

COUNTY OF EL DORADO
BASIC ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2002

JOHN F. WARDEN, JR.
CERTIFIED PUBLIC ACCOUNTANT

COUNTY OF EL DORADO
FOR THE YEAR ENDED JUNE 30, 2002
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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the County of El Dorado, California, (the County), as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the County's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

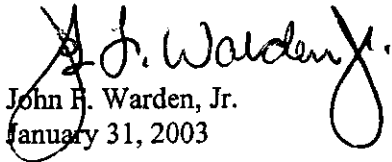
In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 2002, and the results of its operations and the cash flows of its proprietary funds for the fiscal year then ended in conformity with the accounting principles generally accepted in the United States of America.

As described in Note 2, the County adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as of July 1, 2001. In addition, as described in Note 2, the County adopted the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments*, as of July 1, 2002.

In accordance with *Government Auditing Standards*, I have also issued under separate cover, my report dated January 31, 2003, on my consideration of the County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis (MD&A) and the required supplementary information other than the MD&A, are not a required part of the basic financial statements but are supplementary information required by the GASB. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit as made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information identified in the table of contents as combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, based on my audit is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.



John F. Warden, Jr.
January 31, 2003



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

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

January 31, 2003

This *Management's Discussion and Analysis* of the County of El Dorado's (County) basic financial statements presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2002. Please read it in conjunction with the County's basic 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 \$263 million. Of this amount, \$23 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$24 million is restricted for specific purposes (restricted net assets), and \$216 million is invested in capital assets, net of related debts.
- During the year, the County's total net assets increased by \$30 million. While revenues did exceed expenditures, most of this increase is due to significant infrastructure additions to the County's net assets. These infrastructure additions were largely bookkeeping entries required by the implementation of GASB No. 34.
- As of June 30, 2002, the County's governmental funds reported combined fund balances of \$74.7 million. Approximately 69% of this amount, or \$51.4 million, is available to meet the County's current and future needs.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$15.6 million, or just over 10 percent of the General Fund expenditures during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Required Supplementary Information regarding the County's budgetary process has been provided along with budgetary comparison schedules for each of the major governmental funds (General Fund, Road Fund, Debt Service Fund). This budgetary information is in addition to and follows the supplementary schedule concerning the County's progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This year is the first period the County applied Governmental Accounting Standards Board (GASB) Statement No. 34. The County has not restated prior periods for purposes of providing comparative data for the Management's Discussion and Analysis (MD&A) because certain prior-year information is unavailable. However, in future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

County of El Dorado Net Assets
June 30, 2002
(in thousands)

	Governmental Activities	Business-type Activities	Total
Assets:			
Current and other assets	\$ 166,227	\$ 97	\$ 166,324
Capital assets	215,305	1,928	217,233
Total assets	<u>\$ 381,532</u>	<u>\$ 2,024</u>	<u>\$ 383,556</u>
Liabilities:			
Current and other liabilities	\$ 93,849	\$ 46	\$ 93,895
Long-term liabilities	26,424	138	26,562
Total liabilities	<u>120,273</u>	<u>184</u>	<u>120,457</u>
Net Assets:			
Invested in capital assets; net of related debt	214,367	1,786	216,153
Restricted net assets	23,998	2	24,000
Unrestricted net assets	22,894	52	22,947
Total net assets	<u>261,259</u>	<u>1,840</u>	<u>263,099</u>
Total liabilities and net Assets	<u>\$ 381,532</u>	<u>\$ 2,024</u>	<u>\$ 383,556</u>

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County of El Dorado, assets exceeded liabilities by \$263 million at the close of the most recent fiscal year.

By far, the largest portion of the County's net assets (82 percent) 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 of El Dorado uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the County's net assets, \$24 million or nine percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, approximately \$23 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County is able to report positive balances in all three categories of net assets, for the government as a whole.

The County's net assets increased by over \$30 million during the fiscal year. Further, *Governmental activities* increased the County's net assets by \$30 million, thereby accounting for 100 percent of the total growth in net assets of the County.

