

**COUNTY OF EL DORADO
GENERAL PURPOSE
FINANCIAL STATEMENTS**

JUNE 30, 1998

**COUNTY OF EL DORADO
FOR THE YEAR ENDED JUNE 30, 1998**

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**COUNTY OF EL DORADO
FOR THE YEAR ENDED JUNE 30, 1998**

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of El Dorado

We have audited the accompanying general purpose financial statements of the County of El Dorado (County), as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the El Dorado County Transit Authority, which statements represent 58 percent of the assets and 58 percent of the operating revenues of the enterprise funds. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the El Dorado County Transit Authority, is based solely on the report of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. El Dorado County has included such disclosures in Note 15. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support El Dorado County's disclosures with respect to the year 2000 issue made in Note 15. Further, we do not provide assurance that El Dorado County is or will be year 2000 ready, that El Dorado County's year 2000 remediation efforts will be successful in whole or in part, or that parties with which El Dorado County does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine the evidence regarding year 2000 disclosures, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of El Dorado, California as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit of the general purpose financial statements and the report of other auditors, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we will also issue reports on our consideration of the County of El Dorado's internal control over financial reporting and our tests of its compliance with certain laws, contracts and grants.

Smith, Maloney & Gilles

January 12, 1999

COUNTY OF EL DORADO
 COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1998

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds		Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt			
ASSETS & OTHER DEBITS													
Assets:													
Cash and investments	\$ 4,073,712	\$ 16,263,277	\$ 3,355,331	\$ 4,002,611	\$ 800,385	\$ 16,071,198	\$ 72,795,347					\$ 117,365,861	
Cash with fiscal agents		45,005	3,299,014			95,602	1,980,259					5,419,880	
Accounts receivable	271,989	179,227	14,790	197	226,059	35,786	6,577,026					728,048	
Taxes receivable			7,351,412									6,577,026	
Special assessments receivable												7,351,412	
Notes receivable	737,892	5,588,204				653,649						6,326,096	
Due from other funds	2,488,039	547,417				23,278	125,000					3,814,105	
Due from other governments	7,867,264	4,997,551		19,935		83,475						12,884,750	
Inventories		456,753										492,804	
Prepaid expenses	76,523	102,347										274,320	
Land												17,782,882	
Structures & improvements												18,324,077	
Equipment												66,396,554	
Construction in progress												26,360,327	
Accumulated depreciation												868,582	
Other Debits:												(5,990,058)	
Amount available in debt service funds												6,667,135	
Amount to be provided for retirement of long-term debt												33,960,911	
	\$ 15,515,419	\$ 28,179,781	\$ 14,020,547	\$ 4,022,743	\$ 6,504,074	\$ 20,999,399	\$ 81,693,672	\$ 131,000,000	\$ 327,705,996			\$ 327,705,996	

See accompanying notes to the general purpose financial statements.

COUNTY OF EL DORADO
COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	Governmental Fund Types				Proprietary Fund Types				Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General		Long-Term Debt	General Fixed Assets	General Fixed Assets	Long-Term Debt		
								Capital Projects Funds	Enterprise Funds						
LIABILITIES, EQUITY & OTHER CREDITS															
Liabilities:															
Accounts payable	\$ 1,651,783	\$ 3,876,994	\$ 2,000	\$ 204,589	\$ 202,744	\$ 330,470	\$ 1,938,527								\$ 8,207,107
Salaries & benefits payable	1,542,083	635,307			44,278	10,542	294,716								2,526,926
Compensated absences	394,370				102,151	65,542									7,315,388
Due to other funds	234,136	3,083,518			69,932		426,519								3,814,105
Due to other governments	151,053	207,312			4,244										362,609
Deferred revenue	763,060	6,070,221	\$ 7,351,412		145,244										14,329,937
Notes payable-current					24,251										24,251
Capital leases-current					48,192										48,192
Liability for self-insurance															10,668,890
Liability for landfill closure & postclosure		841,679													841,679
Bonds payable															5,262,179
Notes payable-non-current					211,290										28,400,000
Capital lease obligations-non-current		737,892			325,295										1,215,848
Other agency obligations															1,112,850
Total liabilities	4,736,485	15,432,923	7,353,412	204,589	1,177,621	11,075,444	81,481,632						40,628,046		162,110,152
Fund Equity & Other Credits:															
Investment in general fixed assets															
Contributed capital															
Retained earnings:															
Reserved															
Unreserved:															
Fund balances:															
Reserved for debt service															
Reserved for encumbrances	1,087,448	1,589,247	3,299,014	8,300											640,103
Reserved for inventories		456,753													456,753
Reserved for imprest cash	25,510	11,530													37,040
Reserved for other purposes															
Unreserved:															
Designated for capital projects				2,810,969											2,810,969
Designated for debt service	3,708,126	1,792,738	3,368,121												3,368,121
Designated for contingencies	5,556,668	8,876,500		988,795											5,500,864
Undesignated	10,778,934	12,726,838	6,667,135	3,818,154	5,326,453	9,867,945									15,432,053
Total fund equity and other credits	\$ 15,515,419	\$ 28,179,781	\$ 14,020,547	\$ 4,022,743	\$ 6,504,074	\$ 20,943,380	\$ 81,481,632						\$ 40,628,046		\$ 322,703,976

See accompanying notes to the general purpose financial statements.

COUNTY OF EL DORADO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals (Memorandum Only)
REVENUES					
Taxes and assessments	\$ 33,760,272	\$ 9,546,038	\$ 1,516,859	\$ 506,473	\$ 45,329,642
Licenses, permits and franchises	4,479,187	1,114,762			5,593,949
Intergovernmental revenues	45,733,196	25,399,129		211,830	71,344,155
Use of money and property	1,577,404	824,147	2,413,896	223,845	5,039,092
Charges for services	9,521,398	17,608,480			27,129,878
Fines, forfeits and penalties	471,274	405,758		419,916	1,296,948
Other revenues	5,574,604	919,738		512,470	7,006,812
Total revenues	<u>101,117,335</u>	<u>55,818,052</u>	<u>3,930,755</u>	<u>1,874,534</u>	<u>162,740,476</u>
EXPENDITURES					
Current:					
General government	16,548,760				16,548,760
Public protection	43,748,454	12,179,090			55,927,544
Public ways and facilities	790,604	22,660,316			23,450,920
Health and sanitation	1,841,504	19,925,498			21,767,002
Public assistance	25,774,815	3,922,692			29,697,507
Education	755,419	923,303			1,678,722
Recreation and culture	413,886				413,886
Interest	621,521	212,476		22,468	856,465
Debt service:					
Principal			2,187,020		2,187,020
Interest and fees			1,775,111		1,775,311
Capital outlay	2,384,650	621,878		2,255,693	5,262,221
Total expenditures	<u>92,879,613</u>	<u>60,445,253</u>	<u>3,962,831</u>	<u>2,278,161</u>	<u>159,565,358</u>
Excess of revenues over (under) expenditures	<u>8,237,722</u>	<u>(4,627,201)</u>	<u>(31,076)</u>	<u>(403,627)</u>	<u>3,175,118</u>
Other financing sources (uses):					
Operating transfers in	200,000	6,842,355	571,024	314,887	7,929,166
Operating transfers out	(7,160,988)	(811,269)			(7,972,257)
Proceeds from refunding bonds			16,438,361		16,438,361
Payments to refunded bonds escrow agent			(16,438,361)		(16,438,361)
Transfer debt to general long term debt group		1,984,288			1,984,288
Total other financing sources (uses)	<u>(6,960,988)</u>	<u>8,015,374</u>	<u>571,024</u>	<u>314,887</u>	<u>1,941,197</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	1,276,734	3,388,173	540,448	(88,740)	5,116,315
Fund balances, July 1, 1997	9,675,346	9,381,255	6,126,887	3,906,894	29,090,482
Residual equity transfers	(173,146)	(42,570)			(215,716)
Fund balances, June 30, 1998	<u>\$ 10,778,934</u>	<u>\$ 12,726,858</u>	<u>\$ 6,667,895</u>	<u>\$ 3,818,154</u>	<u>\$ 33,991,081</u>

