2014, compared to \$1.4 million in the 2013. This increase in fund balance is almost entirely attributable to the TIM fee revenues received from the developer of the Blackstone project.

The combined governmental fund balances increased by \$18.6 million during 2014, compared to an \$18.2 million increase last year. This \$400 thousand additional increase to the net change in governmental fund balances was the result of 3.3 percent increase in revenues and 2.3 percent increase in expenditures in 2014 when compared to 2013, resulting in an increase in the excess of revenues over expenditures, \$18.8 million in 2014, compared to \$15.5 million in 2013, reduced by \$183 thousand in other financing uses, compared to a positive or other financing sources of \$2.8 million 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 2014, the Fleet Management realized a net operating income of \$3 thousand dollars and the Risk Management Authority a net operating loss of \$14.1 million. The loss by Risk Management is primarily attributable to the return of excess self-insurance funds of \$6 million as well as the recognition of the OPEB Retiree Health obligation. 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. Thus, while this pay-as-you-go funding reduced the expenditures incurred at the governmental fund level, the recognition of this liability and expense by the Risk Management Authority has resulted in \$59.6 million in deficit net position. Further, as a pay-as-you-go administered program, none of these additional costs were passed to the other funds, programs, or restricted funding sources via the internal service fund rates.

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

GENERAL FUND BUDGETARY ANALYSIS

The original and the final amended budgeted revenues and expenditures increased by \$1.3 million, or 0.5 percent. The largest of the revenue budget modifications included:

- \$359 thousand increase in State intergovernmental revenue,
- \$156 thousand increase in Federal intergovernmental revenue,
- \$64 thousand decrease in charge for services, and
- \$801 thousand increase in other financing sources.

The largest expenditure budget modifications included:

- \$140 thousand increase to the County Counsel services and supplies,
- \$140 thousand increase to the Human Resources services and supplies,
- \$486 thousand increase to the Information Technologies appropriation, including \$100 thousand increase in services and supplies, and \$386 thousand increase in fixed assets,
- \$150 thousand increase to the Engineer other charges,
- \$738 thousand increase to the Contributions to Other Funds appropriation, including \$69 thousand increase in services and supplies, and \$669 thousand increase in Other financing uses,
- \$958 thousand increase to the Contributions to Other Agencies other charges,
- \$138 thousand increase to the Animal Services appropriation, including \$138 thousand increase in services and supplies, \$220 thousand decrease in other charges, and \$220 thousand increase in intrafund transfers,
- \$450 thousand decrease to the Social Services Administration salaries and employee benefits,
- \$450 thousand increase to Categorical Aids,
- \$484 thousand increase to the Recreation appropriation, including \$30 thousand increase in salaries and employee benefits, \$264 thousand increase in services and supplies, \$101 thousand increase in other charges, and \$89 thousand increase in fixed assets
- \$2.5 million decrease to the appropriations for contingency budget.

The overall variance between final revenues budgeted and the actual amounts received were significant, with a negative or deficit variance of \$12.7 million or 6.1 percent. Specifically, compared to a final resource budget of \$209.9 million, actual funding equaled \$197.2 million. This variance included the following:

- \$2.6 million over budget taxes and assessments,
- \$1.8 million under budget State intergovernmental revenues,
- \$3.5 million under budget Federal intergovernmental revenues,
- \$6.2 million under budget charges for services,
- \$4.5 million under budget other financing sources.

The differences between the budgeted and actual expenditures, not including contingency, were also significant. Specifically, expenditures fell \$36.9 million or 15.3 percent below the final budget. Variances occurred under each of the governmental activities, whereby departments' expenditures fell below projections, the most significant of which included:

- General Government – Actual expenditures fell below final budget by \$17.6 million or 22.2 percent. While almost all of the general government operating units had expenditures that fell below their final budget, some showed considerable differences whereby actual expenditures fell below budget by \$500 thousand or more, including the Auditor-Controller, Treasurer-Tax Collector, Building and Grounds, County Promotion, and Contributions to Other Funds. There

were also departments that exceeded their final budget; those included Communications, Information Technologies, and Other General.

- Public Protection – Actual expenditures fell below final budget by \$13.8 million or 12.5 percent. All 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 Child Support Services, Sheriff-Bailiff, Sheriff, Central Dispatch, Jail, Juvenile Hall, Probation, Building Inspector, Planning and Zoning, and Animal Services.
- Health and Sanitation Environmental Management – Actual expenditures fell below final budget by \$598 thousand or 25.9 percent, due mostly to the actual to budget variances of \$220 thousand in salaries and benefits and \$227 thousand in services and supplies, and \$130 thousand in Intrafund transfers.
- Public Assistance – Actual expenditures fell below final budget by \$4.1 million or 9.2 percent under budget, mostly due to the Social Services Administration, Social Services Programs, and Categorical Aids, which fell below budget by \$3.1 million, \$693 thousand, and \$273 thousand, respectively.
- Education – County library fell under budget by \$277 thousand or 7.9 percent, with salaries and benefits making up the majority, followed by intrafund transfers and services and supplies.
- Recreational and Cultural Services – Actual expenditures fell below budget by \$583 thousand or 31.7 percent.

In general, both General Fund inflows and outflows fell below budget. Specifically, actual revenues, not including budgetary fund balance, fell \$12.7 million or 6.1 percent under budget while expenditures fell \$36.9 million or 15.3 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, 2014 amounts to \$338.4 million. The net investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Additions to capital assets totaled \$28.1 million in 2014.

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

- \$724 thousand in additions to the land and land improvements, right of way purchases by the Road fund,
- \$7 million in additions to construction in progress,
- \$8.1 million in new road construction, including \$602 thousand for the US 50 HOV lanes phase O, \$2.1 million for the US 50 Silva Valley Interchange, and \$4.7 million for the Silver Springs Parkway onsite and signal at Green Valley,
- \$4.9 million in road reconstruction, including the \$504 thousand White Rock Road west county line to Windfield, \$1.2 million Latrobe Road north of Ryan Ranch MP 70-7.35, \$770 thousand Green Valley/Deer Valley turn lanes, and \$676 thousand Rubicon Bridge at Ellis Creek,
- \$354 thousand for signals, safety and lighting,
- \$177 thousand for pedestrian ways and bike paths,
- \$1.4 million for storm drains,
- \$4.4 million in equipment, including \$1.2 million in road construction and maintenance equipment, \$919 thousand in law enforcement equipment, and \$1.2 million of new vehicle purchases by Fleet Management.

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

Debt Administration and Long-Term Debt. As of June 30, 2014 the County's outstanding long-term debt totaled \$8.0 million. The components of this obligation consist of notes payable associated with the California Housing Finance Agency (\$1.5 million), and Housing and Urban Development (HUD) Home program (\$6 million), and HUD State Community Development Block Grant (CDBG) Program (\$483 thousand).

In addition to long-term debt, the County has long-term liabilities of \$118.3 million associated with compensated absences (\$13.9 million), landfill closure (\$16.1 million), self-insurance (\$17.3 million), and other post-employment benefits (\$71.0 million). Additional information on the County's long-term debt can be found in note 6 in the notes to the financial statements. Additional information on the County's other obligations follows.

OTHER COUNTY OBLIGATIONS

Post Employment Retirement Benefits.

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

As of June 30, 2014 the County calculated its unfunded liability at \$309.6 million, based on the market value of assets and actuarial reports dated June 30, 2013 (CalPERS) and June 30, 2014 (Retiree's Health). The resulting computation of the unfunded liability as of June 30, 2014 may be summarized as follows:

Post Retirement Benefit Plan	Liability	Market Value of Plan Assets	Unfunded Liability (UL)
CalPERS Safety	\$ 260,670,062	\$ 171,046,265	\$ 89,623,797
CalPERS Misc	543,445,624	395,508,426	147,937,198
Retiree's Health	72,030,000	-	72,030,000
Total	\$ 876,145,686	\$ 566,554,691	\$ 309,590,995

The above Retiree's Health liability of \$72.0 million is based on the assumption that the Board of Supervisors has enforced and will continue to enforce a cap on the County's contribution. Because the Retiree's Health benefit plan is a defined benefit plan, generally accepted accounting principles required that the County recognize its retiree's health obligation without the cap limitation until it was enforced by the Board of Supervisor's and began to impact the pattern of shared costs. The Board of Supervisors voted to enforce the cap in fiscal year 2012. The effect on benefits of the Retiree Health defined benefit plan was that the County's share of benefit costs was reduced by 39 percent in 2014 and 37 percent in 2013.

The Retiree's Health actuarial value of plan assets is valued at zero because the assets are not held in a qualifying trust. However, the County has charged departments and programs to set aside cash to fund this obligation, which as of June 30, 2014 and 2013 totaled \$12,807,094 and \$12,752,807, 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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**BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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COUNTY OF EI DORADO

Statement of Net Position
June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Assets				
Cash and investments	\$ 257,635,335	\$ 94,153	\$ 257,729,488	\$ 9,260,320
Restricted cash and investments	2,254,679	--	2,254,679	5,350,814
Accounts receivable	4,499,679	2,007	4,501,686	62,621
Special assessments receivable	106,065	--	106,065	--
Interest receivable	288,116	--	288,116	652
Notes receivable, short term	--	--	--	75,000
Due from other governments	27,387,910	90,512	27,478,422	3,154,470
Inventory and prepayments	4,308,922	82,839	4,391,761	250,415
Internal balances	52,236	(52,236)	--	--
Notes receivable, long term	12,693,000	--	12,693,000	--
Capital Assets:				
Nondepreciable	57,416,156	1,195,493	58,611,649	825,463
Depreciable, net	276,956,516	2,785,253	279,741,769	9,038,603
Total Assets	643,598,614	4,198,021	647,796,635	28,018,358
Liabilities				
Accounts payable	17,059,370	39,116	17,098,486	334,059
Accrued expenses	--	--	--	133,576
Accrued salaries and benefits	7,362,386	11,269	7,373,655	11,442
Accrued interest payable	157,402	--	157,402	--
Due to other governments	552,933	7,399	560,332	356,480
Unearned revenue	6,997,438	--	6,997,438	8,236,798
Long-Term Liabilities:				
Other Liabilities	50,183	--	50,183	45,940
Liability for other post-employment benefits:				
Due beyond one year	71,041,226	--	71,041,226	--
Liability for self-insurance:				
Due within one year	4,423,941	--	4,423,941	--
Due beyond one year	12,863,059	--	12,863,059	457,733
Liability for landfill closure and post-closure:				
Due beyond one year	16,142,895	--	16,142,895	--
Compensated absences:				
Due within one year	1,114,136	2,538	1,116,674	193,459
Due beyond one year	12,763,816	29,184	12,793,000	176,606
Notes payable:				
Due within one year	1,500,000	--	1,500,000	--
Due beyond one year	6,483,000	--	6,483,000	--
Total Liabilities	158,511,785	89,506	158,601,291	9,946,093
Net Position				
Net investment in capital assets	334,372,672	3,980,746	338,353,418	9,864,066
Restricted for:				
Capital projects	14,376,422	--	14,376,422	--
Public safety	20,403,481	--	20,403,481	--
Community resources and public facilities	56,853,487	--	56,853,487	2,196,800
Health and public assistance	26,604,205	--	26,604,205	--
General government and support programs	9,610,186	--	9,610,186	--
Other purpose	801,586	--	801,586	2,631,796
Unrestricted	22,064,790	127,769	22,192,559	3,379,603
Total Net Position	\$ 485,086,829	\$ 4,108,515	\$ 489,195,344	\$18,072,265

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

COUNTY OF EL DORADO

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions (Deductions)
Primary Government:				
Governmental Activities:				
General government	\$ 42,399,156	\$ 8,106,046	\$ 8,400,239	\$ --
Public protection	106,463,817	10,316,199	29,243,318	--
Public ways and facilities	52,096,244	25,918,991	28,599,605	1,026,299
Health and sanitation	47,477,163	13,643,982	27,516,558	--
Public assistance	53,252,547	670,491	47,087,653	--
Education	3,659,889	422,020	304,855	--
Recreation and cultural services	1,396,190	242,506	456,932	--
Debt Service:				
Interest and fiscal charges	96,284	--	--	--
Total Governmental Activities	<u>306,841,290</u>	<u>59,320,235</u>	<u>141,609,160</u>	<u>1,026,299</u>
Business-Type Activities:				
Airports	1,125,320	725,184	--	(8,566)
South Lake Tahoe Transit Program	40,947	--	--	--
Total Business-Type Activities	<u>1,166,267</u>	<u>725,184</u>	<u>--</u>	<u>(8,566)</u>
Total Primary Government	<u>308,007,557</u>	<u>60,045,419</u>	<u>141,609,160</u>	<u>1,017,733</u>
Components Units:				
El Dorado Transit Authority	\$ 7,032,679	\$ 1,590,224	\$ 4,152,688	\$ 1,158,761
Children and Families Commission	1,648,204	--	1,541,593	--
El Dorado County Transportation Commission	6,510,469	--	1,768,037	--
Total Component Units	<u>\$ 15,191,352</u>	<u>\$ 1,590,224</u>	<u>\$ 7,462,318</u>	<u>\$ 1,158,761</u>