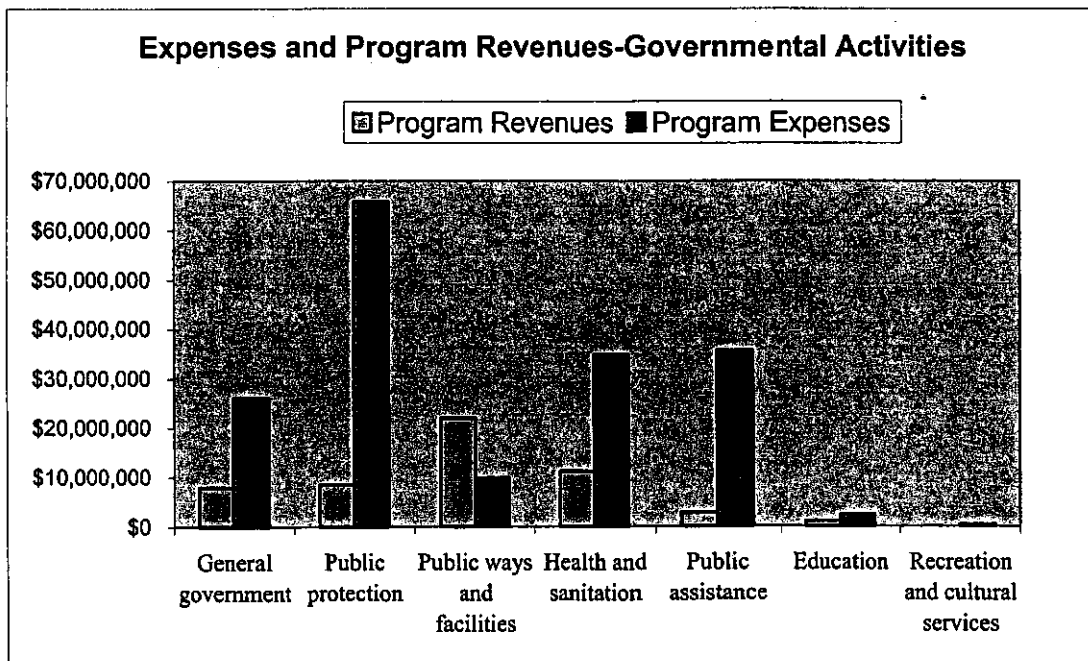
The following table indicates the changes in net assets for governmental and business-type activities:

Statement of Activities For the Year Ended June 30, 2002 (in thousands)			
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 37,598	\$ 477	\$ 38,074
Operating grants and contributions	15,589	236	15,825
Capital grants and contributions	128	16	144
General Revenues:			
Taxes	52,530	-	52,530
Licenses, permits, and franchises	8,254	-	8,254
Intergovernmental revenues	83,411	-	83,411
Use of money and property	3,558	4	3,562
Fines, forfeits, and penalties	2,031	-	2,031
Other revenues	6,172	-	6,172
Total revenues	<u>209,270</u>	<u>733</u>	<u>210,003</u>
Expenses:			
General government	26,089	-	26,089
Public protection	65,897	-	65,897
Public ways and facilities	9,936	-	9,936
Health and sanitation	34,818	-	34,818
Public assistance	35,572	-	35,572
Education	2,381	-	2,381
Recreation and cultural	376	-	376
Interest on long-term debt	3,599	-	3,599
Airports	-	604	604
Other	-	298	298
Total expenses	<u>178,668</u>	<u>902</u>	<u>179,570</u>
Excess (deficiency) before transfers	30,602	(169)	30,274
Transfers	(70)	70	-
Change in net assets	30,352	(99)	30,433
Net Assets – July 1, 2001	230,727	1,939	232,666
Net Assets – June 30, 2002	<u>\$ 261,727</u>	<u>\$ 1,840</u>	<u>\$ 263,099</u>