See accompanying notes to the general purpose financial statements

COUNTY OF EL DORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL—GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Actual</u>	<u>Budget</u>	Variance-- Favorable (Unfavorable)
REVENUES			
Taxes	\$ 33,760,272	\$ 33,050,915	\$ 709,357
Licenses, permits and franchises	4,479,187	4,122,995	356,192
Intergovernmental revenues	45,733,196	49,167,691	(3,434,495)
Use of money and property	1,577,404	1,219,648	357,756
Charges for services	9,521,398	10,361,007	(839,609)
Fines, forfeits and penalties	471,274	556,160	(84,886)
Other revenues	5,574,604	5,291,030	283,574
Total revenues	<u>101,117,335</u>	<u>103,769,446</u>	<u>(2,652,111)</u>
EXPENDITURES			
Current:			
General government	16,548,760	17,449,787	901,027
Public protection	43,748,454	44,536,276	787,822
Public ways and facilities	790,604	850,000	59,396
Health and sanitation	1,841,504	2,107,567	266,063
Public assistance	25,774,815	30,724,731	4,949,916
Education	755,419	778,030	22,611
Recreation and culture	413,886	470,410	56,524
Interest	621,521	740,000	118,479
Capital outlay	2,384,650	3,206,499	821,849
Total expenditures	<u>92,879,613</u>	<u>100,863,300</u>	<u>7,983,687</u>
Excess of revenues over expenditures	<u>8,237,722</u>	<u>2,906,146</u>	<u>5,331,576</u>
Other financing sources (uses):			
Operating transfers in	200,000	671,914	(471,914)
Operating transfers out	(7,160,988)	(7,046,593)	(114,395)
Total other financing sources (uses)	<u>(6,960,988)</u>	<u>(6,374,679)</u>	<u>(586,309)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	1,276,734	<u>\$ (3,468,533)</u>	<u>\$ 4,745,267</u>
Fund balance, July 1, 1997	9,675,346		
Residual equity transfers	(173,146)		
Fund balance, June 30, 1998	<u>\$ 10,778,934</u>		

See accompanying notes to the general purpose financial statements.

COUNTY OF EL DORADO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL--SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1998

	Actual	Budget	Variance-- Favorable (Unfavorable)
REVENUES			
Taxes and assessments	\$ 9,546,038	\$ 9,162,734	\$ 383,304
Licenses, permits and franchises	1,114,762	1,174,071	(59,309)
Intergovernmental revenues	25,399,129	27,466,803	(2,067,674)
Use of money and property	824,147	436,820	387,327
Charges for services	17,608,480	20,230,303	(2,621,823)
Fines, forfeits and penalties	405,758	439,120	(33,362)
Other revenues	919,738	1,247,003	(327,265)
Total revenues	<u>55,818,052</u>	<u>60,156,854</u>	<u>(4,338,802)</u>
EXPENDITURES			
Current:			
Public protection	12,179,090	13,235,845	1,056,755
Public ways and facilities	22,660,316	28,084,043	5,423,727
Health and sanitation	19,925,498	22,459,524	2,534,026
Public assistance	3,922,692	4,561,555	638,863
Education	923,303	971,941	48,638
Interest	212,476	130,712	(81,764)
Capital outlay	621,878	1,845,323	1,223,445
Total expenditures	<u>60,445,253</u>	<u>71,288,943</u>	<u>10,843,690</u>
Excess of revenues over (under) expenditures	<u>(4,627,201)</u>	<u>(11,132,089)</u>	<u>6,504,888</u>
Other financing sources (uses):			
Operating transfers in	6,842,355	6,923,600	(81,245)
Operating transfers out	(811,269)	(826,217)	14,948
Transfer debt to general long term debt group	1,984,288		1,984,288
Total other financing sources (uses)	<u>8,015,374</u>	<u>6,097,383</u>	<u>1,917,991</u>
Excess of revenues and other financing sources over (under) expenditures	3,388,173	<u>(\$5,034,706)</u>	<u>\$ 8,422,879</u>
Fund balances, July 1, 1997	9,381,255		
Residual equity transfers	(42,570)		
Fund balance, June 30, 1998	<u>\$ 12,726,858</u>		

See accompanying notes to the general purpose financial statements.

COUNTY OF EL DORADO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL--GENERAL & SPECIAL REVENUE FUNDS

(MEMORANDUM ONLY)

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Actual</u>	<u>Budget</u>	Variance-- Favorable <u>(Unfavorable)</u>
REVENUES			
Taxes and assessments	\$ 43,306,310	\$ 42,213,649	\$ 1,092,661
Licenses, permits and franchises	5,593,949	5,297,066	296,883
Intergovernmental revenues	71,132,325	76,634,494	(5,502,169)
Use of money and property	2,401,551	1,656,468	745,083
Charges for services	27,129,878	30,591,310	(3,461,432)
Fines, forfeits and penalties	877,032	995,280	(118,248)
Other revenues	6,494,342	6,538,033	(43,691)
Total revenues	<u>156,935,387</u>	<u>163,926,300</u>	<u>(6,990,913)</u>
EXPENDITURES			
Current:			
General government	16,548,760	17,449,787	901,027
Public protection	55,927,544	57,772,121	1,844,577
Public ways and facilities	23,450,920	28,934,043	5,483,123
Health and sanitation	21,767,002	24,567,091	2,800,089
Public assistance	29,697,507	35,286,286	5,588,779
Education	1,678,722	1,749,971	71,249
Recreation and culture	413,886	470,410	56,524
Interest	833,997	870,712	36,715
Capital outlay	3,006,528	5,051,822	2,045,294
Total expenditures	<u>153,324,866</u>	<u>172,152,243</u>	<u>18,827,377</u>
Excess of revenues over (under) expenditures	<u>3,610,521</u>	<u>(8,225,943)</u>	<u>11,836,464</u>
Other financing sources (uses):			
Operating transfers in	7,042,355	7,595,514	(553,159)
Operating transfers out	(7,972,257)	(7,872,810)	(99,447)
Transfer debt to general long term debt group	1,984,288		1,984,288
Total other financing sources (uses)	<u>1,054,386</u>	<u>(277,296)</u>	<u>1,331,682</u>
Excess of revenues and other financing sources over (under) expenditures	4,664,907	\$ (8,503,239)	\$ 13,168,146
Fund balance, July 1, 1997	19,056,601		
Residual equity transfers	<u>(215,716)</u>		
Fund balance, June 30, 1998	<u>\$ 23,505,792</u>		

See accompanying notes to the general purpose financial statements.

COUNTY OF EL DORADO
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS--ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
OPERATING REVENUES			
Fare box collections	\$ 504,734		\$ 504,734
Service fees	151,110	\$ 13,356,458	13,507,568
Fuel sales	157,554	531,616	689,170
Total operating revenues	<u>813,398</u>	<u>13,888,074</u>	<u>14,701,472</u>
OPERATING EXPENSES			
Salaries and benefits	1,326,150	462,493	1,788,643
Services and supplies	1,118,743	11,370,161	12,488,904
Depreciation	412,067	883,115	1,295,182
Total operating expenses	<u>2,856,960</u>	<u>12,715,769</u>	<u>15,572,729</u>
Net operating income (loss)	<u>(2,043,562)</u>	<u>1,172,305</u>	<u>(871,257)</u>
Non-operating revenues (expenses):			
Intergovernmental revenue	1,894,356		1,894,356
Interest income	28,853	874,569	903,422
Interest expense	(40,049)		(40,049)
Gain on sale of assets		46,422	46,422
Transfers from other funds	41,591	1,500	43,091
Other	34,347		34,347
Net non-operating revenues (expenses)	<u>1,959,098</u>	<u>922,491</u>	<u>2,881,589</u>
Net income (loss)	(84,464)	2,094,796	2,010,332
Retained earnings, July 1, 1997	1,867,991	4,830,002	6,697,993
Transfer of depreciation to contributed capital	179,274		179,274
Increase in contributed capital	(997,592)		(997,592)
Retained earnings, June 30, 1998	<u>\$ 965,209</u>	<u>\$ 6,924,798</u>	<u>\$ 7,890,007</u>

See accompanying notes to the general purpose financial statements.