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Payment in lieu of sales and use taxes

Transfer taxes

Other general taxes

Unrestricted interest and investment earnings

California Statewide Community Infrastructure

Program (SCIP) revenues

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - July 1, Restated

Net Position - June 30

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (25,892,871)	\$ --	\$ (25,892,871)	
(66,904,300)	--	(66,904,300)	
3,448,651	--	3,448,651	
(6,316,623)	--	(6,316,623)	
(5,494,403)	--	(5,494,403)	
(2,933,014)	--	(2,933,014)	
(696,752)	--	(696,752)	
(96,284)	--	(96,284)	
(104,885,596)	--	(104,885,596)	
--	(408,702)	(408,702)	
--	(40,947)	(40,947)	
--	(449,649)	(449,649)	
(104,885,596)	(449,649)	(105,335,245)	
			\$ (131,006)
			(106,611)
			(4,742,432)
			(4,980,049)
82,164,728	--	82,164,728	--
7,608,572	--	7,608,572	4,930,021
2,639,090	--	2,639,090	--
1,924,897	--	1,924,897	--
9,230,932	--	9,230,932	--
834,728	94	834,822	27,889
5,269,662	--	5,269,662	--
4,439,158	1,250	4,440,408	108,561
(148,685)	148,685	--	--
113,963,082	150,029	114,113,111	5,066,471
9,077,486	(299,620)	8,777,866	86,422
476,009,343	4,408,135	480,417,478	17,985,843
\$ 485,086,829	\$ 4,108,515	\$ 489,195,344	\$ 18,072,265

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

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**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

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COUNTY OF EL DORADO

Balance Sheet
Governmental Funds
June 30, 2014

	General	Road Fund	Silva Valley Interchange TIM Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$45,115,833	\$17,769,640	\$27,393,760	\$136,697,357	\$226,976,590
Restricted cash and investments	--	--	--	2,254,679	2,254,679
Accounts receivable	841,026	661,401	--	2,948,674	4,451,101
Special assessments receivable	--	--	--	106,065	106,065
Due from other governments	8,018,677	8,637,671	--	10,731,562	27,387,910
Interest receivable	--	--	--	45,122	45,122
Due from other funds	4,283,468	504,221	--	440,748	5,228,437
Advances to other funds	430,000	--	--	--	430,000
Inventories	--	732,559	--	82,672	815,231
Prepaid expenses	718,537	30,440	--	312,535	1,061,512
Total Assets	<u>\$59,407,541</u>	<u>\$28,335,932</u>	<u>\$27,393,760</u>	<u>\$153,619,414</u>	<u>\$268,756,647</u>
Liabilities					
Accounts payable	\$ 3,745,265	\$ 7,546,898	\$ --	\$ 5,177,855	\$ 16,470,018
Accrued salaries and benefits	5,932,690	599,021	--	802,958	7,334,669
Due to other governments	287,745	33,408	--	231,780	552,933
Due to other funds	21,344	--	--	3,331,857	3,353,201
Advances from other funds	--	--	--	430,000	430,000
Unearned revenue	47,105	158,068	--	6,792,265	6,997,438
Total Liabilities	<u>10,034,149</u>	<u>8,337,395</u>	<u>--</u>	<u>16,766,715</u>	<u>35,138,259</u>
Deferred Inflows of Resources					
Unavailable revenue	222,010	1,607,726	--	2,548,651	4,378,387
Fund Balances					
Nonspendable	1,148,537	762,999	--	2,473,862	4,385,398
Restricted	--	7,096,716	27,393,760	96,002,956	130,493,432
Committed	7,115,793	10,531,096	--	18,923,545	36,570,434
Assigned	628,236	--	--	17,330,981	17,959,217
Unassigned	40,258,816	--	--	(427,296)	39,831,520
Total Fund Balances	<u>49,151,382</u>	<u>18,390,811</u>	<u>27,393,760</u>	<u>134,304,048</u>	<u>229,240,001</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$59,407,541</u>	<u>\$28,335,932</u>	<u>\$27,393,760</u>	<u>\$153,619,414</u>	<u>\$268,756,647</u>

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

COUNTY OF EI DORADO

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2014

Fund Balance - total governmental funds	\$ 229,240,001
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	12,935,994
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	327,888,942
Unavailable revenues are not available to pay for current period expenditures, and therefore, are deferred inflows of resources in the governmental funds.	4,378,387
Internal service funds are used by the County to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net position of internal service funds is:	(51,179,230)
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.	(157,402)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Notes payable	(7,983,000)
Compensated absences	(13,843,785)
Liability for landfill closure and post-closure	(16,142,895)
Other long-term liabilities	<u>(50,183)</u>
Net position of governmental activities	<u>\$485,086,829</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Road Fund	Silva Valley Interchange TIM Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 88,577,279	\$ 91,125	\$ --	\$ 14,908,019	\$ 103,576,423
Licenses and permits	6,611,805	855,022	--	1,081,830	8,548,657
Intergovernmental	55,279,408	24,519,910	--	60,245,790	140,045,108
Use of money and property	176,676	33,696	51,768	373,614	635,754
Charges for current services	9,158,136	1,046,517	19,260,880	20,203,289	49,668,822
Fines, forfeitures and penalties	1,110,358	--	--	1,495,196	2,605,554
Other revenues	2,098,440	5,234,788	--	1,895,602	9,228,830
Total Revenues	<u>163,012,102</u>	<u>31,781,058</u>	<u>19,312,648</u>	<u>100,203,340</u>	<u>314,309,148</u>
Expenditures:					
Current:					
General government	38,367,981	--	--	337,664	38,705,645
Public protection	93,190,547	--	--	4,603,706	97,794,253
Public ways and facilities	--	45,652,077	--	684,294	46,336,371
Health and sanitation	1,676,667	--	--	44,184,193	45,860,860
Public assistance	40,188,090	--	--	11,188,107	51,376,197
Education	3,159,404	--	--	--	3,159,404
Recreation and cultural services	1,181,648	--	--	33,250	1,214,898
Capital outlay	1,690,311	1,477,039	--	7,922,302	11,089,652
Total Expenditures	<u>179,454,648</u>	<u>47,129,116</u>	<u>--</u>	<u>68,953,516</u>	<u>295,537,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,442,546)</u>	<u>(15,348,058)</u>	<u>19,312,648</u>	<u>31,249,824</u>	<u>18,771,868</u>
Other Financing Sources (Uses):					
Transfers in	27,548,412	18,658,518	--	18,193,434	64,400,364
Transfers out	(19,036,813)	(77,496)	(443,046)	(45,026,420)	(64,583,775)
Total Other Financing Sources (Uses)	<u>8,511,599</u>	<u>18,581,022</u>	<u>(443,046)</u>	<u>(26,832,986)</u>	<u>(183,411)</u>
Net Changes in Fund Balances	(7,930,947)	3,232,964	18,869,602	4,416,838	18,588,457
Fund Balances, Beginning of Year, Restated	<u>57,082,329</u>	<u>15,157,847</u>	<u>8,524,158</u>	<u>129,887,210</u>	<u>210,651,544</u>
Fund Balances, End of Year	<u>\$ 49,151,382</u>	<u>\$ 18,390,811</u>	<u>\$ 27,393,760</u>	<u>\$ 134,304,048</u>	<u>\$ 229,240,001</u>

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

COUNTY OF EL DORADO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2014

Net change to fund balance - total governmental funds \$ 18,588,457

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 25,943,456	
Depreciation	<u>(22,674,461)</u>	
		3,268,995

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. (159,894)

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: 795,373

Because long-term notes receivables will not be collected within the year,
they are not considered available resources and are not reported
in governmental funds. Repayments from (disbursements for) long-term
notes receivables are recognized as revenues (expenditures) in the
governmental funds. Long-term notes receivables increased by this amount: 511,411

Resources from debt issuance are recognized as inflows in
governmental funds, but are reported as increases to liabilities in
the statement of net position. (522,756)

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. 1,008,873

Some expenses reported in the statement of activities do not
require the use of current financial resources and, therefore, are
not reported as expenditures in the governmental funds.

Change in compensated absences		(713,422)
Change in accrued interest payable		(96,284)
Change in other long-term liabilities		(50,183)

Internal service funds are used by management to charge the costs of certain
activities, such as insurance, to individual funds. The net revenues (expense)
of the internal service funds is reported with governmental activities. (13,553,084)

Change in net position of governmental activities \$ 9,077,486

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

COUNTY OF EL DORADO

Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental
	County Airports	South Lake	Total	Internal
		Tahoe Transit	Enterprise Funds	Service Funds
Assets				
Current Assets:				
Cash and investments	\$ 94,153	\$ --	\$ 94,153	\$ 30,658,745
Accounts receivable	2,007	--	2,007	48,578
Due from other governments	90,512	--	90,512	--
Deposits	33,805	--	33,805	83,100
Due from other funds	24,764	--	24,764	--
Inventory	45,169	--	45,169	43,564
Prepaid expenses	3,865	--	3,865	2,305,515
Total Current Assets	294,275	--	294,275	33,139,502
Noncurrent Assets:				
Capital Assets:				
Land	319,665	--	319,665	40,000
Construction in progress	875,828	--	875,828	--
Structures and improvements	8,359,912	--	8,359,912	659,905
Equipment	43,703	--	43,703	11,320,284
Accumulated depreciation	(5,618,362)	--	(5,618,362)	(5,536,459)
Total Capital Assets	3,980,746	--	3,980,746	6,483,730
Net of Accumulated Depreciation				
Total Non-Current Assets	3,980,746	--	3,980,746	6,483,730
Total Assets	4,275,021	--	4,275,021	39,623,232
Liabilities				
Current Liabilities:				
Accounts payable	39,116	--	39,116	589,352
Due to other governments	7,399	--	7,399	--
Accrued salaries and benefits	11,269	--	11,269	27,717
Due to other funds	77,000	--	77,000	1,823,000
Liability for self-insurance	--	--	--	4,423,941
Compensated absences	2,538	--	2,538	2,733
Total Current Liabilities	137,322	--	137,322	6,866,743
Noncurrent Liabilities:				
Liability for self-insurance	--	--	--	12,863,059
Liability for other post-employment benefits	--	--	--	71,041,226
Compensated absences	29,184	--	29,184	31,434
Total Noncurrent Liabilities	29,184	--	29,184	83,935,719
Total Liabilities	166,506	--	166,506	90,802,462
Net Position				
Net investment in capital assets	3,980,746	--	3,980,746	6,483,730
Restricted	--	--	--	2,383,401
Unrestricted	127,769	--	127,769	(60,046,361)
Total Net Position (Deficit)	\$ 4,108,515	\$ --	\$ 4,108,515	\$ (51,179,230)

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

COUNTY OF EL DORADO

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental
	County	South Lake	Total	Activities
		Tahoe		Internal
	Airports	Transit		Service
				Funds
Operating Revenues:				
Service fees	\$ 725,184	\$ --	\$ 725,184	\$ 34,355,316
Total Operating Revenues	<u>725,184</u>	<u>--</u>	<u>725,184</u>	<u>34,355,316</u>
Operating Expenses:				
Salaries and benefits	238,444	--	238,444	6,710,719
Services and supplies	589,419	40,947	630,366	40,949,692
Depreciation	297,416	--	297,416	834,528
Total Operating Expenses	<u>1,125,279</u>	<u>40,947</u>	<u>1,166,226</u>	<u>48,494,939</u>
Operating Income (Loss)	<u>(400,095)</u>	<u>(40,947)</u>	<u>(441,042)</u>	<u>(14,139,623)</u>
Non-Operating Revenue (Expenses):				
Interest income	--	94	94	68,187
Interest expense	(41)	--	(41)	--
Gain (loss) on sale of capital assets	--	--	--	(45,183)
Miscellaneous nonoperating revenue	1,250	--	1,250	502,878
Total Non-Operating Revenue (Expenses)	<u>1,209</u>	<u>94</u>	<u>1,303</u>	<u>525,882</u>
Income (Loss) Before Transfers and Capital Contributions	(398,886)	(40,853)	(439,739)	(13,613,741)
Transfers in	148,685	--	148,685	55,774
Transfers out	--	--	--	(21,048)
Capital contributions (deductions)	(8,566)	--	(8,566)	25,931
Change in Net Position	(258,767)	(40,853)	(299,620)	(13,553,084)
Net Position - Beginning of Year	<u>4,367,282</u>	<u>40,853</u>	<u>4,408,135</u>	<u>(37,626,146)</u>
Net Position - End of Year	<u>\$ 4,108,515</u>	<u>\$ --</u>	<u>\$ 4,108,515</u>	<u>\$ (51,179,230)</u>