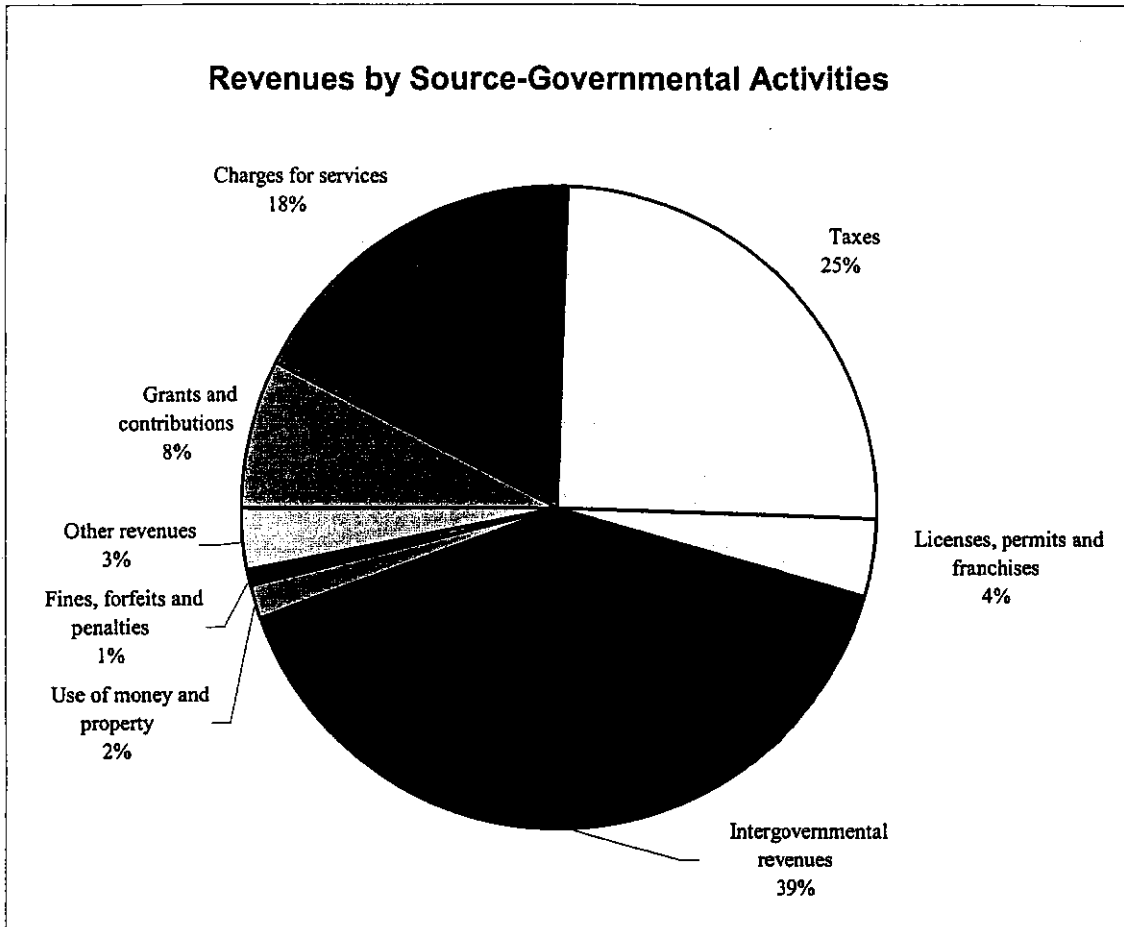
Key elements of the increase of \$30 million are as follows:

- Revenues exceeded expenditures at the governmental fund level by \$6.9 million. This factor, which makes up 23 percent of the total increase, is mostly due to the County's General Fund revenues exceeding expenditures by \$5.8 million.
- During the year, capital outlay expenditures exceeded depreciation expense by \$20.9 million and this accounts for 70% off the increase in net assets. When the reported fund expenditures are converted to entity-wide, any capitalized expenditures are removed. A significant portion of these capital outlay expenditures occurred under the public ways and facilities activity. The effect of the removal of these expenditures from the statement of activities is also reflected in the \$12 million "net" revenue amount appearing under public ways and facilities in the statement of activities.
- The repayment of debt principle of \$2.2 million makes up the remaining seven percent of the change in net assets. Very similar to the purchase of capital assets, the current portion of principal payments at the fund level will not decrease net assets at the entity-wide level because they are not current expenditures or outflows in the statement of activities. Instead, these amounts decrease the long-term liability amounts presented in the statement of net assets.

Below is a graph that presents a comparison of program revenues and expenditures under each of the governmental activities. As previously noted, public ways and facilities program revenues exceeded program expenditures mostly due to the nature of the expenditures under this activity. Specifically, expenditures inherent under this function are often long-term (capital) in nature and, as such, the depreciation of these assets, not the actual capital outlay, will appear in the statement of activities.