COUNTY OF EL DORADO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1998

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating income (loss)	\$ (2,043,562)	\$ 1,172,305	\$ (871,257)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	412,067	883,115	1,295,182
(Increase) decrease in accounts receivable	(6,071)	(35,786)	(41,857)
(Increase) decrease in amounts due from other funds and governments	12,273	(97,796)	(85,523)
(Increase) decrease in prepaid expenses and inventories	6,817	(84,984)	(78,167)
Increase (decrease) in accounts and salaries payable	43,105	32,657	75,762
Increase (decrease) in due to other funds and governments	3,176		3,176
Net cash provided (used) by operating activities	<u>(1,572,195)</u>	<u>1,869,511</u>	<u>297,316</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	28,853	874,569	903,422
Purchases of fixed assets	(1,271,925)	(1,168,893)	(2,440,818)
Loans to other funds repaid		389,977	389,977
Net cash provided by investing activities	<u>(1,243,072)</u>	<u>95,653</u>	<u>(1,147,419)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term debt	(22,863)		(22,863)
Interest expense	(40,049)		(40,049)
Intergovernmental revenue	3,102,422		3,102,422
Capital contributions		220,170	220,170
Transfers from other funds		1,500	1,500
Other	34,347		34,347
Net cash provided by financing activities	<u>3,073,857</u>	<u>221,670</u>	<u>3,295,527</u>
Net increase (decrease) in cash and cash equivalents	258,590	2,186,834	2,445,424
Cash and cash equivalents, July 1, 1997	541,795	13,979,966	14,521,761
Cash and cash equivalents, June 30, 1998	<u>\$ 800,385</u>	<u>\$ 16,166,800</u>	<u>\$ 16,967,185</u>

See accompanying notes to the general purpose financial statements

COUNTY OF EL DORADO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

Note 1--Organization and Summary of Significant Accounting Policies

Description of the Reporting Entity

The County of El Dorado (the County) is a political subdivision of the State of California. As such, it can exercise the powers specified by the Constitution and statutes of the State. The County is governed by a five member elected Board of Supervisors

Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, the component units discussed in the following paragraphs are included in the County's reporting entity because of their operational and financial relationship with the County.

- The County Service Areas are separate legal entities created to provide services such as water, sewer, lighting and road maintenance throughout the County.
- The County Water Agency is a separate legal entity formed to provide water service within the County.
- The El Dorado Hills Business Park Light and Landscape District was formed to provide lighting and landscaping to the business park in El Dorado Hills.
- The Air Pollution Control District was established as a separate legal entity to maintain and improve the County's air quality.
- The El Dorado Redevelopment Agency was created under the Community Redevelopment Law of the State to address blighted areas within the County.
- The El Dorado County Housing Authority was formed to issue certificates and vouchers for Section 8 housing.
- The El Dorado County Bond Authority was established pursuant to a joint exercise of powers agreement between the County and the El Dorado Redevelopment Agency to obtain financing for public capital improvements.
- The 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. Three of five EDCTA board members are appointed by the County Board of Supervisors.

Although the above component units are legally separate from the County, they are reported on a blended basis as part of the primary government because their boards consist either exclusively or with a majority membership of County Supervisors or Board of Supervisors appointees. Financial information on these component units may be obtained from the County Auditor / Controller's office.

The reporting entity excludes certain separate legal entities which may have "El Dorado" in their title, or which are required to keep their funds in the County Treasury or receive their tax apportionment from the County. Examples are school districts and a variety of special purpose districts for fire protection, recreation and parks, etc. These entities are autonomous organizations with their own governmental powers and constituencies over

which the Board of Supervisors has no oversight responsibility. Accordingly, they are not included in the accompanying combined financial statements, except as to their assets held by the County (principally cash and investments held by the County Treasurer) as discussed under "Fiduciary Funds."

Also excluded from the reporting entity are the following joint power authorities (JPA):

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

Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories, seven generic fund types and two account groups as follows:

Governmental Funds:

- General Fund--The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds--Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.
- Debt Service Funds--Debt service funds are used to account for the accumulation of resources and payment of general long-term debt principal and interest.
- Capital Projects Funds--Capital projects funds are used to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds:

- Enterprise Funds--Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges.
- Internal Service Funds--Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis.

Fiduciary Funds:

- Trust and Agency Funds--Trust and agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds.

Account Groups:

- General Fixed Assets--The General Fixed Assets Account Group is used to maintain control and cost information on capital assets owned by the County and used in governmental fund type operations. No depreciation has been provided on general fixed assets.
- General Long-Term Debt--The General Long-Term Debt Account Group is used to account for unmatured general long-term indebtedness of the County.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types and trust and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and expenses are recognized when incurred.

Budgets and Budgetary Accounting

The County operates under the laws of the State of California and annually adopts a budget for its General and special revenue funds to be effective July 1 for the ensuing fiscal year. The County also adopts a project length budget which can span a number of years for the capital projects funds. The County does not adopt a budget for the debt service funds. From the effective date of the budget, which is adopted and controlled at the department

level, the amounts stated therein as proposed expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by resolution during the fiscal year and amounts presented in the financial statements reflect such amendments. Department heads may, upon approval from the County Administrator, make transfers from one object or purpose to another within the same budget unit. All appropriations lapse at year-end. The annual budget is adopted on a basis consistent with generally accepted accounting principles.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, special revenue funds and capital projects funds. Encumbrances outstanding at year-end are reported as restrictions of fund balances since they do not constitute expenditures or liabilities.

Equity in Pooled Cash and Investments

A pooled cash and investment system is used for substantially all funds. The share of each fund in the pooled cash and investment account is separately accounted for and interest is apportioned based on the balances in each fund during the investment period. Investments are stated at cost, which approximates market.

Receivables

Taxes receivable are shown net of an allowance for doubtful accounts of \$1,045,195 in the trust and agency funds.

Special assessments receivable represent the unpaid principal portion of assessments levied on real property to provide for the payment of outstanding special assessment bonds. No allowance for doubtful accounts is included in the financial statements for delinquent assessments as management expects the proceeds from the sales of foreclosed property to be in excess of the outstanding receivable amounts.

Inventories

Inventories of expendable supplies are valued at the lower of cost (first-in, first-out) or market. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventory is equally offset by a fund balance restriction which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

Fixed Assets and Depreciation

Governmental Funds--Fixed assets are recorded as expenditures and are capitalized in the General Fixed Assets Account Group for stewardship purposes. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, bridges, curbs, gutters, drainage systems and lighting systems are not capitalized.

Proprietary Funds--Fixed assets are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets; however, the Fleet Management Fund uses the "per mile" depreciation method which approximates the straight-line method.

Property Taxes

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

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

Compensated Absences

The County's policy allows employees to accumulate earned but unused vacation, sick leave and compensatory time off, which will be paid to employees upon separation from County service.

Governmental Funds--The estimated current portion of the accrued vacation, sick leave and compensatory time off liability are recorded as an expenditure and related salaries and benefits liability in the General Fund at the end of each year with the non-current portion of the liability recorded in the General Long-Term Debt Account Group. Actual vacation, sick leave and compensatory time off expenditures during the year are charged to the General Fund liability account.

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

Interfund Transactions

Following is a description of the four basic types of interfund transactions made during the year and the related accounting policies:

- Quasi-external (charges for current services)--Transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
- Reimbursements (expenditure transfers)--Transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and a reduction of expenditures in the receiving fund.
- Residual equity transfers--Transactions recording equity contributions between funds. The receiving fund records such transactions as an addition to fund balance, if it is a governmental fund, or a capital contribution if it is a proprietary fund. The disbursing fund records the transfer as a reduction of fund balance or retained earnings.
- Operating transfers--All other interfund transfers which allocate resources from one fund to another. These transactions are recorded as operating transfers in and out.