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

COUNTY OF EL DORADO

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	County	South Lake Tahoe	Total Enterprise Funds	Internal Service Funds
	Airports	Transit		
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 723,915	\$ --	\$ 723,915	\$ --
Cash receipts from internal fund services provided	--	--	--	34,561,867
Cash paid to suppliers for goods and services	(663,767)	(40,947)	(704,714)	(35,771,358)
Cash paid to employees for services	(232,766)	--	(232,766)	(6,707,245)
Net Cash Provided (Used) by Operating Activities	<u>(172,618)</u>	<u>(40,947)</u>	<u>(213,565)</u>	<u>(7,916,736)</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from (paid to) other funds	(65,573)	--	(65,573)	1,857,726
Non-operating receipts	1,250	--	1,250	502,878
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(64,323)</u>	<u>--</u>	<u>(64,323)</u>	<u>2,360,604</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from sale of capital assets	--	--	--	71,523
Payments related to the acquisition of capital assets	(18,918)	--	(18,918)	(1,196,328)
Capital contributions	278,705	--	278,705	25,931
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>259,787</u>	<u>--</u>	<u>259,787</u>	<u>(1,098,874)</u>
Cash Flows from Investing Activities:				
Interest received (paid)	(41)	94	53	68,187
Net Cash Provided (Used) by Investing Activities	<u>(41)</u>	<u>94</u>	<u>53</u>	<u>68,187</u>
Net Increase (Decrease) in Cash and Cash Equivalents	22,805	(40,853)	(18,048)	(6,586,819)
Cash and Cash Equivalents, Beginning of Year	<u>71,348</u>	<u>40,853</u>	<u>112,201</u>	<u>37,245,564</u>
Cash and Cash Equivalents, End of Year	<u>\$ 94,153</u>	<u>\$ --</u>	<u>\$ 94,153</u>	<u>\$ 30,658,745</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (400,095)	\$ (40,947)	\$ (441,042)	\$ (14,139,623)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	297,416	--	297,416	834,528
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(1,269)	--	(1,269)	206,551
Inventory	(3,507)	--	(3,507)	(2,070)
Deposits and prepaid expenses	6,386	--	6,386	(26,194)
Increase (decrease) in:				
Accounts payable	(84,626)	--	(84,626)	(319,805)
Salaries payable	1,079	--	1,079	(555)
Due to other governments	7,399	--	7,399	--
Liability for compensated absences	4,599	--	4,599	4,029
Liability for self-insurance	--	--	--	828,000
Liability for other post employment benefits (OPEB)	--	--	--	4,698,403
Net Cash Provided (Used) by Operating Activities	<u>\$ (172,618)</u>	<u>\$ (40,947)</u>	<u>\$ (213,565)</u>	<u>\$ (7,916,736)</u>

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

COUNTY OF EL DORADO

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Investment Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 192,448,443	\$ 5,988,688
Interest receivable	497,159	14,848
Taxes receivable	--	23,651,806
Total Assets	<u>192,945,602</u>	<u>29,655,342</u>
 Liabilities		
Accounts payable	2,268,090	1,086,936
Accrued salaries and benefits	1,108,892	--
Fiduciary liabilities	--	28,568,406
Total Liabilities	<u>3,376,982</u>	<u>29,655,342</u>
 Net Position		
Net position held in trust for investment pool	189,568,620	--
Total Net Position	<u>\$ 189,568,620</u>	<u>\$ --</u>

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

COUNTY OF EL DORADO

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Investment Trust Funds
Additions	
Contributions to investment pool	\$ 1,032,151,097
Interest and investment income	489,757
Total Additions	<u>1,032,640,854</u>
Deductions	
Distributions from investment pool	<u>1,027,826,875</u>
Total Deductions	<u>1,027,826,875</u>
Change in Net Position	4,813,979
Net Position - Beginning, restated	<u>184,754,641</u>
Net Position - Ending	<u><u>\$ 189,568,620</u></u>

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

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

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COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

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

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

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

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2014

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

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

Blended Component Units: (continued)

- The El Dorado County Bond Authority was established pursuant to a joint exercise of powers agreement between the County and the El Dorado Redevelopment Agency to obtain financing for public capital improvements.
- The In-Home Supportive Services Public Authority was created for the purpose of collective bargaining for in-home supportive services (IHSS) providers.

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

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

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

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

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

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

B. **Basis of Presentation**

Government-Wide Financial Statements

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

The County reports the following nonmajor enterprise funds:

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2014

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

D. Cash and Investments

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

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

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

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

E. Cash and Cash Equivalents

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

F. Mortgages Receivables

Governmental fund expenditures relating to long-term mortgage receivables arising from mortgage subsidiary programs are charged to operations upon funding. These long-term receivables are recorded 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 inventory is 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.

H. Capital Assets and Depreciation

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets and Depreciation (continued)

The estimated useful lives are as follows:

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

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

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

I. Property Tax Levy, Collection and Maximum Rates

The State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2013-2014 net assessed valuation of the County was \$25,751,970,432.

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

K. **Interfund Transactions**

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

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

L. **Self-Insurance**

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Net Position/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 enabling legislation. Included in governmental activities restricted net position at June 30, 2014, is net position restricted by enabling legislation of \$123.1 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. As of June 30, 2014, fund balances for governmental funds comprise the followings based on the relative strength of the constraints that control how specific amounts can be spent:

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2014

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

M. **Net Position/Fund Balances** (continued)

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

N. **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.

O. **Implementation of GASB Statement No. 65**

In March 2012, Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items previously Reported as Assets and Liabilities*, which is effective for the year ending June 30, 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement was implemented by the County during fiscal year ended June 30, 2014.

P. **New Accounting Pronouncements**

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

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

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, is effective for periods beginning after June 15, 2014. This statement is an amendment to GASB Statement No. 68 and should be applied concurrently.

NOTE 2: **CASH AND INVESTMENTS**

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

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

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

At June 30, 2014, total County cash and investments were as follows:

	Pooled Treasury	External to Pool	Total
Cash:			
Imprest cash	\$ --	\$ 170,270	\$ 170,270
Cash on hand	500	--	500
Deposits	122,366,866	10,230,726	132,597,592
Total Cash	122,367,366	10,400,996	132,768,362
Investments	339,081,597	1,182,473	340,264,070
Total Cash and Investments	<u>\$ 461,448,963</u>	<u>\$ 11,583,469</u>	<u>\$ 473,032,432</u>

Total cash and investments at June 30, 2014 were presented on the County's financial statements as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
County Investment Pool:				
Unrestricted	\$ 257,559,618	\$ 198,200,237	\$ 2,371,841	\$ 458,131,696
Restricted	2,254,679	--	1,062,588	3,317,267
Total in County Investment Pool	259,814,297	198,200,237	3,434,429	461,448,963
External to Pool:				
Other restricted cash and investments	--	--	4,288,226	4,288,226
Other unrestricted cash and investments	--	236,894	6,888,079	7,124,973
Imprest cash	169,870	--	400	170,270
Total External to Pool	169,870	236,894	11,176,705	11,583,469
Total Cash and Investments	<u>\$ 259,984,167</u>	<u>\$ 198,437,131</u>	<u>\$ 14,611,134</u>	<u>\$ 473,032,432</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

In the Statement of Fiduciary Net Position, the total cash and investments balance for Investment Trust and Agency Funds in the amount of \$198,437,131 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 \$10,958,617 is entirely offset by, and is significantly less than, the total \$16,423,150 that has been recorded by these funds as taxes receivable.

Cash and investments were restricted at June 30, 2014, for the following purposes:

	Primary Government	Component Units	Total
Closure and post-closure costs	\$ 2,254,679	\$ --	\$ 2,254,679
Transit and transportation grant expenditures	--	5,268,281	5,268,281
Risk financing	--	82,533	82,533
	<u>\$ 2,254,679</u>	<u>\$ 5,350,814</u>	<u>\$ 7,605,493</u>

Investments

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

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

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

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

At June 30, 2014, the County had the following investments:

	Interest Rates	Maturities	Par Value	Book Value	Fair Value	WAM (Years)
Investments in Investment Pool						
Treasury Securities - Coupon	0.250%-4.125%	07/15/14-10/31/17	\$ 224,000,000	\$ 225,383,197	\$ 226,116,433	1.23
California Local Agency Investment Fund	0.228%	On Demand	50,000,000	50,000,000	50,000,000	--
Money Market Account	0.050%-0.350%	On Demand	63,698,400	63,698,400	63,698,400	--
Total Investments in Investment Pool			\$ 337,698,400	\$ 339,081,597	\$ 339,814,833	0.82
Investments Outside Investment Pool						
Component Units:						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	0.228%	On Demand	\$ 1,182,473	\$ 1,182,473	\$ 1,182,473	--
Total Investments Outside Investment Pool			\$ 1,182,473	\$ 1,182,473	\$ 1,182,473	--

At June 30, 2014 the difference between the carrying value and fair value of cash and investments was not material (fair value was 100.22% of carrying value). No adjustment has been recorded on the financial statements.

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2014, the investment pool had a weighted average maturity of 0.82 year.

Credit Risk

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

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County investment pool's fair value at June 30, 2014.

	Standard & Poor's Rating	% of Portfolio
Treasury Securities - Coupon	AA	66.54%
California Local Agency Investment Fund	Unrated	14.71%
Money Market Account	Unrated	18.75%
Total		100.00%

Custodial Credit Risk

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (continued)

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

Local Agency Investment Fund

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

At June 30, 2014, the County's investment position in LAIF was \$50 million, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$21.1 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA), whose balance at June 30, 2014 was \$64.8 billion. Of that amount, 1.86% was invested in structured notes and asset-backed securities.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2014:

Statement of Net Position

Net position held for pool participants	\$ 461,448,963
Equity of internal pool participants	265,566,091
Equity of external pool participants	195,882,872
Total net position	\$ 461,448,963

Statement of Changes in Net Position

Net position at July 1, 2013	\$ 433,930,389
Investment income	1,631,937
Investment expenses	(544,985)
Net contributions (withdrawals) by pool participants	26,431,622
Net position at June 30, 2014	\$ 461,448,963

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 3: LONG-TERM RECEIVABLES

The accounts receivable balances reported in the governmental funds include an allowance for uncollectible amounts of \$9,259,966. Among these accounts receivables, \$2,168,088 (net of uncollectible amount) are long-term accounts receivables. In addition, the due from other government balances reported in other governmental funds include long-term receivables of \$2,104,234. 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 \$106,065 (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 activities report long-term notes receivables of \$12,693,000 and long-term interest receivables of \$242,994.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2014</u>
Governmental Activities					
Capital assets, not being depreciated					
Land and improvements	\$ 50,104,280	\$ 723,751	\$ --	\$ --	\$ 50,828,031
Construction in progress	<u>2,072,676</u>	<u>6,973,980</u>	<u>--</u>	<u>(2,458,531)</u>	<u>6,588,125</u>
Total capital assets not being depreciated	<u>52,176,956</u>	<u>7,697,731</u>	<u>--</u>	<u>(2,458,531)</u>	<u>57,416,156</u>
Capital assets, being depreciated					
Infrastructure	420,538,767	16,015,546	--	--	436,554,313
Structures and improvements	108,102,461	45,711	(279,852)	2,456,092	110,324,412
Equipment	<u>47,698,397</u>	<u>4,363,738</u>	<u>(2,203,410)</u>	<u>2,439</u>	<u>49,861,164</u>
Total capital assets being depreciated	<u>576,339,625</u>	<u>20,424,995</u>	<u>(2,483,262)</u>	<u>2,458,531</u>	<u>596,739,889</u>
Less accumulated depreciation for					
Infrastructure	(226,840,526)	(18,490,120)	--	--	(245,330,646)
Structures and improvements	(39,816,383)	(2,303,281)	195,497	--	(41,924,167)
Equipment	<u>(31,850,068)</u>	<u>(2,715,588)</u>	<u>2,037,096</u>	<u>--</u>	<u>(32,528,560)</u>
Total accumulated depreciation	<u>(298,506,977)</u>	<u>(23,508,989)</u>	<u>2,232,593</u>	<u>--</u>	<u>(319,783,373)</u>
Total capital assets being depreciated, net	<u>277,832,648</u>	<u>(3,083,994)</u>	<u>(250,669)</u>	<u>2,458,531</u>	<u>276,956,516</u>
Governmental activities capital assets, net	<u>\$ 330,009,604</u>	<u>\$ 4,613,737</u>	<u>\$ (250,669)</u>	<u>\$ --</u>	<u>\$ 334,372,672</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2013	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2014
Business Type Activities					
Capital assets, not being depreciated					
Land	\$ 319,665	\$ --	\$ --	\$ --	\$ 319,665
Construction in progress	856,910	18,918	--	--	875,828
Total capital assets not being depreciated	<u>1,176,575</u>	<u>18,918</u>	<u>--</u>	<u>--</u>	<u>1,195,493</u>
Capital assets, being depreciated					
Structures and improvements	8,359,912	--	--	--	8,359,912
Equipment	43,703	--	--	--	43,703
Total capital assets being depreciated	<u>8,403,615</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,403,615</u>
Less accumulated depreciation for					
Structures and improvements	(5,292,965)	(295,626)	--	--	(5,588,591)
Equipment	(27,981)	(1,790)	--	--	(29,771)
Total accumulated depreciation	<u>(5,320,946)</u>	<u>(297,416)</u>	<u>--</u>	<u>--</u>	<u>(5,618,362)</u>
Total capital assets being depreciated, net	<u>3,082,669</u>	<u>(297,416)</u>	<u>--</u>	<u>--</u>	<u>2,785,253</u>
Business type activities capital assets, net	<u>\$ 4,259,244</u>	<u>\$ (278,498)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,980,746</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 561,562
Public protection	1,714,259
Public ways and facilities	19,388,976
Health and sanitation	356,764
Public assistance	269,021
Education	237,369
Recreation and cultural services	146,510
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	<u>834,528</u>
Total depreciation expense governmental activities	<u>\$ 23,508,989</u>

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

Airports	\$ 297,416
Total depreciation expense business-type activities	<u>\$ 297,416</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 5: UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES

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 enterprise 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.