Below is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from other governments (39 percent), followed by taxes (25 percent), then charges for services (18 percent).



Business-type activities. Business-type activities decreased the County’s net assets by \$98 thousand. This is primarily due to the County’s Airport expenditures exceeding charges for services and other sales.

To help finance the operations of the County Airports, the General Fund transferred approximately \$70 thousand to the County Airports during the year.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

Governmental funds. Governmental activities are generally accounted for under the General Fund, special revenue, 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 as spendable resources. Such information is useful in assessing the County's short-term financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of June 30, 2002 the County's governmental funds reported a combined ending fund balance of \$74.7 million, compared to \$66.4 million of the previous year. Approximately 69 percent of this fund balance, or \$51.4 million, is unreserved and undesignated and thus is available to meet the County's current and future spending needs. The remainder of the fund balance has either been reserved and is not available for spending, or has been designated for a specific spending purpose in the future.

The General Fund is the chief operating fund of the County. As of June 30, 2002, the General Fund's unreserved undesignated fund balance was \$15.6 million. This unreserved fund balance, as compared to General Fund expenditures for the year, is just over 10 percent. Thus, without any additional revenue inflows this fund balance could support the General Fund activities of the County for just over a month. When General Fund expenditures are compared to the total General Fund balance of \$27.6 million, the amount is equal to approximately 18 percent of the prior year's General Fund expenditures or outflow of resources.

As noted earlier, the governmental fund balance increased by \$8.3 million during the year. This amount consisted of the following:

- Revenues exceeded expenditures by \$6.9 million,
- Prior year adjustments or adjustments made to previously reported revenues or expenditures of \$192 thousand, and
- Residual equity transfers of \$1.2 million.

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

The net assets of enterprise funds decreased by just over \$100 thousand. This is primarily due to a current operating loss realized by the County Airports that resulted from user charges and sales being insufficient to recover the current year's expenditures.

Net assets of the internal service funds also decreased by over \$2.5 million. This amount, while mitigated by an operating gain by Fleet Management, is mostly attributable to an operating loss of \$742 thousand and a \$2.9 million increase in loss reserves (decreasing fund balance) by the Risk Management Authority.

GENERAL FUND BUDGETARY ANALYSIS

Differences between the original budget and the final amended budget were relatively minor. However, variances between amounts budgeted (original and final) and the actual amounts either received or expended were more significant. Specifically, compared to a final resource budget of \$172.5 million, actual funding sources equaled \$167.3 million. This is a negative variance of 1.3 percent to the original budget, but goes up to 3.0 percent when compared to the final budget. This budget shortage of revenues is attributed to the over-forecasting of both intergovernmental-State revenues and charges for services.

Similar to the General Fund's funding sources or inflows, outflows or uses for funds in the original and modified budget were relatively consistent as illustrated by the \$193 million original budget compared to \$196.5 million final budget. When actual outflows are compared to the original and final budget, variances become significant. Specifically, expenditures fell 11.4 percent below that which was originally forecasted and 12.9 percent below final budget estimates. This final variance can be mostly attributed to actual expenditures falling below projected expenditures within the following governmental activities:

- General Governmental - \$10.3 million. While each operating department under this government activity showed mostly positive actual to budget variances, almost half of this amount is attributable to over-projections for the cost of services and supplies.
- Public Protection – \$2.7 million. Similar to the general government function, it appears that almost every operating department showed positive budget to actual variances for the various outflow line items. Further, these over-projections of outflows appear to have occurred most predominantly under the services and supplies line item.
- Health and Sanitation - \$6.6 million. Again, the most significant reason for actual outflows falling below projected or budgeted appears to have occurred under the services and supplies line item and particularly under the Public Health and Mental Health Departments.
- Public Assistance - \$3.0 million. Similar to above, it appears that over-projections occurred in the services and supplies line items along with a significant over estimate of “other charges” under Social Services Administration.

ADDITIONAL BUDGETARY ANALYSIS

Similar to the General Fund, differences between the original and final budgets were immaterial for the County road fund. Significant variances did occur between final budget and actual inflows and outflows of resources. Foremost among these include the following:

- Inflows over-projected under charges for services by approximately \$2.5 million and other financing sources by \$2.6 million.
- Outflows over-projected under services and supplies by \$5.4 million and other charges by \$3.8 million.