Self-Insurance

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

Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents have been defined as all highly liquid investments (including restricted amounts) with a maturity of three months or less and pooled cash.

Totals (Memorandum Only)

The accompanying general purpose financial statements include total columns labeled "Memorandum Only." The "Memorandum Only" totals do not represent consolidated financial information because the individual fund types included in the totals are prepared on different bases of accounting and not all necessary eliminating entries have been made. These totals are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data.

Use of Estimates

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

Note 2--Equity in Pooled Cash and Investments

The County follows the practice of pooling cash and investments of all funds except for bond funds required to be held by outside fiscal agents under the provisions of bond indentures, funds in its deferred compensation plan, and certain imprest checking accounts. Cash and investments shown on the financial statements are comprised of the following:

Cash and investments	\$ 117,365,861
Cash with fiscal agents	5,419,880
	<hr/>
	\$ 122,785,741

The County maintains written investment policies which address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation and cash flow management. The County prioritizes investment objectives in the following order: safety, liquidity and yield.

The following provides additional information regarding deposits and investments held by the County and its fiscal agents:

Cash in Banks--State statutes require financial institutions to secure a local governmental agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits which are fully insured up to \$100,000 by federal depository insurance.

Investments— The County is authorized to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; prime commercial paper as rated by Standard and Poor's Corporation or Moody's Commercial Paper Record; bankers' acceptances; guaranteed investment contracts; repurchase and reverse repurchase agreements; negotiable certificates of deposit; obligations of the State of California; and obligations of local agencies within California.

The County's investments at June 30, 1998, were as follows:

	<u>Cost</u>	<u>Fair Value</u>
Bankers' acceptances	\$ 43,979,227	\$ 44,227,772
Investment in State Treasurer investment pool	20,000,000	20,000,000
Commercial notes	15,371,603	15,433,399
Cash on hand and in banks	43,124,570	43,124,570
	<u>\$122,475,400</u>	<u>\$ 122,785,741</u>

Note 3 - Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group during the year ended June 30, 1998:

	<u>Land</u>	<u>Structures & Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Totals</u>
Balances, July 1, 1997	\$ 17,481,504	\$ 65,746,759	\$ 26,157,717	\$ 458,297	\$ 109,844,277
Additions	301,378	649,795	1,563,429	410,285	2,924,887
Deletions			(1,372,300)		(1,372,300)
Adjustments			11,481		11,481
Balances June 30, 1998	<u>\$17,782,882</u>	<u>\$66,396,554</u>	<u>\$26,360,327</u>	<u>\$868,582</u>	<u>\$111,408,345</u>

Note 4 - General Long-Term Debt

During the year ended June 30, 1998 the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Totals</u>
Balances, July 1, 1997	\$28,195,000	\$400,000	\$969,362	\$6,436,102	\$36,000,464
Additions	1,880,000		330,257	317,223	2,527,480
Deletions	(1,675,000)	(133,334)	(512,064)		(2,320,398)
Balances June 30, 1998	<u>\$28,400,000</u>	<u>\$266,666</u>	<u>\$787,555</u>	<u>\$6,753,325</u>	<u>\$36,207,546</u>

Bonds Payable

Balances at
June 30, 1998

Bond Authority

On February 13, 1990, the County, as an agent of the El Dorado County Bond Authority, a joint powers agency by and between the County and its Redevelopment Agency, issued \$22,325,000 El Dorado County Bond Authority Lease Revenue Bonds. Interest rates range from 6.8 to 7%. \$14,980,000 of these bonds were defeased when refunding bonds of \$16,860,000 were issued on December 1, 1997. The new bonds have interest which range from 4 to 5%. All of these bonds mature in 2009.

\$21,015,000

1915 Act Bonds

1915 Act Bonds have been issued for facilities and improvements constructed by special districts and financed by bond issues authorized under the Improvement Bond Act of 1915. Funds to pay principal and interest on these bonds are provided by assessments against the property parcels benefitting from the projects. Failure to pay such assessments results in foreclosure and sale of the property involved. The County is obligated to the extent that proceeds from foreclosure are not sufficient to retire the debt.

El Dorado Hills Business Park I and II

Interest rates range from 6.75% to 8% and maturities extend to 2006

7,385,000

Total bonds payable

\$28,400,000

On December 1, 1997, the County issued \$16,860,000 in lease revenue refunding bonds with interest rates ranging between 4% and 5%. The County issued the bonds to advance refund \$14,980,000 of the outstanding series 1990 lease revenue bonds with interest rates ranging between 6.5% and 7.4%. The net proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 1990 series bonds. As a result, that portion of the 1990 series bonds is considered defeased and the County has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$14,980,000 at June 30, 1998.

The advance refunding reduced total debt service payments over the next 13 years by \$1.2 million. This results in an economic gain of approximately \$800,000.

Future minimum debt service payments for bonds payable at June 30, 1998
are as follows:

	<u>Year Ending June 30,</u>	
	1999	\$3,651,825
	2000	3,625,410
	2001	3,210,960
	2002	3,306,560
	2003	3,421,673
	Thereafter	20,980,772
Total debt service payments for bonds		<u>38,197,200</u>
Less amount representing interest		9,797,200
Total bond principal payable		<u>\$28,400,000</u>

Capital Lease Obligations

The County accounts for capital leases in the governmental fund types in accordance with the provisions of NCGA Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a general fixed asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt.

The County has entered into various lease agreements for equipment which qualifies as capital leases. The underlying costs of these assets are as follows:

Computer equipment	\$6,185,806
Road equipment	1,545,481
Emergency medical equipment	981,841
Total	<u>\$8,713,128</u>

These assets are recorded as part of the General Fixed Assets Account Group and are not depreciated. Future minimum lease payments relating to these assets are as follows:

	<u>Year Ending June 30,</u>	
	1999	\$326,206
	2000	326,409
	2001	171,001
	2002	43,853
Total minimum lease payments		<u>867,469</u>
Less amount representing interest		79,914
Present value of future lease payments		<u>\$787,555</u>

Note 5--Proprietary Long-Term Debt

Notes Payable

Notes payable recorded in the Airport Enterprise Fund at June 30, 1998 are comprised of the following state loans to provide matching funds for Federal Airport Improvement Program grants:

Loan #ED-1-85-L-1, 8.0257% installment note, payable annually through 2010	\$ 37,953
Loan #ED-1-86-L-2, 6.9435% installment note, payable annually through 2011	22,079
Loan #ED-5-86-L-1, 6.9435% installment note, payable annually through 2011	14,842
Loan #ED-1-87-L-3, 6.9435% installment note, payable annually through 2012	13,951
Loan #ED-5-88-L-2, 7.0408% installment note, payable annually through 2009	32,740
Loan #ED-1-90-L-4, 6.7317% installment note, payable annually through 1999	1,182
Loan #ED-5-90-L-3, 6.7317% installment note, payable annually through 1999	1,586
Loan #ED-1-94-L-5, 5.8957% installment note, payable annually through 2004	111,208
Total State Loans	<u>235,541</u>
Less principal due within one year	24,251
Long-term portion	<u><u>\$211,290</u></u>

The annual requirements to amortize the notes payable as of June 30, 1998 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
1999	\$24,251	\$15,626	\$39,877
2000	22,371	14,040	36,911
2001	24,261	12,558	36,819
2002	25,550	10,994	36,644
2003	27,039	9,348	36,387
Thereafter	111,469	27,832	139,301
	<u>\$235,541</u>	<u>\$90,398</u>	<u>\$325,939</u>

Capital Lease Obligations

El Dorado Transit Enterprise Fund has entered into lease agreements for the acquisition of building improvements and equipment. These agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The total cost of property leased under capital leases as of June 30, 1998 is \$398,089. Future minimum lease payments relating to these leases are as shown on the following page:

<u>Year Ending June 30.</u>	
1999	\$ 71,462
2000	65,067
2001	65,067
2002	65,067
2003	65,067
Thereafter	130,137
Total minimum lease payments	<u>461,867</u>
Less amount representing interest	88,380
Present value of future lease payments	<u><u>\$373,487</u></u>

Note 6--Liability for Closure and Postclosure Costs

State and federal laws and regulations require the County to place a final cover on its Union Mine landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County ceased accepting waste during the current fiscal year. County staff estimated the closure cost to be \$841,679 and the postclosure costs to approximate \$14,350 per year. Estimated closure and postclosure costs charged to operating expense during previous fiscal years total \$2,425,967. Estimated closure costs are reported in the operating fund and postclosure costs in the general long term debt account group.