Pursuant to 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 inflows of resources in the government-wide and governmental fund statements. These items are an acquisition of net assets by the County that is applicable to a future reporting period. Previous financial reporting standards do not included guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

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.

As of June 30, 2014, both governmental activities and governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. Governmental funds also report deferred inflows of resources in connection with receivables for revenues considered unavailable for the current period. The various components of unearned revenue and unavailable revenue (deferred inflows of resources) were reported as follows:

	Governmental Funds		Governmental Activities
		(Deferred Inflows of Resources)	
	Unearned Revenue	Unavailable Revenue	Unearned Revenue
Governmental Activities/Governmental Funds:			
General Fund:			
Various grants and charges	\$ 47,105	\$ 222,010	\$ 47,105
Road Fund:			
Various grants and charges	158,068	1,607,726	158,068
Other Governmental Funds:			
Various grants, charges, and special assessments and loans	6,792,265	2,548,651	6,792,265
Total	\$ 6,997,438	\$ 4,378,387	\$ 6,997,438

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 6: LONG-TERM LIABILITIES

Long-term debt at June 30, 2014 consisted of the following:

	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2014</u>
Governmental Activities						
Notes Payable:						
California Housing Finance Agency						
HELP Program ¹⁾	2009	2018	3.50%	³⁾	\$ 100,000	\$ 100,000
HELP Program ²⁾	2012	2018	3.50%	³⁾	1,400,000	1,400,000
HUD HOME Program ²⁾	2003	2058	0.00%	³⁾	3,000,000	3,000,000
HUD HOME Program ²⁾	2013	2067	3.00%	³⁾	3,000,000	3,000,000
HUD State CDBG Program ²⁾	2013	2068	3.00%	³⁾	483,000	<u>483,000</u>
Total Governmental Activities						<u>\$ 7,983,000</u>

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

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

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

The following is a summary of long-term liabilities transactions for the year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Notes payable:					
California Housing Finance Agency	\$ 1,500,000	\$ --	\$ --	\$ 1,500,000	\$ 1,500,000
HUD HOME Program	5,700,000	300,000	--	6,000,000	--
HUD State CDBG Program	260,244	222,756	--	483,000	--
Compensated absences	13,160,501	1,832,350	1,114,899	13,877,952	1,114,136
Landfill closure / post-closure liability	16,142,895	--	--	16,142,895	--
Liability for self-insurance claims	16,459,000	35,736,561	34,908,561	17,287,000	4,423,941
Other postemployment benefits	66,342,823	6,831,074	2,132,671	71,041,226	--
	<u>\$ 119,565,463</u>	<u>\$ 44,922,741</u>	<u>\$ 38,156,131</u>	<u>\$ 126,332,073</u>	<u>\$ 7,038,077</u>
Business-Type Activities					
Compensated absences	\$ 27,123	\$ 4,599	\$ --	\$ 31,722	\$ 2,538
	<u>\$ 27,123</u>	<u>\$ 4,599</u>	<u>\$ --</u>	<u>\$ 31,722</u>	<u>\$ 2,538</u>

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

As of June 30, 2014, there are no annual debt service requirements of governmental activities with fixed maturities and there are no annual debt service requirements of business-type activities to maturity. However, notes payable to California Housing Finance Agency in the amount of \$1,500,000 and related interest payable of \$64,696 (as of June 30, 2014) are due and payable in fiscal year 2014-2015. Specifically, Mercy Housing California paid off its promissory notes payable of \$1,500,000 and related interest to the County on July 31, 2014. In compliance with the HELP Loan terms and conditions, the County subsequently paid off the corresponding notes payable of \$1,500,000 and related interest to California Housing Finance Agency on October 29, 2014.

NOTE 7: LEASES

Operating Lease Obligations

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$3.1 million for the year ended June 30, 2014.

Future minimum operating lease commitments are as follows:

Year Ending June 30:	
2015	\$ 2,242,331
2016	1,931,204
2017	1,618,445
2018	1,457,622
2019	1,306,651
2020-2024	<u>5,831,167</u>
	<u>\$ 14,387,420</u>

Capital Lease Obligations

The County accounts for capital leases in the governmental fund types in accordance with the provisions of National Council on Governmental Accounting (NCGA) Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a capital asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. There were no lease payments for the fiscal year 2013-2014.

These assets are included in the County's capital assets. As of June 30, 2014, the County paid off all capital leases and therefore, there are no future minimum lease payments relating to these assets.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2014

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

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

The County ceased accepting waste from the public in 1997 and 8.2 acres or 19.4 percent of the landfill's 42.3 acres remain open to waste generated onsite. The estimated landfill closure care liability of \$2,247,151 reported as of June 30, 2014, is the current cost estimate of closing the remaining 8.2 acres. Because the landfill is no longer accepting waste from the public, the additional liability of \$13,895,744 representing postclosure costs for the entire 42.3 acres has been recognized and is a cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes.

State and federal laws require the County to make contributions to a special fund in order to finance closure care. At June 30, 2014, cash and investments held of \$2,254,679 in this special fund are part of the pooled funds held by the County treasurer and are reported as restricted assets on the Statement of Net Position. Currently, the amount held as restricted cash is sufficient to cover the entire closure liability.

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 9: INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2014 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	\$ 1,823,000	Advance for cash flow
	Enterprise Fund - County Airports	77,000	Advance for cash flow
	Other Governmental Funds	179,378	Realignment Funds
	Other Governmental Funds	1,302,597	County Local Revenue Fund 2011
	Other Governmental Funds	298,000	Advance to Community Services Funds to cover cash shortfall
	Other Governmental Funds	12,000	Advance to HCED Fund to cover cash shortfall
	Other Governmental Funds	59,000	Advance to Health Fund to cover cash shortfall
	Other Governmental Funds	192,000	Advance to IHSS Public Authority Fund to cover cash shortfall
	Other Governmental Funds	17,000	Advance to Public Housing Authority Fund to cover cash shortfall
	Other Governmental Funds	273,479	Reimbursement for Insurance Fraud Program Expenditures
	Other Governmental Funds	50,014	Reimbursement for SB678 Expenditures
		<u>4,283,468</u>	
Road Fund	Other Governmental Funds	<u>504,221</u>	Billing for Road Work
		<u>504,221</u>	
Enterprise Fund - Airports	General Fund	9,823	General Fund Contribution
	Other Governmental Funds	14,941	ACO Funds Contribution
		<u>24,764</u>	
Other Governmental Funds	Other Governmental Funds	145,134	Sales Tax Realignment Funds for Health Programs
	Other Governmental Funds	271,898	Sales Tax Realignment Funds for Mental Health Programs
	Other Governmental Funds	12,195	Health Realignment due to Mental Health Realignment
	General Fund	11,521	Contribution to Meyers Landfill
		<u>440,748</u>	
	Total	<u>\$ 5,253,201</u>	

Advance To/From Other Funds:

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 9: INTERFUND TRANSACTIONS (CONTINUED)

Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>	
General Fund	Other Governmental Funds	\$ 13,956	Close Out Tobacco Settlement Funds to General Fund	
	Other Governmental Funds	28,115	Community Services Family Loan Program Close Out	
	Other Governmental Funds	1,199,233	County Service Area #10 Special Tax Revenues to Library General Fund Operating	
	Other Governmental Funds	27,504	IHSS Public Authority Return Funds to General Fund	
	Other Governmental Funds	253,110	State Off-Highway Vehicle & El Dorado-SMUD Agreement Funds to Rubicon Trail	
	Other Governmental Funds	27,188	El Dorado-SMUD Cooperation Agreement Funds to Sheriff OHV Rubicon	
	Other Governmental Funds	39,956	Indian Gaming Impact Account to District Attorney	
	Other Governmental Funds	509,310	Time Share, Overpayment, and Redemption Fees to BOS / Auditor / TTC / Assessor	
	Other Governmental Funds	2,379	Overages Treasurer Tax Collector Operating	
	Other Governmental Funds	174,304	Park / River Fees to Parks and Rivers General Fund Operating	
	Other Governmental Funds	705,533	Grant Revenues, Prop 64 & Real Estate Funds to District Attorney General Fund Operating	
	Other Governmental Funds	715,924	Grant Revenues & Program Revenues to Sheriff's Operating	
	Other Governmental Funds	220,854	Probation CCPIF SB678 Reimbursement to General Fund Adult Supervision	
	Other Governmental Funds	65,938	Commercial Grading to Building Operating	
	Other Governmental Funds	565,685	Micro, Computer System, Vital Health Statistics, Electronic Recording to Recorder Operating	
	Other Governmental Funds	356,895	Planning Projects Revenues to Planning	
	Other Governmental Funds	410,329	Engineer Time and Materials to DOT County Engineer	
	Other Governmental Funds	9,934	Kincade, and Bookmobile Funds to Library Operating	
	Other Governmental Funds	260,335	Realignment Funds to Animal Services	
	Other Governmental Funds	220,281	Realignment Funds to Environmental Health	
	Other Governmental Funds	9,021,358	Realignment Funds to Social Services	
	Other Governmental Funds	156,298	Realignment Funds to Probation	
	Other Governmental Funds	42,244	County Local Revenue Funds to COA Adm	
	Other Governmental Funds	3,295,626	County Local Revenue Funds to Sheriff	
	Other Governmental Funds	1,554,638	County Local Revenue Funds to Probation	
	Other Governmental Funds	6,760,801	County Local Revenue Funds to Social Services	
	Other Governmental Funds	52,192	County Local Revenue Funds to Public Guardian	
	Other Governmental Funds	837,444	Supplemental Law Enforcement Services Fund (SLESF) to Sheriff/DA/Probation Operating	
	Internal Service Fund - Fleet		21,048	Returning Capital Contribution to Sheriff
			<u>27,548,412</u>	

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 9: INTERFUND TRANSACTIONS (CONTINUED)

Transfers (continued)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>	
Road Fund	General Fund	\$ 2,102,403	General Fund Billing/Contribution	
	Silva Valley Interchange TIM Fund	443,046	Road Projects Billing	
	Other Governmental Funds	4,500,000	Road District Tax to Road Fund Operating	
	Other Governmental Funds	8,843	El Dorado-SMUD Cooperation Agreement Fund Billing	
	Other Governmental Funds	11,522,230	Operating	
	Other Governmental Funds	81,996	ACO Fund Billing	
		<u>18,658,518</u>		
Internal Services Fund - Fleet	General Fund	55,774	General Fund Contribution	
		<u>55,774</u>		
Enterprise Fund - Airports	General Fund	82,248	General Fund Contribution	
	Other Governmental Funds	20,000	Special Aviation Funding	
	Other Governmental Funds	46,437	ACO Fund Contribution	
		<u>148,685</u>		
Other Governmental Funds	General Fund	1,493,469	General Fund Contribution to Community Services	
	General Fund	118,000	General Fund Contribution to HCED	
	General Fund	4,634,854	General Fund Contribution to Public Health	
	General Fund	24,978	Reimbursement to Federal Forest Reserve	
	General Fund	15,000	General Fund Contribution For Veterans Hall	
	General Fund	2,738	General Fund Transfer to Change Difference Shortage	
	General Fund	60,971	General Fund Reimbursement to DOT for Perks Court Property	
	General Fund	1,066,808	General Fund Contribution to Meyer's Landfill Fund	
	General Fund	5,254,136	General Fund Contribution to Health and Welfare	
	General Fund	4,125,434	General Fund Reimbursements to ACO Fund	
	Road Fund	77,496	Road Fund to CSA#3 for Capital Assets Transferred	
	Other Governmental Funds	13,265	Community Services Fund to ACO Fund for Project Billing	
	Other Governmental Funds	174,324	Mental Health Fund to ACO Fund for Project Billing	
	Other Governmental Funds	822	CSA#3 to ACO Fund for Project Billing	
	Other Governmental Funds	919,447	Criminal Justice Facility/Courthouse/Veteran Hall Construction Fund to ACO Fund	
	Other Governmental Funds	448	Quimby Fund to ACO Fund	
	Other Governmental Funds	211,244	County Local Revenue Fund Community Corrections Account to ACO Fund	
			<u>18,193,434</u>	
	Total		<u>\$ 64,604,823</u>	