Finally, the County's debt service fund original and final budget differed only by a small amount. However, significant budget to actual variances did occur in both inflows and outflows of funding sources. Specifically, charges for services were higher than that projected by \$1 million, while other charges were above or over budget by \$1.1 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental and business type activities as of June 30, 2002 amounts to \$215.3 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. The total increase in the County's investment in capital assets for the fiscal year was 11 percent for governmental activities offset by a decrease of 6 percent for business type activities.

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

- \$2.4 million increase in land and improvements (this amount includes almost \$1.3 million in road easements or right-of-ways with the balance resulting for purchases of land and land improvements).
- \$27.6 million increase in infrastructure improvements (County roads).
- \$5.4 million in capital assets purchases by the various County departments.

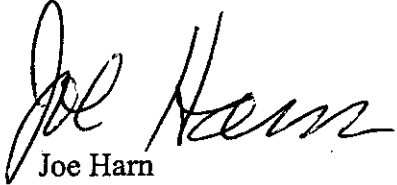
Debt Administration. At the end of the current fiscal year the County had a total long-term debt outstanding of \$26.5 million. The largest components of this obligation consisted of \$20.1 million in bond debt.

Additional information regarding the County's long-term debt can be found in Note 6 of the Basic Financial Statements.

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,

A handwritten signature in black ink, appearing to read "Joe Harn". The signature is written in a cursive style with a large initial "J" and "H".

Joe Harn
El Dorado County Auditor-Controller

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

COUNTY OF EL DORADO
STATEMENT OF NET ASSETS
JUNE 30, 2002

	Primary Government		Total	Component Unit
	Governmental Activities	Business Type Activities		
ASSETS				
Cash and investments	\$ 134,661,405	\$ 125,713	\$ 134,787,118	\$ -
Cash with fiscal agents	3,233,214		3,233,214	4,956,645
Accounts receivable	4,547,087	11,109	4,558,196	509,318
Special assessments receivable	3,750,919		3,750,919	-
Notes receivable	538,723		538,723	7,558
Internal balances	65,095	(65,095)	(0)	-
Due from other governments	15,085,972		15,085,972	1,136,075
Inventories	560,314	25,326	585,640	-
Other Assets	174,400		174,400	216,879
Prepaid expenses	231,891		231,891	
Notes receivable-E.I.D.	3,378,360		3,378,360	-
Capital Assets				
Non-depreciable	29,299,852	213,711	29,513,563	-
Depreciable, net	186,005,248	1,713,730	187,718,978	3,705,328
TOTAL ASSETS	\$ 381,532,483	\$ 2,024,494	\$ 383,556,977	\$ 10,531,803
LIABILITIES				
Accounts payable	\$ 7,677,672	\$ 20,401	\$ 7,698,073	\$ 579,161
Accrued salaries and benefits	4,717,659	6,307	4,723,966	56,426
Compensated absences	10,511,051	19,076	10,530,127	93,891
Due to other governments	566,023		566,023	
Deferred Revenue	54,523,199		54,523,199	
Liability for self-insurance	14,931,000		14,931,000	218,287
Liability for closure and postclosure	922,982		922,982	
Long-term liabilities				
Notes payable current	-	27,039	27,039	
Capital leases current	310,114		310,114	62,486
Bonds payable current	2,400,000		2,400,000	
Notes payable non-current	224,032	111,471	335,503	
Capital leases non-current	628,360		628,360	166,991
Bonds payable non-current	17,690,000		17,690,000	
Liability for closure and postclosure	5,171,400		5,171,400	
TOTAL LIABILITIES	120,273,491	184,294	120,457,785	1,177,242
NET ASSETS				
Invested in capital assets				
net of related debt	214,366,626	1,786,030	216,152,656	3,475,851
Restricted	23,998,338	1,687	24,000,025	3,206,776
Unrestricted	22,894,028	52,483	22,946,511	2,671,934
TOTAL NET ASSETS	261,258,992	1,840,200	263,099,192	9,354,561
TOTAL LIABILITIES AND NET ASSETS	\$ 381,532,483	\$ 2,024,494	\$ 383,556,977	\$ 10,531,803