Note 7--Deferred Compensation Plan

The County has a deferred compensation plan available to all County employees and certain contractors. This plan qualifies under Internal Revenue Code Section 457, and participants are permitted to defer a portion of their compensation to future years.

There was a change in the Internal Revenue Code recently which caused the Governmental Accounting Standards Board to revisit its reporting requirements for Section 457 plans. The accumulated funds in these plans are now considered to belong to the individual employees in the plan if the employer has placed the assets into a trust fund for the exclusive benefit of the participating employees. These assets are no longer subject to the claims of the County's general creditors. Therefore, the Governmental Accounting Standards Board has now determined that the assets and related liabilities of deferred compensation plans are not to be reported in the financial statements of the employer.

Note 8--Interfund Transfers

Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Operating transfers between funds during the year ended June 30, 1998 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 200,000	\$ 7,160,988
Special Revenue Funds	6,842,355	811,269
Debt Service Funds	571,924	
Capital Projects Funds	314,887	
Enterprise Funds	41,591	
Internal Service Funds	1,500	
	<u>\$ 7,972,257</u>	<u>\$ 7,972,257</u>

Note 9—Interfund Receivables and Payables

As of June 30, 1998, interfund receivables and payables that resulted from various interfund transfers were as follows:

	<u>Due From</u>	<u>Due To</u>
	<u>Other Funds</u>	<u>Other Funds</u>
General Fund	\$ 2,488,039	\$ 234,136
Special Revenue Funds	547,417	3,083,518
Enterprise Funds		69,932
Internal Service Funds	653,649	
Trust Funds	125,000	426,519
	<u>\$ 3,814,105</u>	<u>\$ 3,814,105</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. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street in Sacramento.

The County's payroll for employees covered by PERS for the year ended June 30, 1998 was \$53,757,765 and total payroll was \$60,324,423.

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County makes the contributions required of its employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 0 percent for non-safety employees and 9.113 percent for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

Annual Pension Cost

For the year ended June 30, 1995, the County's annual pension cost of \$2,984,695 for PERS was net of amortization of prior years' overfundings and actuarial gains. The required contribution was determined as part of the June 30, 1996, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions used included (a) 8.5% net investment rate of return, (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.5%. The actuarial value of PERS assets was determined using techniques that smooth the

Trend Information and Funding Progress

Three-Year Trend Information (\$ Amounts in Thousands)

<u>Year Ended June 30.</u>	<u>Annual Pension Contribution</u>	
	<u>Required *</u>	<u>Paid</u>
1994	\$ 4,309	\$ 7,260
1995	4,303	7,096
1996	4,418	7,107

* Before amortization of prior years' overfunding.

Schedule of Funding Progress (\$ Amounts in Thousands)

<u>Actuarial</u>	<u>Actuarial</u>	<u>Actuarial</u>	<u>Overfunded</u>			<u>OAAL as</u>
<u>Valuation</u>	<u>Value of</u>	<u>Accrued</u>	<u>Accrued</u>	<u>Funded</u>	<u>Covered</u>	<u>% of</u>
<u>Date</u>	<u>Assets</u>	<u>Liability</u>	<u>Liability</u>	<u>Ratio</u>	<u>Payroll</u>	<u>Covered</u>
						<u>Payroll</u>
6/30/94:						
Misc.	\$ 96,792	\$ 94,397	\$ 2,395	102.5%	\$ 44,414	5.4%
Safety	38,255	36,915	1,340	103.6%	8,135	16.5%
Total	<u>135,047</u>	<u>131,312</u>	<u>3,735</u>	<u>102.8%</u>	<u>52,549</u>	<u>7.1%</u>
6/30/95:						
Misc.	106,699	102,820	3,879	103.8%	43,567	8.9%
Safety	41,651	40,539	1,112	102.7%	8,670	12.8%
Total	<u>148,350</u>	<u>143,359</u>	<u>4,991</u>	<u>103.5%</u>	<u>52,237</u>	<u>9.6%</u>
6/30/96:						
Misc.	123,432	113,614	9,818	108.5%	39,342	25.0%
Safety	47,326	47,155	171	100.1%	8,900	1.9%
Total	<u>170,758</u>	<u>160,769</u>	<u>9,989</u>	<u>106.2%</u>	<u>48,242</u>	<u>20.7%</u>

Note 11—Segment Information on Enterprise Operations

The County maintains three enterprise funds which provide transit and airport services. Segment information as of and for the year ended June 30, 1998, is as follows:

	<u>El Dorado</u>	<u>South Lake</u>		<u>Totals</u>
	<u>Transit</u>	<u>Tahoe Transit</u>	<u>Airports</u>	
Operating revenues	\$ 471,459	\$ 33,275	\$ 308,664	\$ 813,398
Depreciation	227,025		185,042	412,067
Operating losses	1,622,905	177,580	243,077	2,043,562
Intergovernmental revenues	1,631,118	237,288	26,000	1,894,356
Net income (loss)	40,209	61,385	(186,008)	(84,464)
Net working capital	399,196	4,888	6,142	410,156
Total assets	3,755,864	146,589	2,601,631	6,504,074
Long-term debt	325,295		211,290	536,585
Total equity	3,004,337	68,186	2,253,990	5,326,453

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 \$250,000 for each workers compensation claim, \$1,000,000 for each general liability claim, and \$50,000 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.

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 \$10,668,890 reported in the Risk Management Fund at June 30, 1998 is based on the requirements of GASB Statement No. 10, which requires that 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 Risk Management Fund's claims liability amount for the past six fiscal years are as follows:

	<u>Beginning</u>	<u>Claims and</u>	<u>Claims</u>	<u>Ending</u>
	<u>Liability</u>	<u>Changes in</u>	<u>Paid</u>	<u>Liability</u>
<u>For The Year Ended June 30,</u>		<u>Estimates</u>		
1993	\$ 7,295,999	\$ 6,627,038	\$ 7,128,864	\$ 6,794,173
1994	6,794,173	9,118,464	7,156,136	8,756,501
1995	8,756,501	10,202,946	8,174,896	10,784,551
1996	10,784,551	6,281,275	7,041,200	10,024,626
1997	10,024,626	8,052,145	7,407,881	10,668,890
1998	10,668,890	7,504,896	7,504,896	10,668,890

Note 13--Contingencies

Under the terms of federal and state grants, audits may be required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to requests for reimbursement to the grantor agencies. County management believes disallowances, if any, will be immaterial.

Note 14—Accounting for Trial Court Operations

New Government Code Section 68073 shifted the responsibility for funding court operations from the counties to the state during the current fiscal year. Accordingly, the state has directed county auditors to account for the fiscal operations of its courts in agency funds, rather than in special revenue funds, as in the past. The County elected to report current year operations in a special revenue fund and will report such operations in an agency funds beginning with the 1998-99 fiscal year.

Note 15—Year 2000 Computer Problem

In order to conserve data storage space, many older technology applications in use by government and business represent the year by its last two digits only. Because of this methodology, the approaching year has the potential to cause problems with computerized data files, programs, hardware and other electronic systems that receive or process information. County's activities could be adversely impacted by the resulting failure of some of its computer and other electronic systems, as well as those of vendors, contractors and other organizations.

Recognizing that the year 2000 problem could adversely affect its delivery of services to county residents and its internal operations, County management initiated a needs assessment during 1997. Based on this assessment, management determined that a large part of County information technology infrastructure required modification or replacement. In response to the identified needs, County has organized a Year 2000 program office which utilizes the talents of both in-house staff and outside consultants to attain its goal of continuous operation of vital County services and accountability of public resources through the year 2000 transition.