NOTE 10: PENSION PLAN

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and miscellaneous employees are required to contribute 7%. The employees pay a portion or all of their required PERS contribution to PERS 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. Further, the County is required to contribute at an actuarially determined rate; the current rate is 15.661% for miscellaneous employees and 29.935% for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2013-2014, the County's annual pension cost of \$19,926,286 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial. Assumptions included 7.50% investment rate of return (net of administrative expenses) and projected annual salary increases that vary ranging from 3.30% to 14.20% for both miscellaneous members and safety members depending on age, service and type of employment. An inflation component of 2.75% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 16,942	100%	\$ --
6/30/13	17,572	100%	--
6/30/14	19,926	100%	--

Funded Status and funding Progress

The following is the funded status information for each plan as of June 30, 2013, the most recent actuarial valuation date:

<u>Plan</u>	<u>Accrued Liability</u>	<u>Market Value Of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
Miscellaneous	\$ 543,445,624	\$ 395,508,426	\$ 147,937,198	72.8%	\$ 75,990,044	194.7%
Safety	260,670,062	171,046,265	89,623,797	65.6%	25,906,903	345.9%

COUNTY OF EL DORADO

Notes to the Basic Financial Statements For the Year Ended June 30, 2014

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

Funded Status and funding Progress (continued)

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

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

Plan Description. The County of El Dorado (County) Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to employees who retire from active service 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 Standard 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 Retiree Health Plan agreement places a cap on the County's contribution so that the amount paid to each individual retiree will be limited such that total County contributions do not exceed 1.2% of total payroll. This 1.2% payroll cap applies to the County's Contribution Subsidy only, and because this cap is a limitation on the employer's contribution, and not a limitation of retiree benefits, it cannot be considered to reduce the County's liability until the cap is enforced and thereby begins to alter the established pattern of shared costs. Effective July 1, 2011, the County contribution cap (1.2%) has been enforced and the rate has been adjusted to meet the cap.

Funding Policy. The contribution requirements of the plan members and the County are established and may be amended by the County. The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The 2013-2014 ARC is \$9,384,000.

Annual OPEB Cost and Net OPEB Obligation.

For 2013-2014, the County's annual OPEB cost (expense) was \$6,831,074 and the Net OPEB Obligation was \$71,041,226. Actual contributions made during the year were \$2,132,671.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

Annual OPEB Cost and Net OPEB Obligation. (continued)

The following table shows the components of the County's Annual OPEB Cost for the year ended June 30, 2014, the amount actually contributed to the plan, and changes in the County's Net OPEB Obligation/(Asset).

Annual Required Contributions	\$ 9,384,000
Interest on Net OPEB Obligation/(Asset)	2,611,060
Adjustment to Annual Required Contributions	<u>(5,163,986)</u>
Annual OPEB Cost (Expense)	6,831,074
Contributions Made	<u>(2,132,671)</u>
Increase to Net OPEB Obligations/(Asset)	4,698,403
Net OPEB Obligation/(Asset) – Beginning of Year	<u>66,342,823</u>
Net OPEB Obligation/(Asset) – End of Year	<u>\$ 71,041,226</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 6,583	33.3%	\$ 62,426
6/30/13	6,708	41.6%	66,343
6/30/14	6,831	31.2%	71,041

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2014, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$ 72,030
Market value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 72,030</u>
Funded ratio (market value of plan assets/AAL)	0.0%
Covered payroll (active Plan members)	\$146,206
UAAL as a percentage of covered payroll	49.3%

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

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

In the June 30, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return based on the assumption that benefits will be paid from general County assets earmarked for purposes of County Postretirement Benefits, and not invested in a separate trust. This rate includes a 3.0% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 20 years on a closed basis. The remaining amortization period at June 30, 2014 was 13 years.

NOTE 12: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim. The County purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. 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 \$17,287,000 reported in the Risk Management Fund at June 30, 2014 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, 2014 and 2013 were as follows:

	2014	2013
Unpaid claims, beginning of year	\$ 16,459,000	\$ 15,868,000
Plus estimated claims incurred	35,736,561	36,074,793
Less claims payments	(34,908,561)	(35,483,793)
Unpaid claims, end of year	\$ 17,287,000	\$ 16,459,000

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

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 13: COMMITMENTS AND CONTINGENCIES

Grants

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

Pending Litigation

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

Encumbrances

The County uses an encumbrances system to control expenditures for the year and to enhance cash management. Under this system, purchase orders and contracts are recorded in order to reserve that portion of applicable appropriations. Encumbrances still open at the end of the year are not accounted for as expenditures and liabilities but rather as part of the fund balances. As of June 30, 2014, General Fund had a total of \$628,236 in encumbrances, which were reported as part of the assigned fund balances on the governmental fund balance sheet. Road Fund had a total of \$204,912 in encumbrances, which were reported as part of the restricted fund balances. Other (nonmajor) governmental funds had a total of \$972,313 in encumbrances, which were reported as part of the restricted, committed or assigned fund balances.

Construction Commitments and Other Significant Commitments

At June 30, 2014, the County has ongoing construction commitments that totaled approximately \$28.4 million and other significant commitments that totaled \$12.5 million.

Road Improvement Reimbursement Agreements

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

Bass Lake Road-Serrano Parkway Intersection	\$ 181,151
White Rock Road west	1,008,973
Bass Lake road	3,692,150
Post St. / White Rock Road Signalization	85,000
White Rock Road East (RIA)	75,842
Silva Valley Interchange	<u>11,094,966</u>
Total	<u>\$ 16,138,082</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

SB-90 Funds Due to the State of California

In 2010, the State Controller conducted an audit of the Mandated Cost Claims submitted to the State from 2001 to 2009 for the Animal Adoption Program. Material amounts of costs were disallowed. The State has the right to offset \$744,000 of future State mandated reimbursements due to the County. No liability or allowance has been recognized in the financial statements for these potential future revenue offsets.

Noncompliance with Government Code Sections 66000-66008

The County levies and collects fees pursuant to California Government Code Section 66000 (State law) on behalf of various special districts. State law requires that not less than once every five years, the Board of Supervisors review the fees to determine whether the fee amounts are reasonably related to the impacts of development. A County ordinance requires that this review be conducted annually by the Board of Supervisors. These reviews have not been conducted in over 6 years. The County is in violation of both State law and our County ordinance. The impact that this noncompliance may have on the financial statements is not determinable at this time.

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 14: NET POSITION / FUND BALANCES

A. Fund Balances

Fund balances for all the major and nonmajor governmental funds as of June 30, 2014, were presented as follows:

	General	Road Fund	Silva Valley Interchange TIM Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Advances	\$ 430,000	\$ --	\$ --	\$ --	\$ 430,000
Inventory	--	732,559	--	82,672	815,231
Prepaid expenses	718,537	30,440	--	312,535	1,061,512
Permanent fund principal	--	--	--	2,078,655	2,078,655
Subtotal	<u>1,148,537</u>	<u>762,999</u>	<u>--</u>	<u>2,473,862</u>	<u>4,385,398</u>
Restricted for:					
Capital projects	--	--	7,421,962	6,954,460	14,376,422
Public protection	--	--	--	20,337,564	20,337,564
Public ways and facilities	--	7,096,716	19,971,798	26,344,918	53,413,432
Health and sanitation	--	--	--	35,089,745	35,089,745
Public assistance	--	--	--	1,263,898	1,263,898
General government	--	--	--	5,226,785	5,226,785
Education	--	--	--	752,693	752,693
Recreation & cultural services	--	--	--	32,893	32,893
Subtotal	<u>--</u>	<u>7,096,716</u>	<u>27,393,760</u>	<u>96,002,956</u>	<u>130,493,432</u>
Committed to:					
Capital projects	7,115,793	10,531,096	--	16,874,007	34,520,896
Public protection	--	--	--	59,301	59,301
Public ways and facilities	--	--	--	1,989,411	1,989,411
Public assistance	--	--	--	826	826
Subtotal	<u>7,115,793</u>	<u>10,531,096</u>	<u>--</u>	<u>18,923,545</u>	<u>36,570,434</u>
Assigned to:					
Debt service	--	--	--	1,801,011	1,801,011
Public protection	--	--	--	2,639,389	2,639,389
Public ways and facilities	--	--	--	60	60
Health and sanitation	--	--	--	9,960,489	9,960,489
Public assistance	--	--	--	1,998,761	1,998,761
General government	628,236	--	--	458,646	1,086,882
Education	--	--	--	13,094	13,094
Recreation & cultural services	--	--	--	459,531	459,531
Subtotal	<u>628,236</u>	<u>--</u>	<u>--</u>	<u>17,330,981</u>	<u>17,959,217</u>
Unassigned	<u>40,258,816</u>	<u>--</u>	<u>--</u>	<u>(427,296)</u>	<u>39,831,520</u>
Total	<u>\$ 49,151,382</u>	<u>\$ 18,390,811</u>	<u>\$ 27,393,760</u>	<u>\$ 134,304,048</u>	<u>\$ 229,240,001</u>

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 14: NET POSITION / FUND BALANCES (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 / net position.

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

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	
	<u>Fund Financial</u>	<u>Government-Wide</u>
	<u>Statements</u>	<u>Statement of Net Position</u>
	Other	Total
	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Activities</u>
Fund Balance / Net Position, June 30, 2013, as previously reported	\$ 121,631,812	\$ 476,022,611
Restatements:		
Overstatement of accounts receivable	(212,031)	(212,031)
Overstatement of notes receivable	(4,852,132)	--
Overstatement of interest receivable	(51,089)	--
Overstatement of deferred revenue (unavailable)	4,903,221	--
Overstatement of other liabilities	--	198,763
Total restatements	<u>(212,031)</u>	<u>(13,268)</u>
Fund Balance / Net Position, June 30, 2013, as restated	<u>\$ 121,419,781</u>	<u>\$ 476,009,343</u>

C. Deficit Fund Balances / Net Position

The following funds had deficit fund balances or net position as of June 30, 2014:

Nonmajor Governmental Funds:	
CDBG 1 st Time Homebuyers Grant	\$ 253
HCED Administration	18,816
CSA#3 West Shore Snow Removal	196,298
Bond: Encroachment Prepayments	345
Meyers Landfill Site	69,969
Internal Service Fund:	
Risk Management Authority	59,580,494

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

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 15: CONDENSED SEGMENT INFORMATION ON COMPONENT UNITS

The County has three Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2014, is as follows:

**Component Units Statement of Net Position
June 30, 2014**

	Children and Families Commission	El Dorado County Transit Authority	El Dorado County Transportation Commission	Total
<u>ASSETS</u>				
Current and other assets	\$ 2,645,069	\$ 8,280,070	\$ 1,803,339	\$ 12,728,478
Capital assets	554,547	9,272,563	36,956	9,864,066
Restricted cash	--	3,557,289	1,793,525	5,350,814
Other long-term assets	75,000	--	--	75,000
Total Assets	3,274,616	21,109,922	3,633,820	28,018,358
<u>LIABILITIES</u>				
Current liabilities	88,273	8,124,594	1,052,947	9,265,814
Long-term liabilities	--	600,631	79,648	680,279
Total Liabilities	88,273	8,725,225	1,132,595	9,946,093
<u>NET POSITION</u>				
Net investment in capital assets	554,547	9,272,563	36,956	9,864,066
Restricted	2,631,796	--	2,196,800	4,828,596
Unrestricted	--	3,112,134	267,469	3,379,603
Total Net Position	\$ 3,186,343	\$ 12,384,697	\$ 2,501,225	\$ 18,072,265

COUNTY OF EL DORADO

Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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

**Component Units Statement of Activities
For the Year Ended June 30, 2014**

	<u>Children and Families Commission</u>	<u>El Dorado County Transit Authority</u>	<u>El Dorado County Transportation Commission</u>	<u>Total</u>
Revenues:				
Program Revenues:				
Charges for current services	\$ --	\$ 1,590,224	\$ --	\$ 1,590,224
Operating grants and contributions	1,541,593	4,152,688	1,768,037	7,462,318
Capital grants and contributions	--	1,158,761	--	1,158,761
General Revenues:				
Taxes	--	--	4,930,021	4,930,021
Interest and investment earnings	5,778	15,449	6,662	27,889
Other revenues	3,482	33,884	71,195	108,561
Total Revenues	<u>1,550,853</u>	<u>6,951,006</u>	<u>6,775,915</u>	<u>15,277,774</u>
Expenses:				
Health and sanitation	1,648,204	--	--	1,648,204
Public ways and facilities	--	7,032,679	6,510,469	13,543,148
Total Expenses	<u>1,648,204</u>	<u>7,032,679</u>	<u>6,510,469</u>	<u>15,191,352</u>
Change in net position	(97,351)	(81,673)	265,446	86,422
Net Position - Beginning of Year	<u>3,283,694</u>	<u>12,466,370</u>	<u>2,235,779</u>	<u>17,985,843</u>
Net Position - End of Year	<u>\$ 3,186,343</u>	<u>\$ 12,384,697</u>	<u>\$ 2,501,225</u>	<u>\$ 18,072,265</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF EL DORADO

Required Supplementary Information
For the Year Ended June 30, 2014

SCHEDULES OF FUNDING PROGRESS

The tables below show a three-year comparison of the market value of plan assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the County Employee's Retirement Pension Plans as of the actuarial valuation date. As of June 30, 2011 and June 30, 2012 CALPERS reported the actuarial values of plan assets greater than the market value of plan assets. Because the actuarial value of plan assets was significantly greater than the market value in these two valuations, the market value of plan assets was used in the below schedules of funding progress for each of these two years. Beginning with the June 30, 2013 valuation, CALPERS reports only the market value of plan assets.