See accompanying notes to the financial statements

County of El Dorado
Statement of Activities
For the Fiscal Year Ended June 30, 2002

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business Type Activities	Total	
Primary Government:								
Government activities:								
General government	\$ 26,088,868	\$ 7,189,893	\$ 586,649	\$ 128,350	\$ (18,183,975)	\$ -	\$ (18,183,975)	
Public protection	65,897,449	6,426,499	2,033,901		(57,437,049)		(57,437,049)	
Public ways and facilities	9,936,233	12,363,905	9,598,071		12,025,743		12,025,743	
Health and sanitation	34,818,269	9,844,228	1,317,281		(23,656,759)		(23,656,759)	
Public assistance	35,572,210	682,032	2,052,877		(32,837,301)		(32,837,301)	
Education	2,380,971	1,084,244			(1,296,727)		(1,296,727)	
Recreation and cultural services	375,265	6,698			(368,567)		(368,567)	
Interest and fiscal charges on long-term debt	3,598,718				(3,598,718)		(3,598,718)	
Total governmental activities	178,667,982	37,597,499	15,588,779	128,350	(125,353,353)		\$ (125,353,353)	
Business-type activities:								
Airports	604,054	413,061		15,727		(175,266)	(175,266)	
Other	297,785	63,689	236,443	-		2,347	2,347	
Total business-type activities	901,839	476,750	236,443	15,727		(172,919)	(172,919)	
Total Primary Government	\$ 179,569,821	\$ 38,074,249	\$ 15,825,222	\$ 144,077	(125,353,353)	(172,919)	(125,526,272)	
Component units:								
El Dorado Transit Authority	\$ 3,407,814	\$ 739,066	\$ 2,798,358	\$ 94,568				\$ 224,178
Children and Families Commission	1,940,253	-	1,879,419	-				(60,834)
Total component units	\$ 5,348,067	\$ 739,066	\$ 4,677,777	\$ 94,568				163,344
General Revenues:								
Taxes					52,530,194		52,530,194	
Licenses, permits and franchises					8,253,780		8,253,780	
Intergovernmental revenues					83,411,049		83,411,049	
Use of money and property					3,558,021	3,830	3,561,851	182,346
Fines, forfeits and penalties					2,030,702		2,030,702	
Other Revenues					6,171,685		6,171,685	39,470
Transfers					(70,226)	70,226	-	
Total general revenues, special items, and transfers					155,885,205	74,056	155,959,261	221,816
Change in net assets					30,531,852	(98,863)	30,432,989	385,160
Net assets-beginning					230,727,140	1,939,063	232,666,203	8,969,401
Net assets-ending					\$ 261,258,992	\$ 1,840,200	\$ 263,099,191	\$ 9,354,561

See accompanying notes to the financial statements

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

COUNTY OF EL DORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002

	<u>General Fund</u>	<u>County Roads</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 24,524,483	\$ 5,689,166	\$ 2,413,609	\$ 86,526,004	\$ 119,153,262
Cash with fiscal agent	-	-	3,020,903	-	3,020,903
Accounts receivable	575,043	385,937	16,292	4,219,805	5,197,076
Special assessments	-	-	3,634,938	115,981	3,750,919
Notes receivable	538,723	-	-	-	538,723
Due from other funds	1,155,007	288,290	-	3,234,158	4,677,454
Due from other governments	11,955,991	885,809	-	1,304,710	14,146,510
Inventories	33,155	477,764	-	-	510,919
Prepaid expenses	80,666	15,970	-	135,255	231,891
Notes receivable-E.I.D.	-	-	-	3,378,360	3,378,360
TOTAL ASSETS	\$ 38,863,067	\$ 7,742,936	\$ 9,085,742	\$ 98,914,273	\$ 154,606,019
LIABILITIES					
Accounts payable	\$ 4,250,648	\$ 1,482,923	\$ 2,067	\$ 1,456,665	\$ 7,192,303
Salaries and benefits payable	4,144,850	416,024	-	120,493	4,681,368
Due to other funds	1,072,605	-	-	3,034,630	4,107,235
Due to other governments	168,058	2,279	-	395,686	566,023
Deferred revenue	1,966,400	11,030	3,634,938	56,822,194	62,434,562
Notes payable current	-	-	-	-	-
Liability for landfill closure and postclosure	-	-	-	922,982	922,982
TOTAL LIABILITIES	11,602,561	1,912,256	3,637,005	62,752,651	79,904,472
FUND BALANCE					
Reserved for debt service	224,032	-	-	-	224,032
Reserved for capital projects	-	-	-	84,448	84,448
Reserved for encumbrances	2,736,426	400,997	10,433.25	1,358,968	4,506,825
Reserved for inventories	33,155	477,764	-	-	510,919
Reserved for imprest cash	17,215	3,400	-	345	20,960
Unreserved	-	-	-	-	-
Designated for capital projects	4,992,142	-	-	1,925,695	6,917,837
Designated for debt service	-	-	-	-	-
Designated for contingencies	3,635,869	-	3,020,903.29	4,353,925	11,010,697
Undesignated	15,621,668	4,948,518	2,417,401.02	28,438,241	51,425,827
TOTAL FUND EQUITY AND OTHER CREDITS	27,260,507	5,830,680	5,448,738	36,161,622	74,701,546
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 38,863,067	\$ 7,742,936	\$ 9,085,742	\$ 98,914,273	\$ 154,606,019