County expended significant resources during the past two fiscal years to replace or remediate systems. The fiscal 1999 budget approved by the Board of Supervisors has appropriated \$432,500 in additional funds for remediation and replacement, based upon a prioritized inventory. County is also working with many of its business and data exchange partners to ensure year 2000 readiness and compatibility. Because year 2000 risk includes possible disruptions or delays in County payments and revenues, management has placed its revenue and payment capabilities at the highest level of priority in its year 2000 efforts, along with systems related to public health and safety.

SUPPLEMENTAL INFORMATION

COMBINING FINANCIAL STATEMENTS

COUNTY OF EL DORADO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1998

	Erosion Control	Senior Services	County Roads	Road District	Special Aviation	Fish & Game	Community Services	Unified Courts	Public Health	Mental Health	Special Districts Under The Board	Totals
Cash and investments	\$ 550,692	\$ 59,894	\$ 2,478,537	\$ 116,820	\$ 396	\$ 18,458	\$ 403,265	\$ 1,095	\$ 2,246	\$ 5,399	\$ 12,626,475	\$ 16,263,277
Cash with fiscal agents											45,005	45,005
Accounts receivable	1,000	958	24,059				16,200	1,277	18,231		118,502	179,227
Due from other funds	348,093	562	352,831				1,669		118,479	72,876		547,417
Due from other governments		71,258	655,331				147,662	771,677	1,907,392	1,007,269	88,869	4,997,551
Notes receivable							709,844				4,878,360	5,588,204
Prepaid expenses		494	2,063				98,451			1,339		102,347
Inventories	\$ 899,785	\$ 13,750	\$ 432,323	\$ 116,820	\$ 396	\$ 18,458	\$ 1,387,771	\$ 774,049	\$ 2,046,348	\$ 1,086,883	\$ 17,757,211	\$ 28,179,781
		\$ 146,916	\$ 3,945,144	\$ 116,820	\$ 396	\$ 18,458	\$ 1,387,771	\$ 774,049	\$ 2,046,348	\$ 1,086,883	\$ 17,757,211	\$ 28,179,781
	\$ 37,265	\$ 40,234	\$ 1,486,289				\$ 10,387	\$ 198,668	\$ 914,028	\$ 101,666	\$ --	\$ 3,876,994
Accounts payable		17,111	197,664				30,282	103,309	120,393	111,875	54,673	635,307
Salaries and benefits payable			140,500					305,000	1,349,000	718,608	570,410	3,083,518
Due to other funds	1,000	3,925	111,984					87,011	3,392			207,312
Due to other governments											737,892	737,892
Notes payable											4,140,468	6,070,221
Deferred revenue	738,885	56,096	34,348				938,636		66,738	75,050		841,679
Liability for landfill closure and postclosure costs											841,679	841,679
Total liabilities	777,150	117,366	1,970,785				999,305	693,988	2,453,551	1,007,199	7,433,579	15,452,973
Fund balances:												
Reserve:												
Encumbrances							7,000	66,406	68,443	127,701	1,319,697	1,589,247
Inventories		13,750	432,323				10,680					456,753
Imprest cash		560	3,200									11,530
Unreserved:								985	1,400	5,040	345	
Designated for contingencies												
Undesignated	122,635	15,240	1,538,836	116,820	396	18,458	370,786	12,670	(477,046)	(53,057)	1,792,738	1,792,738
Total fund balances	122,635	29,550	1,974,359	116,820	396	18,458	388,466	80,061	(407,203)	79,684	7,210,852	8,876,590
	\$ 899,785	\$ 146,916	\$ 3,945,144	\$ 116,820	\$ 396	\$ 18,458	\$ 1,387,771	\$ 774,049	\$ 2,046,348	\$ 1,086,883	\$ 17,757,211	\$ 28,179,781

COUNTY OF EL DORADO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1998

	Erosion Control	Senior Services	County Roads	Road District	Special Aviation	Fish & Game	Community Services	Unified Courts	Public Health	Mental Health	Special Districts Under The Board	Total
REVENUES												
Taxes and assessments	\$ 26	\$ 265,443	\$ 1,541,453				\$ 4,000		\$ 151,994		\$ 7,735,116	\$ 9,546,038
Licenses, permits and franchises		640,359									322,409	1,114,762
Intergovernmental revenues	1,969,649	631,516	6,783,427	35,760			2,113,405	\$ 4,695,842	\$ 5,415,040	\$ 2,895,885	858,605	23,399,129
Use of money and property		1,814	79,518	95	\$ 23	\$ 1,246	42,984	35,388			663,079	824,147
Charges for services	11,012	210,156	9,474,921			3,019	282,542	365,516	1,467,210	2,098,325	3,698,798	17,608,480
Fines, forfeits and penalties		85,547						112,956	266,769		23,014	405,758
Other revenues		929,033	17,345,840	1,577,308	23	4,265	2,469,137	149,744	176,855		379,214	919,738
Total revenues	1,980,687	2,205,363	16,858,935	2,077,307		5,466	2,717,329	6,382,590	12,133,696	5,340,539	2,451,263	19,925,498
EXPENDITURES												
Current:												
Public protection	1,678,273										5,791,034	12,179,090
Public ways and facilities											2,045,801	22,660,316
Health and sanitation											2,451,263	3,922,692
Public assistance		1,205,363									923,303	923,303
Education											59,664	212,476
Interest	10,491										442,644	621,878
Capital outlay											11,713,709	60,445,253
Total expenditures	1,688,764	1,205,363	16,861,732	2,077,307		5,466	2,722,909	80,216	108,875	33,446	1,966,526	(4,627,201)
Excess of revenues over (under) expenditures	291,923	(776,330)	484,108	(499,999)	23	(1,201)	(233,772)	(1,103,360)	(4,823,548)	(411,571)	1,966,526	6,842,355
Other financing sources (uses):												
Operating transfers in	1,000	276,655	236,204				141,512	1,173,092	4,590,756	347,369	75,767	6,842,355
Operating transfers out		(468)	(87,699)				(468)	(14,207)			(708,427)	(811,269)
Transfer of debt to general long term debt group			400,000									
Other financing sources (uses)	1,000	276,187	348,505				141,044	1,158,885	4,590,756	347,369	951,628	8,015,374
Excess of revenues and other financing sources over (under) expenditures	292,923	(143)	1,032,613	(499,999)	23	(1,201)	(112,728)	55,525	(232,792)	(64,202)	2,918,154	3,388,173
Fund balances, July 1, 1997	(170,288)	29,693	979,810	616,819	373	19,659	501,194	24,536	(174,411)	148,392	7,405,478	9,381,255
Residual equity transfers			(38,064)							(4,506)		(42,570)
Fund balances, June 30, 1998	\$ 122,635	\$ 29,550	\$ 1,974,359	\$ 116,820	\$ 396	\$ 18,458	\$ 388,466	\$ 80,061	\$ (407,203)	\$ 79,684	\$ 10,323,632	\$ 12,726,858