Miscellaneous Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Market Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/11	\$ 498,510,496	\$365,327,819	\$ 133,182,677	73.3%	\$ 78,603,424	169.4%
6/30/12	521,155,919	358,290,282	162,865,637	68.7%	77,132,460	211.2%
6/30/13	543,445,624	395,508,426	147,937,198	72.8%	75,990,044	194.7%

Safety Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Market Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/11	\$ 232,382,099	\$155,289,700	\$ 77,092,399	66.8%	\$ 25,867,788	298.0%
6/30/12	246,982,366	153,607,995	93,374,371	62.2%	25,525,956	365.8%
6/30/13	260,670,062	171,046,265	89,623,797	65.6%	25,906,903	345.9%

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

Retiree's Health

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Market Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/10	\$ 167,183,000	\$ --	\$ 167,183,000	0.0%	\$ 134,540,000	124.3%
6/30/12	67,924,000	--	67,924,000	0.0%	136,519,000	49.8%
6/30/14	72,030,000	--	72,030,000	0.0%	146,206,000	49.3%

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 39,959,179	\$ 39,959,179	\$ 39,959,179	\$ --
Resources (inflows):				
Taxes	85,968,472	85,968,472	88,577,279	2,608,807
Licenses, permits and franchises	6,418,371	6,418,371	6,611,805	193,434
Fines, forfeits and penalties	878,750	878,750	1,110,358	231,608
Revenue from use of money or property	121,040	121,040	176,676	55,636
Intergovernmental revenue - State	29,162,616	29,521,167	27,737,885	(1,783,282)
Intergovernmental revenue - Federal	24,344,654	24,500,194	21,006,880	(3,493,314)
Revenue other governmental agencies	7,286,088	7,286,088	6,534,643	(751,445)
Charges for services	22,014,843	21,950,532	15,753,138	(6,197,394)
Miscellaneous revenue	1,153,163	1,164,842	2,098,440	933,598
Other financing sources	31,238,533	32,039,641	27,548,412	(4,491,229)
	<u>208,586,530</u>	<u>209,849,097</u>	<u>197,155,516</u>	<u>(12,693,581)</u>
Amounts available for appropriation	<u>248,545,709</u>	<u>249,808,276</u>	<u>237,114,695</u>	<u>(12,693,581)</u>
Charges to appropriations (outflows):				
General Government				
Board of Supervisors				
Salaries and employee benefits	1,424,009	1,405,809	1,200,984	204,825
Services and supplies	248,731	266,231	134,172	132,059
Other charges	--	700	676	24
Fixed assets	23,000	23,000	12,267	10,733
Intrafund transfers	36,071	36,071	11,575	24,496
	<u>1,731,811</u>	<u>1,731,811</u>	<u>1,359,674</u>	<u>372,137</u>
County Administrative Office				
Salaries and employee benefits	2,144,969	2,094,969	1,775,801	319,168
Services and supplies	60,764	60,764	67,685	(6,921)
Fixed assets	3,000	3,000	2,850	150
Intrafund transfers	40,133	40,133	20,421	19,712
Intrafund abatement	(215,120)	(215,120)	(17,871)	(197,249)
	<u>2,033,746</u>	<u>1,983,746</u>	<u>1,848,886</u>	<u>134,860</u>
Annual Audit				
Services and supplies	92,000	92,000	80,875	11,125
	<u>92,000</u>	<u>92,000</u>	<u>80,875</u>	<u>11,125</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
General Fund (continued)
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller				
Salaries and employee benefits	\$ 2,946,682	\$ 2,946,682	\$ 2,633,589	\$ 313,093
Services and supplies	97,137	97,137	68,697	28,440
Intrafund transfers	303,343	303,343	10,215	293,128
Intrafund abatement	<u>(155,684)</u>	<u>(155,684)</u>	<u>(158,580)</u>	<u>2,896</u>
	<u>3,191,478</u>	<u>3,191,478</u>	<u>2,553,921</u>	<u>637,557</u>
Treasurer/Tax Collector				
Salaries and employee benefits	2,013,935	2,013,935	1,913,384	100,551
Services and supplies	599,951	599,951	418,854	181,097
Fixed assets	19,000	19,000	6,814	12,186
Other financing uses	3,600	3,600	2,738	862
Intrafund transfers	289,015	289,015	61,797	227,218
Intrafund abatement	<u>(14,000)</u>	<u>(14,000)</u>	<u>(7,171)</u>	<u>(6,829)</u>
	<u>2,911,501</u>	<u>2,911,501</u>	<u>2,396,416</u>	<u>515,085</u>
Assessor				
Salaries and employee benefits	3,157,730	3,157,730	3,016,712	141,018
Services and supplies	121,639	121,639	106,579	15,060
Other charges	500	500	--	500
Intrafund transfers	<u>269,805</u>	<u>269,805</u>	<u>8,048</u>	<u>261,757</u>
	<u>3,549,674</u>	<u>3,549,674</u>	<u>3,131,339</u>	<u>418,335</u>
Purchasing				
Salaries and employee benefits	549,220	549,220	544,918	4,302
Services and supplies	21,104	21,104	16,001	5,103
Intrafund transfers	<u>6,317</u>	<u>6,317</u>	<u>362</u>	<u>5,955</u>
	<u>576,641</u>	<u>576,641</u>	<u>561,281</u>	<u>15,360</u>
Revenue Recovery				
Salaries and employee benefits	608,562	608,562	612,000	(3,438)
Services and supplies	167,866	167,866	156,291	11,575
Intrafund transfers	30,768	30,768	7,879	22,889
Intrafund abatement	<u>(13,000)</u>	<u>(13,000)</u>	<u>(15,662)</u>	<u>2,662</u>
	<u>794,196</u>	<u>794,196</u>	<u>760,508</u>	<u>33,688</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
County Counsel				
Salaries and employee benefits	\$ 2,592,238	\$ 2,592,238	\$ 2,424,342	\$ 167,896
Services and supplies	289,685	429,585	327,245	102,340
Intrafund transfers	36,333	36,333	4,972	31,361
Intrafund abatement	(37,000)	(37,000)	--	(37,000)
	<u>2,881,256</u>	<u>3,021,156</u>	<u>2,756,559</u>	<u>264,597</u>
Human Resources				
Salaries and employee benefits	1,146,329	1,146,329	926,252	220,077
Services and supplies	428,810	568,810	404,936	163,874
Intrafund transfers	25,592	25,592	5,502	20,090
	<u>1,600,731</u>	<u>1,740,731</u>	<u>1,336,690</u>	<u>404,041</u>
Elections				
Salaries and employee benefits	810,267	810,267	712,938	97,329
Services and supplies	791,938	844,703	643,066	201,637
Other charges	83,750	83,750	--	83,750
Intrafund transfers	46,887	46,887	8,585	38,302
	<u>1,732,842</u>	<u>1,785,607</u>	<u>1,364,589</u>	<u>421,018</u>
Communications				
Salaries and employee benefits	606,709	606,709	558,460	48,249
Services and supplies	1,610,076	1,560,576	1,121,161	439,415
Services and supplies abatements	(350,000)	(350,000)	(253,265)	(96,735)
Fixed assets	119,600	169,100	90,589	78,511
Intrafund transfers	2,056	2,056	25	2,031
Intrafund abatement	(675,000)	(675,000)	(1,436)	(673,564)
	<u>1,313,441</u>	<u>1,313,441</u>	<u>1,515,534</u>	<u>(202,093)</u>
Courier and Messenger				
Salaries and employee benefits	159,762	159,762	148,719	11,043
Services and supplies	26,405	26,405	25,038	1,367
Intrafund transfers	4,209	4,209	--	4,209
Intrafund abatement	(154,817)	(154,817)	(151,398)	(3,419)
	<u>35,559</u>	<u>35,559</u>	<u>22,359</u>	<u>13,200</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
General Fund (continued)
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Buildings and Grounds				
Salaries and employee benefits	\$ 3,200,121	\$ 3,200,121	\$ 2,897,737	\$ 302,384
Services and supplies	1,953,917	2,047,772	2,063,132	(15,360)
Other charges	40,000	40,000	25,874	14,126
Fixed assets	28,250	28,250	18,105	10,145
Intrafund transfers	59,776	59,776	173	59,603
Intrafund abatement	--	--	(136,867)	136,867
	<u>5,282,064</u>	<u>5,375,919</u>	<u>4,868,154</u>	<u>507,765</u>
County Promotion				
Salaries and employee benefits	236,079	236,079	143,496	92,583
Services and supplies	1,686,409	1,754,189	1,088,422	665,767
Other charges	93,352	7,572	1,563	6,009
Intrafund transfers	109,760	109,760	24,081	85,679
	<u>2,125,600</u>	<u>2,107,600</u>	<u>1,257,562</u>	<u>850,038</u>
Information Technologies				
Salaries and employee benefits	4,553,533	4,532,533	4,185,801	346,732
Services and supplies	1,906,671	2,007,126	1,520,886	486,240
Other charges	--	21,000	20,185	815
Fixed assets	207,900	593,900	517,363	76,537
Intrafund transfers	149,929	149,929	6,739	143,190
Intrafund abatement	(2,813,252)	(2,813,252)	(304,135)	(2,509,117)
	<u>4,004,781</u>	<u>4,491,236</u>	<u>5,946,839</u>	<u>(1,455,603)</u>
Surveyor				
Salaries and employee benefits	1,455,144	1,455,144	1,314,195	140,949
Services and supplies	130,737	129,737	100,045	29,692
Other charges	300	1,300	360	940
Fixed assets	7,438	7,438	3,905	3,533
Intrafund transfers	52,798	52,798	22,672	30,126
Intrafund abatement	(500)	(500)	--	(500)
	<u>1,645,917</u>	<u>1,645,917</u>	<u>1,441,177</u>	<u>204,740</u>
Employee Benefits				
Salaries and employee benefits	20,000	20,000	19,594	406
Services and supplies	--	--	72	(72)
	<u>20,000</u>	<u>20,000</u>	<u>19,666</u>	<u>334</u>
Engineer				
Services and supplies	641,229	641,229	349,694	291,535
Other charges	1,367,836	1,517,836	1,411,001	106,835
Intrafund transfers	125,162	125,162	26,757	98,405
	<u>2,134,227</u>	<u>2,284,227</u>	<u>1,787,452</u>	<u>496,775</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Contribution to Other Funds				
Services and supplies	\$ 300,000	\$ 368,500	\$ 318,500	\$ 50,000
Other charges	3,042,142	3,042,142	3,025,796	16,346
Other financing uses	<u>31,323,342</u>	<u>31,992,342</u>	<u>17,614,282</u>	<u>14,378,060</u>
	<u>34,665,484</u>	<u>35,402,984</u>	<u>20,958,578</u>	<u>14,444,406</u>
Contribution to Other Agencies				
Other charges	--	958,387	958,387	--
	<u>--</u>	<u>958,387</u>	<u>958,387</u>	<u>--</u>
Contribution to Airports				
Other financing uses	269,080	269,080	82,248	186,832
	<u>269,080</u>	<u>269,080</u>	<u>82,248</u>	<u>186,832</u>
Other General				
Salaries and employee benefits	6,203,445	5,943,445	5,675,410	268,035
Services and supplies	1,230,635	1,490,635	1,246,909	243,726
Fixed assets	17,000	17,000	4,690	12,310
Other financing uses	244,282	246,759	1,162,678	(915,919)
Intrafund transfers	76,045	73,568	29,796	43,772
Intrafund abatement	<u>(3,497,263)</u>	<u>(3,497,263)</u>	<u>(3,195,647)</u>	<u>(301,616)</u>
	<u>4,274,144</u>	<u>4,274,144</u>	<u>4,923,836</u>	<u>(649,692)</u>
Central Services				
Salaries and employee benefits	34,501	34,501	30,861	3,640
Services and supplies	183,505	183,505	124,736	58,769
Services and supplies abatements	(175,000)	(175,000)	(118,444)	(56,556)
Intrafund transfers	934	934	--	934
Intrafund abatement	<u>(25,972)</u>	<u>(25,972)</u>	<u>(29,647)</u>	<u>3,675</u>
	<u>17,968</u>	<u>17,968</u>	<u>7,506</u>	<u>10,462</u>
General Government	<u>76,884,141</u>	<u>79,575,003</u>	<u>61,940,036</u>	<u>17,634,967</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Public Protection				
Superior Court MOE				
Services and supplies	\$ 1,810,000	\$ 1,809,900	\$ 1,783,904	\$ 25,996
Other charges	1,256,000	1,256,000	1,239,989	16,011
Intrafund transfers	--	100	25	75
	<u>3,066,000</u>	<u>3,066,000</u>	<u>3,023,918</u>	<u>42,082</u>