COUNTY OF EL DORADO
SPECIAL DISTRICTS UNDER THE BOARD OF SUPERVISORS
COMBINING BALANCE SHEET
JUNE 30, 1997

	County Water Agency		Air Pollution Control		CSA #9		CSA #10		CSA #2		CSA #3		CSA #5		CSA #7		County Redevelopment Agency		Totals
ASSETS																			
Cash and investments	\$ 1,755,465	\$ 384,938	\$ 1,524,472	\$ 5,135,162	\$ 35,659	\$ 1,706,800	\$ 205,952	\$ 1,877,453	\$ 574	\$ 12,626,475									
Cash with fiscal agents				\$ 45,005															45,005
Accounts receivable		20	800	117,682															118,502
Due from other governments		88,869																	88,869
Note receivable--E.I.D.																			4,878,360
	<u>4,878,360</u>	<u>\$ 473,827</u>	<u>\$ 1,525,272</u>	<u>\$ 5,297,849</u>	<u>\$ 35,659</u>	<u>\$ 1,706,800</u>	<u>\$ 205,952</u>	<u>\$ 1,877,453</u>	<u>\$ 574</u>	<u>\$ 17,757,211</u>									
	\$ 6,633,825	\$ 473,827	\$ 1,525,272	\$ 5,297,849	\$ 35,659	\$ 1,706,800	\$ 205,952	\$ 1,877,453	\$ 574	\$ 17,757,211									
LIABILITIES & FUND BALANCES																			
Liabilities:																			
Accounts payable	\$ 265,343	\$ 9,090	\$ 26,967	\$ 432,202		\$ 293,424		\$ 29,445	\$ 31,986	\$ 1,088,457									
Salaries and benefits payable	6,564	9,286		28,560		5,264		4,999		54,673									
Due to other funds				540,410					30,000	570,410									
Note payable	737,892									737,892									
Deferred revenue	4,140,468									4,140,468									
Liability for landfill closure and postclosure costs																			
Total liabilities	<u>5,150,267</u>	<u>18,376</u>	<u>26,967</u>	<u>1,842,851</u>		<u>298,688</u>		<u>34,444</u>	<u>61,986</u>	<u>841,679</u>									
Fund balances:																			
Encumbrances	192,011	199,733	24,600	847,884		27,289		5,766	22,414	1,319,697									
Imprest cash	100			120		100		25		345									
Unreserved:																			
Designated for contingencies	652,463		63,012	182,841		334,193		560,229		1,792,738									
Undesignated	638,984	255,718	1,410,693	2,424,153	\$ 35,659	1,046,530	\$ 205,952	1,276,989	(83,826)	7,210,852									
Total fund balances	<u>1,483,558</u>	<u>455,451</u>	<u>1,498,305</u>	<u>3,454,998</u>	<u>35,659</u>	<u>1,408,112</u>	<u>205,952</u>	<u>1,843,009</u>	<u>(61,412)</u>	<u>10,323,632</u>									
	\$ 6,633,825	\$ 473,827	\$ 1,525,272	\$ 5,297,849	\$ 35,659	\$ 1,706,800	\$ 205,952	\$ 1,877,453	\$ 574	\$ 17,757,211									

COUNTY OF EL DORADO

SPECIAL DISTRICTS UNDER THE BOARD OF SUPERVISORS

COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1997

	El Dorado Hills Business Park	County Water Agency	Air Pollution Control	CSA #9	CSA #10	CSA #2	CSA #3	CSA #5	CSA #7	County Redevelopment Agency	Totals
REVENUES											
Taxes and assessments	534	958,211	24,918	485,968	2,622,896	84,342	1,255,531	14,001	2,313,633		7,735,116
Licenses, permits and franchises					297,491						322,409
Intergovernmental revenue	609	25,565	629,026	15,029	158,517	234	5,750	326	24,158		858,605
Use of money and property		101,991	28,579	94,608	302,209	954	88,270	11,743	34,034	82	663,079
Charges for services		29,965	14,103	3,297	557,555		643,296		2,450,582		3,698,798
Fines, forfeits and penalties			23,014								23,014
Other revenues		95,194	16,735	12,045	21,837		3,945		2,903	226,555	379,214
Total revenues	1,143	1,210,976	736,375	610,947	3,960,205	85,530	1,996,792	26,070	4,825,310	226,637	13,680,235
EXPENDITURES											
Current:											
Public protection			698,728				1,487,746		3,604,560		5,791,034
Public ways and facilities		1,039,092		450,854		77,246	206,811	7,026		264,772	2,045,801
Health and sanitation					2,451,263						2,451,263
Education					923,303						923,303
Interest					50,981						50,981
Capital outlay		2,981		462	329,963		10,573		8,683		59,664
Total expenditures		1,042,073	698,728	451,316	3,755,210	77,246	1,705,130	7,026	3,711,908	264,772	11,713,709
Excess of revenues over (under) expenditures	1,143	168,853	37,647	159,631	204,995	8,284	291,662	19,044	1,113,402	(38,132)	1,966,526
Other financing sources (uses):											
Operating transfers out		(200,000)					(191,099)		(74,381)		(75,787)
Transfer of debt to general long term debt group											(708,427)
Total other financing sources (uses)		(200,000)		(234,747)	1,584,288		(140,791)		(74,381)	17,459	1,584,288
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,143	(31,147)	37,647	(75,116)	1,789,283	8,284	150,871	19,044	1,038,821	(20,676)	2,918,154
Fund balances, July 1, 1997	10,758	1,514,705	417,804	1,561,520	1,665,715	27,375	1,257,241	186,908	804,188	(40,736)	7,405,478
Residual equity transfers	(11,901)			11,901							
Fund balances, June 30, 1998	-	1,483,558	455,451	1,498,305	3,454,998	35,659	1,408,112	205,952	1,843,009	(61,412)	10,323,632

COUNTY OF EL DORADO
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

	El Dorado Transit	South Lake Tahoe Transit	County Airports	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 596,189	\$ 82,061	122,135	\$ 800,385
Accounts receivable	217,264	1,210	7,585	226,059
Inventories			12,773	12,773
Prepaid expenses	11,975			11,975
Total current assets	<u>825,428</u>	<u>83,271</u>	<u>142,493</u>	<u>1,051,192</u>
Fixed assets:				
Land	327,484		213,711	541,195
Structures and improvements	1,296,922		4,001,367	5,298,289
Equipment	2,922,313	63,308	12,697	2,998,318
Accumulated depreciation	(1,616,283)		(1,768,637)	(3,384,920)
Total fixed assets (net of accumulated depreciation)	<u>2,930,436</u>	<u>63,308</u>	<u>2,459,138</u>	<u>5,452,882</u>
	<u>\$ 3,755,864</u>	<u>\$ 146,579</u>	<u>\$ 2,601,631</u>	<u>\$ 6,504,074</u>
LIABILITIES & FUND EQUITY				
Current liabilities:				
Accounts payable	\$ 127,006	\$ 74,209	\$ 1,529	\$ 202,744
Salaries and benefits payable	40,135		4,143	44,278
Compensated absences	65,655		36,496	102,151
Due to other governments		4,244		4,244
Due to other funds			69,932	69,932
Deferred income	145,244			145,244
Notes payable-current portion			24,251	24,251
Capital leases-current portion	48,192			48,192
Total current liabilities	<u>426,232</u>	<u>78,453</u>	<u>136,351</u>	<u>641,036</u>
Noncurrent liabilities:				
Notes payable-noncurrent			211,290	211,290
Capital leases-noncurrent	325,295			325,295
Total liabilities	<u>751,527</u>	<u>78,453</u>	<u>347,641</u>	<u>1,177,621</u>
Fund equity:				
Contributed capital	2,310,140		2,051,104	4,361,244
Retained earnings:				
Unreserved	694,197	68,126	202,886	965,209
Total fund equity	<u>3,004,337</u>	<u>68,126</u>	<u>2,253,990</u>	<u>5,326,453</u>
	<u>\$ 3,755,864</u>	<u>\$ 146,579</u>	<u>\$ 2,601,631</u>	<u>\$ 6,504,074</u>

COUNTY OF EL DORADO

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED JUNE 30, 1998

	El Dorado Transit	South Lake Tahoe Transit	County Airports	Totals
OPERATING REVENUES				
Fare box collections	\$ 471,459	\$ 33,275		\$ 504,734
Service fees			\$ 151,110	151,110
Fuel sales			157,554	157,554
Total operating revenues	<u>471,459</u>	<u>33,275</u>	<u>308,664</u>	<u>813,398</u>
OPERATING EXPENSES				
Salaries and benefits	1,179,278		146,872	1,326,150
Services and supplies	688,061	210,855	219,827	1,118,743
Depreciation	227,025		185,042	412,067
Total operating expenses	<u>2,094,364</u>	<u>210,855</u>	<u>551,741</u>	<u>2,856,960</u>
Net loss from operations	<u>(1,622,905)</u>	<u>(177,580)</u>	<u>(243,077)</u>	<u>(2,043,562)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	1,631,118	237,238	26,000	1,894,356
Transfers from other funds			41,591	41,591
Interest income	17,017	1,677	10,159	28,853
Interest expense	(19,368)		(20,681)	(40,049)
Other	34,347			34,347
Net nonoperating revenues	<u>1,663,114</u>	<u>238,915</u>	<u>57,069</u>	<u>1,959,098</u>
Net income (loss)	40,209	61,335	(186,008)	(84,464)
Retained earnings, July 1, 1997	474,714	6,791	1,386,486	1,867,991
Increase in contributed capital			(997,592)	(997,592)
Depreciation applied to contributed capital	179,274			179,274
Retained earnings, June 30, 1998	<u>\$ 694,197</u>	<u>\$ 68,126</u>	<u>\$ 202,886</u>	<u>\$ 965,209</u>