Grand Jury				
Services and supplies	86,050	86,050	47,616	38,434
Intrafund transfers	5,899	5,899	3,334	2,565
	<u>91,949</u>	<u>91,949</u>	<u>50,950</u>	<u>40,999</u>
District Attorney				
Salaries and employee benefits	7,417,942	7,373,091	7,372,662	429
Services and supplies	680,747	911,904	848,960	62,944
Other charges	2,500	2,500	2,083	417
Fixed assets	16,500	16,500	23,546	(7,046)
Other charges	--	30,100	30,012	88
Intrafund transfers	206,612	106,125	102,523	3,602
Intrafund abatement	(200,000)	(200,000)	(211,129)	11,129
	<u>8,124,301</u>	<u>8,240,220</u>	<u>8,168,657</u>	<u>71,563</u>
Child Support Services				
Salaries and employee benefits	4,132,982	4,132,982	3,832,408	300,574
Services and supplies	582,325	582,325	550,353	31,972
Intrafund transfers	317,776	317,776	(77,556)	395,332
	<u>5,033,083</u>	<u>5,033,083</u>	<u>4,305,205</u>	<u>727,878</u>
Public Defender				
Salaries and employee benefits	2,685,376	2,665,376	2,547,841	117,535
Services and supplies	394,433	414,433	404,813	9,620
Fixed assets	2,000	2,000	--	2,000
Intrafund transfers	48,165	48,165	19,818	28,347
	<u>3,129,974</u>	<u>3,129,974</u>	<u>2,972,472</u>	<u>157,502</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Sheriff-Bailiff				
Salaries and employee benefits	\$ 3,439,271	\$ 3,439,271	\$ 2,843,640	\$ 595,631
Services and supplies	180,712	180,712	114,025	66,687
Other charges	--	--	1,263	(1,263)
Intrafund transfers	1,364	1,364	125	1,239
	<u>3,621,347</u>	<u>3,621,347</u>	<u>2,959,053</u>	<u>662,294</u>
Sheriff				
Salaries and employee benefits	26,446,571	26,446,571	25,124,378	1,322,193
Services and supplies	5,821,690	5,708,578	4,782,849	925,729
Other charges	47,000	6,000	24,896	(18,896)
Fixed assets	709,074	957,201	703,147	254,054
Other financing uses	55,800	55,800	55,773	27
Intrafund transfers	258,414	258,414	30,637	227,777
Intrafund abatement	--	--	(4,104)	4,104
	<u>33,338,549</u>	<u>33,432,564</u>	<u>30,717,576</u>	<u>2,714,988</u>
Central Dispatch				
Salaries and employee benefits	2,080,127	2,080,127	1,769,999	310,128
Services and supplies	48,026	48,026	21,479	26,547
Fixed assets	200,000	200,000	--	200,000
Intrafund transfers	11,500	11,500	483	11,017
	<u>2,339,653</u>	<u>2,339,653</u>	<u>1,791,961</u>	<u>547,692</u>
Jail				
Salaries and employee benefits	12,081,434	12,081,434	10,340,650	1,740,784
Services and supplies	2,253,028	2,127,746	1,889,831	237,915
Other charges	--	100,000	--	100,000
Fixed assets	171,150	201,209	109,642	91,567
Intrafund transfers	59,427	59,427	34,226	25,201
	<u>14,565,039</u>	<u>14,569,816</u>	<u>12,374,349</u>	<u>2,195,467</u>
Juvenile Hall				
Salaries and employee benefits	5,109,186	5,109,186	4,620,680	488,506
Services and supplies	882,948	839,093	660,971	178,122
Other charges	265,000	265,000	145,419	119,581
Fixed assets	13,000	13,000	11,136	1,864
Intrafund transfers	25,995	25,995	23,242	2,753
	<u>6,296,129</u>	<u>6,252,274</u>	<u>5,461,448</u>	<u>790,826</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Probation				
Salaries and employee benefits	\$ 7,101,020	\$ 7,101,020	\$ 6,431,552	\$ 669,468
Services and supplies	1,351,161	1,298,960	896,659	402,301
Other charges	--	--	397	(397)
Fixed assets	10,000	62,201	64,033	(1,832)
Other financing uses	--	22,473	22,472	1
Intrafund transfers	226,294	203,821	17,627	186,194
	<u>8,688,475</u>	<u>8,688,475</u>	<u>7,432,740</u>	<u>1,255,735</u>
Agricultural Commission				
Salaries and employee benefits	1,037,363	1,037,363	1,004,258	33,105
Services and supplies	220,633	220,633	181,427	39,206
Other charges	6,200	6,200	3,504	2,696
Intrafund transfers	52,675	52,675	3,344	49,331
	<u>1,316,871</u>	<u>1,316,871</u>	<u>1,192,533</u>	<u>124,338</u>
Building Inspector				
Salaries and employee benefits	3,999,410	3,999,410	3,285,142	714,268
Services and supplies	446,987	442,987	218,792	224,195
Fixed assets	23,656	27,656	23,700	3,956
Intrafund transfers	332,153	332,153	551,631	(219,478)
	<u>4,802,206</u>	<u>4,802,206</u>	<u>4,079,265</u>	<u>722,941</u>
Coroner				
Salaries and employee benefits	949,085	949,085	913,460	35,625
Services and supplies	277,583	277,583	272,005	5,578
Intrafund transfers	1,706	1,706	57	1,649
	<u>1,228,374</u>	<u>1,228,374</u>	<u>1,185,522</u>	<u>42,852</u>
Emergency Services				
Salaries and employee benefits	701,354	701,354	633,774	67,580
Services and supplies	52,440	52,440	64,026	(11,586)
Other charges	--	--	1,099	(1,099)
Fixed assets	--	--	178	(178)
Intrafund transfers	7,408	7,408	352	7,056
	<u>761,202</u>	<u>761,202</u>	<u>699,429</u>	<u>61,773</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Recorder/Clerk				
Salaries and employee benefits	\$ 1,246,276	\$ 1,246,276	\$ 1,056,120	\$ 190,156
Services and supplies	319,480	319,480	216,294	103,186
Fixed assets	50,000	50,000	--	50,000
Intrafund transfers	129,987	129,987	13,377	116,610
	<u>1,745,743</u>	<u>1,745,743</u>	<u>1,285,791</u>	<u>459,952</u>
Planning and Zoning				
Salaries and employee benefits	5,371,527	5,248,527	4,762,302	486,225
Services and supplies	2,142,976	2,246,589	1,364,811	881,778
Other charges	1,454	1,454	1,356	98
Fixed assets	--	2,342	4,673	(2,331)
Intrafund transfers	527,312	527,312	275,592	251,720
Intrafund abatement	(368,285)	(376,285)	(894,464)	518,179
	<u>7,674,984</u>	<u>7,649,939</u>	<u>5,514,270</u>	<u>2,135,669</u>
Animal Services				
Salaries and employee benefits	1,401,275	1,398,675	1,216,877	181,798
Services and supplies	630,987	768,639	505,004	263,635
Other charges	407,335	187,635	64,266	123,369
Fixed assets	4,000	6,600	2,505	4,095
Intrafund transfers	81,273	300,973	232,845	68,128
	<u>2,524,870</u>	<u>2,662,522</u>	<u>2,021,497</u>	<u>641,025</u>
Public Guardian				
Salaries and employee benefits	1,324,711	1,324,711	1,145,888	178,823
Services and supplies	145,280	145,280	79,658	65,622
Fixed assets	27,000	27,000	--	27,000
Intrafund transfers	284,383	284,383	219,775	64,608
	<u>1,781,374</u>	<u>1,781,374</u>	<u>1,445,321</u>	<u>336,053</u>
Cemeteries				
Salaries and employee benefits	-	53,000	51,128	1,872
Services and supplies	19,980	19,980	1,879	18,101
Other charges	234	234	234	--
Intrafund transfers	--	8,000	8,072	(72)
	<u>20,214</u>	<u>81,214</u>	<u>61,313</u>	<u>19,901</u>
Public Protection	<u>110,150,337</u>	<u>110,494,800</u>	<u>96,743,270</u>	<u>13,751,530</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Health and Sanitation				
Environmental Management				
Salaries and employee benefits	\$ 1,574,776	\$ 1,574,776	\$ 1,354,973	\$ 219,803
Services and supplies	277,037	393,511	166,030	227,481
Other charges	2,500	2,500	123	2,377
Fixed assets	18,758	18,758	--	18,758
Intrafund transfers	327,487	327,487	197,513	129,974
Intrafund abatement	<u>(2,550)</u>	<u>(2,550)</u>	<u>(2,402)</u>	<u>(148)</u>
	<u>2,198,008</u>	<u>2,314,482</u>	<u>1,716,237</u>	<u>598,245</u>
Health and Sanitation	<u>2,198,008</u>	<u>2,314,482</u>	<u>1,716,237</u>	<u>598,245</u>
Public Assistance				
Social Services Administration				
Salaries and employee benefits	12,029,224	11,579,224	10,240,087	1,339,137
Services and supplies	1,504,239	1,504,239	1,065,286	438,953
Other charges	713,400	713,400	445,074	268,326
Fixed assets	8,600	8,600	--	8,600
Intrafund transfers	<u>4,218,378</u>	<u>4,218,378</u>	<u>3,176,376</u>	<u>1,042,002</u>
	<u>18,473,841</u>	<u>18,023,841</u>	<u>14,926,823</u>	<u>3,097,018</u>
Social Services Programs				
Salaries and employee benefits	4,703,467	4,703,467	4,396,703	306,764
Services and supplies	1,801,592	1,801,592	1,502,943	298,649
Other charges	1,916,099	1,916,099	1,852,367	63,732
Fixed assets	23,400	23,400	--	23,400
Intrafund transfers	<u>1,800</u>	<u>1,800</u>	<u>908</u>	<u>892</u>
	<u>8,446,358</u>	<u>8,446,358</u>	<u>7,752,921</u>	<u>693,437</u>
Categorical Aids				
Other charges	<u>16,853,448</u>	<u>17,303,448</u>	<u>17,030,393</u>	<u>273,055</u>
	<u>16,853,448</u>	<u>17,303,448</u>	<u>17,030,393</u>	<u>273,055</u>
Aids to Indigents				
Services and supplies	46,500	46,500	43,066	3,434
Other charges	<u>38,800</u>	<u>38,800</u>	<u>48,787</u>	<u>(9,987)</u>
	<u>85,300</u>	<u>85,300</u>	<u>91,853</u>	<u>(6,553)</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (continued)
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Veterans' Services				
Salaries and employee benefits	\$ 298,868	\$ 311,415	\$ 311,413	\$ 2
Services and supplies	72,779	76,588	72,361	4,227
Other charges	250	250	--	250
Fixed assets	--	2,635	2,635	--
Intrafund transfers	18,638	3,894	2,326	1,568
	<u>390,535</u>	<u>394,782</u>	<u>388,735</u>	<u>6,047</u>
Public Assistance	<u>44,249,482</u>	<u>44,253,729</u>	<u>40,190,725</u>	<u>4,063,004</u>
Education				
County Library				
Salaries and employee benefits	2,474,204	2,472,804	2,317,056	155,748
Services and supplies	835,869	873,758	812,458	61,300
Other charges	2,000	3,400	2,825	575
Fixed assets	30,670	14,750	17,584	(2,834)
Other financing uses	--	66,611	66,610	1
Intrafund transfers	91,121	89,401	27,065	62,336
	<u>3,433,864</u>	<u>3,520,724</u>	<u>3,243,598</u>	<u>277,126</u>
Education	<u>3,433,864</u>	<u>3,520,724</u>	<u>3,243,598</u>	<u>277,126</u>
Recreation and Cultural Services				
Recreation				
Salaries and employee benefits	348,269	378,469	394,314	(15,845)
Services and supplies	221,534	485,504	177,522	307,982
Other charges	616,388	717,522	478,437	239,085
Fixed assets	--	89,178	70,950	18,228
Intrafund transfers	35,000	35,000	17,197	17,803
	<u>1,221,191</u>	<u>1,705,673</u>	<u>1,138,420</u>	<u>567,253</u>
Historical Museum				
Salaries and employee benefits	88,096	88,096	87,065	1,031
Services and supplies	36,719	36,719	27,112	9,607
Intrafund transfers	4,650	4,650	--	4,650
	<u>129,465</u>	<u>129,465</u>	<u>114,177</u>	<u>15,288</u>
Recreation and Cultural Services	<u>1,350,656</u>	<u>1,835,138</u>	<u>1,252,597</u>	<u>582,541</u>
Contingency				
Appropriation for contingencies	<u>10,279,221</u>	<u>7,814,400</u>	<u>--</u>	<u>7,814,400</u>
	<u>10,279,221</u>	<u>7,814,400</u>	<u>--</u>	<u>7,814,400</u>
Total Charges to Appropriations	<u>248,545,709</u>	<u>249,808,276</u>	<u>205,086,463</u>	<u>44,721,813</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 32,028,232</u>	<u>\$ 32,028,232</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
General Fund (continued)
For the Year Ended June 30, 2014

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	\$ 237,114,695
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	(39,959,179)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(27,548,412)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(6,595,002)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 163,012,102</u></u>

Uses/outflow of resources:

Actual amount (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 205,086,463
Difference budget to GAAP Transfers out to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(19,036,813)
Interfund expenditures to other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(6,595,002)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 179,454,648</u></u>

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 Road Fund
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Budgetary fund balances, July 1	\$ 3,911,194	\$ 3,869,721	\$ 3,869,721	\$ --
Resources (inflows):				
Taxes and assessments	134,139	134,139	91,125	(43,014)
Licenses, permits and franchises	567,410	567,410	855,022	287,612
Revenue from use of money or property	26,321	26,321	33,696	7,375
Intergovernmental revenue - State	23,841,887	24,197,676	19,311,037	(4,886,639)
Intergovernmental revenue - Federal	10,939,399	10,906,039	5,208,873	(5,697,166)
Charges for services	4,725,057	4,920,339	3,186,383	(1,733,956)
Miscellaneous revenues	4,987,452	4,987,452	5,204,118	216,666
Other financing sources	27,268,608	27,268,608	18,689,188	(8,579,420)
	<u>72,490,273</u>	<u>73,007,984</u>	<u>52,579,442</u>	<u>(20,428,542)</u>
Amounts available for appropriations	<u>76,401,467</u>	<u>76,877,705</u>	<u>56,449,163</u>	<u>(20,428,542)</u>
Charges to appropriations (outflows):				
Public Ways and Facilities				
Salaries and employee benefits	16,131,130	16,131,130	13,391,134	2,739,996
Services and supplies	47,103,915	47,457,575	31,589,144	15,868,431
Other charges	10,696,332	10,696,332	3,538,082	7,158,250
Fixed assets	3,159,781	3,084,414	1,477,039	1,607,375
Other financing uses	--	77,496	77,496	--
Intrafund transfers	5,575,075	5,695,524	4,114,557	1,580,967
Intrafund abatement	(6,764,766)	(6,764,766)	(4,840,974)	(1,923,792)
Appropriations for contingencies	500,000	500,000	--	500,000
Public Ways and Facilities	<u>76,401,467</u>	<u>76,877,705</u>	<u>49,346,478</u>	<u>27,531,227</u>
Total Charges to Appropriations	<u>76,401,467</u>	<u>76,877,705</u>	<u>49,346,478</u>	<u>27,531,227</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,102,685</u>	<u>\$ 7,102,685</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
Road Fund (continued)
For the Year Ended June 30, 2014

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	\$ 56,449,163
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	(3,869,721)
Transfers in from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(18,658,518)
Interfund revenues from other governmental funds are inflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,139,866)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 31,781,058</u></u>

Uses/outflow of resources:

Actual amount (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 49,346,478
Difference budget to GAAP Transfers out to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(77,496)
Interfund expenditures to other governmental funds are outflows of budgetary resources, but are eliminated for financial reporting purposes	<u>(2,139,866)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 47,129,116</u></u>

COUNTY OF EL DORADO

Required Supplementary Information
 Budgetary Comparison Schedule
 Silva Valley Interchange TIM Fund
 June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ (355,191)	\$ (355,191)	\$ (355,191)	\$ --
Resources (inflows):				
Revenue from use of money or property	16,000	16,000	51,768	35,768
Charges for services	<u>491,800</u>	<u>991,800</u>	<u>19,260,880</u>	<u>18,269,080</u>
	<u>507,800</u>	<u>1,007,800</u>	<u>19,312,648</u>	<u>18,304,848</u>
Amounts available for appropriations	<u>152,609</u>	<u>652,609</u>	<u>18,957,457</u>	<u>18,304,848</u>
Charges to appropriations (outflows):				
Public Ways and Facilities				
Other financing uses	52,609	552,609	443,046	109,563
Appropriations for contingencies	<u>100,000</u>	<u>100,000</u>	<u>--</u>	<u>100,000</u>
Public Ways and Facilities	<u>152,609</u>	<u>652,609</u>	<u>443,046</u>	<u>209,563</u>
Total Charges to Appropriations	<u>152,609</u>	<u>652,609</u>	<u>443,046</u>	<u>209,563</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 18,514,411</u>	<u>\$ 18,514,411</u>

continued

COUNTY OF EL DORADO

Required Supplementary Information
Budgetary Comparison Schedule
Silva Valley Interchange TIM Fund (continued)
June 30, 2014

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 \$ 18,957,457

Difference budget to GAAP
The fund deficit at the beginning of the year is a budgetary use but is
not a reduction of current year revenue for financial reporting purposes 355,191

Total revenues as reported on the statement of revenues,
expenditures, and changes in fund balance governmental funds \$ 19,312,648

Uses/outflow of resources:

Actual amount (budgetary basis) "total charges to appropriations"
from budgetary comparison schedule \$ 443,046

Difference budget to GAAP
Transfers out to other funds are outflows of budgetary resources but are not
expenditures for financial reporting purposes (443,046)

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

COUNTY OF EL DORADO

Required Supplementary Information Notes to the Budgetary Comparison Schedule For the Year Ended June 30, 2014

BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

SUPPLEMENTARY INFORMATION

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COUNTY OF EL DORADO

Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 2,193,713	\$ 28,465,032	\$ 30,658,745
Account receivable	547	48,031	48,578
Deposits	--	83,100	83,100
Inventory	43,564	--	43,564
Prepaid expenses	93	2,305,422	2,305,515
Total Current Assets	<u>2,237,917</u>	<u>30,901,585</u>	<u>33,139,502</u>
Capital Assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	11,276,442	43,842	11,320,284
Accumulated depreciation	<u>(5,511,882)</u>	<u>(24,577)</u>	<u>(5,536,459)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>6,464,465</u>	<u>19,265</u>	<u>6,483,730</u>
Total Assets	<u>8,702,382</u>	<u>30,920,850</u>	<u>39,623,232</u>
Liabilities			
Current Liabilities:			
Accounts payable	271,762	317,590	589,352
Salaries and benefits payable	11,218	16,499	27,717
Due to other funds	--	1,823,000	1,823,000
Liability for self-insurance	--	4,423,941	4,423,941
Compensated absences-due within one year	1,451	1,282	2,733
Total Current Liabilities	<u>284,431</u>	<u>6,582,312</u>	<u>6,866,743</u>
Long-Term Liabilities			
Liability for self-insurance	--	12,863,059	12,863,059
Liability for other post-employment benefits	--	71,041,226	71,041,226
Compensated absences-due beyond year one	16,687	14,747	31,434
Total Long-Term Liabilities	<u>16,687</u>	<u>83,919,032</u>	<u>83,935,719</u>
Total Liabilities	<u>301,118</u>	<u>90,501,344</u>	<u>90,802,462</u>
Net Position			
Net investment in capital assets	6,464,465	19,265	6,483,730
Restricted	2,383,401	--	2,383,401
Unrestricted	<u>(446,602)</u>	<u>(59,599,759)</u>	<u>(60,046,361)</u>
Total Net Position	<u>\$ 8,401,264</u>	<u>\$(59,580,494)</u>	<u>\$(51,179,230)</u>

COUNTY OF EL DORADO

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Operating Revenues:			
Service fees	<u>\$ 1,675,460</u>	<u>\$ 32,679,856</u>	<u>\$ 34,355,316</u>
Operating Expenses:			
Salaries and benefits	272,578	6,438,141	6,710,719
Services and supplies	569,246	40,380,446	40,949,692
Depreciation	<u>830,846</u>	<u>3,682</u>	<u>834,528</u>
Total Operating Expenses	<u>1,672,670</u>	<u>46,822,269</u>	<u>48,494,939</u>
Operating Income (Loss)	<u>2,790</u>	<u>(14,142,413)</u>	<u>(14,139,623)</u>
Non-Operating Revenues (Expenses):			
Interest income	3,823	64,364	68,187
Gain (loss) on sale of capital assets	(45,183)	--	(45,183)
Miscellaneous nonoperating revenue	<u>39,849</u>	<u>463,029</u>	<u>502,878</u>
Total Non-Operating Revenues (Expenses)	<u>(1,511)</u>	<u>527,393</u>	<u>525,882</u>
Income (Loss) Before Transfers and Capital Contributions	<u>1,279</u>	<u>(13,615,020)</u>	<u>(13,613,741)</u>
Transfers In	55,774	--	55,774
Transfers Out	(21,048)	--	(21,048)
Capital Contributions	<u>25,931</u>	<u>--</u>	<u>25,931</u>
Change in Net Position	61,936	(13,615,020)	(13,553,084)
Net Position - Beginning of Year	<u>8,339,328</u>	<u>(45,965,474)</u>	<u>(37,626,146)</u>
Net Position - End of Year	<u><u>\$ 8,401,264</u></u>	<u><u>\$(59,580,494)</u></u>	<u><u>\$(51,179,230)</u></u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Fleet Management	Risk Management Authority	Total
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,675,283	\$ 32,886,584	\$ 34,561,867
Cash paid to suppliers for goods and services	(513,336)	(35,258,022)	(35,771,358)
Cash paid to employees for salaries and benefits	(264,806)	(6,442,439)	(6,707,245)
Net cash provided (used) by operating activities	<u>897,141</u>	<u>(8,813,877)</u>	<u>(7,916,736)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from (paid to) other funds	34,726	1,823,000	1,857,726
Non-operating revenues	39,849	463,029	502,878
Net cash provided (used) by noncapital financing activities	<u>74,575</u>	<u>2,286,029</u>	<u>2,360,604</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	71,523	--	71,523
Payments related to the acquisition of capital assets	(1,196,328)	--	(1,196,328)
Capital contributions	25,931	--	25,931
Net cash provided (used) by capital and related financing activities	<u>(1,098,874)</u>	<u>--</u>	<u>(1,098,874)</u>
Cash Flows from Investing Activities:			
Interest received	3,823	64,364	68,187
Net cash provided by investing activities	<u>3,823</u>	<u>64,364</u>	<u>68,187</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(123,335)	(6,463,484)	(6,586,819)
Cash and Cash Equivalents, Beginning of Year	<u>2,317,048</u>	<u>34,928,516</u>	<u>37,245,564</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,193,713</u>	<u>\$ 28,465,032</u>	<u>\$ 30,658,745</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,790	\$ (14,142,413)	\$ (14,139,623)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	830,846	3,682	834,528
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(177)	206,728	206,551
Inventory	(2,070)	--	(2,070)
Prepaid expenses	(93)	(26,101)	(26,194)
Increase (decrease) in:			
Accounts payable	58,073	(377,878)	(319,805)
Salaries payable	889	(1,444)	(555)
Liability for compensated absences	6,883	(2,854)	4,029
Liability for self-insurance	--	828,000	828,000
Liability for other post employment benefits	--	4,698,403	4,698,403
Net Cash Provided (Used) by Operating Activities	<u>\$ 897,141</u>	<u>\$ (8,813,877)</u>	<u>\$ (7,916,736)</u>