COUNTY OF EL DORADO
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998

	El Dorado Transit	South Lake Tahoe Transit	County Airports	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Net operating income (loss)	\$ (1,622,905)	\$ (177,580)	\$ (243,077)	\$ (2,043,562)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	227,025		185,042	412,067
(Increase) decrease in accounts receivable	1,056		(7,127)	(6,071)
(Increase) in prepaid expenses and inventories	(1,683)		8,500	6,817
(Increase) decrease in amounts due from other funds and governments		12,273		12,273
Increase (decrease) in accounts and salaries payable	(19,748)	62,713	140	43,105
Increase in due to other funds and governments		4,244	(1,068)	3,176
Net cash provided (used) by operating activities	<u>(1,416,255)</u>	<u>(98,350)</u>	<u>(57,590)</u>	<u>(1,572,195)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	17,017	1,677	10,159	28,853
Purchases of fixed assets	<u>(1,208,617)</u>	<u>(63,308)</u>		<u>(1,271,925)</u>
Net cash provided (used) by investing activities	<u>(1,191,600)</u>	<u>(61,631)</u>	<u>10,159</u>	<u>(1,243,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on long-term debt			(22,863)	(22,863)
Interest expense	(19,368)		(20,681)	(40,049)
Intergovernmental revenue	2,797,593	237,238	67,591	3,102,422
Other	<u>34,347</u>			<u>34,347</u>
Net cash provided by financing activities	<u>2,812,572</u>	<u>237,238</u>	<u>24,047</u>	<u>3,073,857</u>
Net increase (decrease) in cash and cash equivalents	204,717	77,257	(23,384)	258,590
Cash and cash equivalents, July 1, 1997	<u>391,472</u>	<u>4,804</u>	<u>145,519</u>	<u>541,795</u>
Cash and cash equivalents, June 30, 1998	<u>\$ 596,189</u>	<u>\$ 82,061</u>	<u>\$ 122,135</u>	<u>\$ 800,385</u>

COUNTY OF EL DORADO
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

	Fleet Management	Risk Management Authority	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 2,035,158	\$ 1,036,040	\$ 16,071,198
Cash with fiscal agent		95,602	95,602
Accounts receivable	27,757	8,029	35,786
Due from other funds	113,239	540,410	653,649
Prepaid expenses		83,475	83,475
Inventories	23,278		23,278
Total current assets	<u>2,199,432</u>	<u>1,763,556</u>	<u>16,962,988</u>
Fixed assets:			
Structures and improvements	224,263		224,263
Equipment	6,325,843	35,433	6,361,276
Accumulated depreciation	(2,584,077)	(21,061)	(2,605,138)
Total fixed assets (net of accumulated depreciation)	<u>3,966,029</u>	<u>14,372</u>	<u>3,980,401</u>
	<u>\$ 6,165,461</u>	<u>\$ 1,777,928</u>	<u>\$ 20,943,389</u>
LIABILITIES & FUND EQUITY			
Current liabilities:			
Accounts payable	\$ 96,825	\$ 233,645	\$ 330,470
Salaries and benefits payable	3,334	7,208	10,542
Compensated absences	7,794	57,748	65,542
Total current liabilities	<u>107,953</u>	<u>298,601</u>	<u>406,554</u>
Noncurrent liabilities:			
Liability for self-insurance		10,668,890	10,668,890
Total liabilities	<u>107,953</u>	<u>10,967,491</u>	<u>11,075,444</u>
Fund equity:			
Contributed capital	2,943,147		2,943,147
Retained earnings:			
Reserved	595,921	44,182	640,103
Unreserved	2,518,440	766,255	6,284,695
Total fund equity	<u>6,057,508</u>	<u>810,437</u>	<u>9,867,945</u>
	<u>\$ 6,165,461</u>	<u>\$ 1,777,928</u>	<u>\$ 20,943,389</u>

COUNTY OF EL DORADO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 1998

	Fleet Management	Risk Management Authority	Totals
OPERATING REVENUES			
Service fees	\$ 1,775,643	\$ 11,540,815	\$ 13,356,458
Sale of fuel	531,616		531,616
Total operating revenues	<u>2,307,259</u>	<u>11,540,815</u>	<u>13,888,074</u>
OPERATING EXPENSES			
Salaries and benefits	139,146	323,347	462,493
Services and supplies	1,008,763	10,341,398	11,370,161
Depreciation	875,006	8,109	883,115
Total operating expenses	<u>2,022,915</u>	<u>10,672,854</u>	<u>12,715,769</u>
Net income (loss) from operations	<u>284,344</u>	<u>867,961</u>	<u>1,172,305</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	93,827	770,742	874,569
Transfers from other funds		1,500	1,500
Gain on sale of equipment	46,422		46,422
Other			
Net nonoperating revenues	<u>140,249</u>	<u>772,242</u>	<u>922,491</u>
Net income	424,593	1,640,203	2,094,796
Retained earnings, July 1, 1997	2,689,768	2,140,234	4,830,002
Retained earnings, June 30, 1998	<u>\$ 3,114,361</u>	<u>\$ 3,810,437</u>	<u>\$ 6,924,798</u>

COUNTY OF EL DORADO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998

	Fleet Management	Risk Management Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating income	\$ 284,344	\$ 887,961	\$ 1,172,305
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	875,006	8,109	883,115
Increase in accounts receivable	(27,757)	(8,029)	(35,786)
(Increase) decrease in amounts due from other funds and other governments	(97,796)		(97,796)
Increase in inventories, prepaid expenses and deposits	(1,509)	(3,475)	(4,984)
Increase (decrease) in accounts and salaries payable	92,341	(9,684)	32,657
Net cash provided by operating activities	<u>1,124,629</u>	<u>874,882</u>	<u>1,869,511</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	93,827	70,742	874,569
Loans to other funds repaid		389,977	389,977
Purchases of fixed assets	(1,158,137)	(60,756)	(1,168,893)
Net cash provided (used) by investing activities	<u>(1,064,310)</u>	<u>1,199,963</u>	<u>95,653</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfers from other funds		1,500	1,500
Capital contributions	220,170		220,170
Net cash provided (used) by financing activities	<u>220,170</u>	<u>1,500</u>	<u>221,670</u>
Net increase (decrease) in cash and cash equivalents	280,489	1,966,345	2,186,834
Cash and cash equivalents, July 1, 1997	1,754,669	12,245,297	13,979,966
Cash and cash equivalents, June 30, 1998	<u>\$ 2,035,158</u>	<u>\$ 14,111,642</u>	<u>\$ 16,166,800</u>

COUNTY OF EL DORADO
TRUST & AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

	<u>Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and investments	\$ 18,045,657	\$ 54,751,690	\$ 72,799,347
Cash with fiscal agents	383,609	1,590,650	1,980,259
Taxes receivable	6,577,026		6,577,026
Due from other funds	125,000		125,000
	<u>\$ 25,131,292</u>	<u>\$ 56,350,340</u>	<u>\$ 81,481,632</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts payable	\$ 540,825	\$ 1,397,702	\$ 1,938,527
Salaries and benefits payable		294,716	294,716
Due to other funds	426,519		426,519
Other agency obligations	24,163,948	54,657,922	78,821,870
Total liabilities	<u>\$ 25,131,292</u>	<u>\$ 56,350,340</u>	<u>\$ 81,481,632</u>