See accompanying notes to the financial statements

COUNTY OF EL DORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2002

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 74,701,546
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		209,041,015
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds.		7,261,363
Internal service funds are used by management to charge the cost of management of fleet maintenance and self-insurance risk management to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		7,062,894
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds Payable	20,090,000	
Notes Payable	224,032	
Capital leases	938,474	
Compensated Absences	10,383,921	
Liability for landfill closure and post-closure	5,171,400	
	<u>5,171,400</u>	<u>(36,807,827)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 261,258,992</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>General Fund</u>	<u>Road Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 43,653,776	\$ 886,725	\$ -	\$ 7,989,693	\$ 52,530,194
Licenses, permits and franchises	6,687,090	941,439	-	625,251	8,253,780
Intergovernmental revenues	83,446,662	9,533,333	-	6,138,183	99,118,178
Use of money and property	1,445,184	110,528	252,555	1,123,414	2,931,681
Charges for services	19,709,443	15,741,593	1,093,173	10,695,469	47,239,679
Fines, forfeits and penalties	1,405,983	-	10,635	614,084	2,030,702
Other revenues	1,991,925	3,324,768	-	643,627	5,960,320
TOTAL REVENUES	158,340,063	30,538,386	1,356,363	27,829,722	218,064,534
EXPENDITURES					
Current					
General government	25,689,957	-	42,160	306,367.37	26,038,485
Public protection	61,321,586	-	-	4,450,178	65,771,764
Public ways and facilities	-	28,639,717	-	3,428,945	32,068,662
Health and sanitation	24,908,095	-	-	11,054,481	35,962,576
Public assistance	33,860,486	-	-	2,383,623	36,244,109
Education	2,236,101	-	-	-	2,236,101
Recreation and cultural services	815,214	-	-	-	815,214
Debt Service					
Principal	250,426	1,659,924	2,150,000	148,447	4,208,797
Interest	367,100	13,994	1,126,960	31,867	1,539,921
Capital Outlay	3,007,758	803,458	-	2,393,993	6,205,209
TOTAL EXPENDITURES	152,456,723	31,117,094	3,319,120	24,197,901	211,090,837
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,883,340	(578,708)	(1,962,757)	3,631,821	6,973,697
OTHER FINANCING SOURCES (USES)					
Operating transfers in	8,853,743	1,677,149	2,050,512	3,076,162	15,657,566
Operating transfers out	(13,717,727)	-	-	(2,010,065)	(15,727,792)
TOTAL OTHER FINANCING SOURCES (USES)	(4,863,984)	1,677,149	2,050,512	1,066,097	(70,226)
NET CHANGE IN FUND BALANCES	1,019,356	1,098,441	87,755	4,697,918	6,903,470
FUND BALANCES, JULY 1, 2001	31,862,057	4,732,239	6,274,615	23,522,471	66,391,382
PRIOR YEAR ADJUSTMENT	(806,435)	-	-	998,942	192,507
RESIDUAL EQUITY TRANSFERS	(4,814,472)	-	(913,632)	6,942,290	1,214,186
FUND BALANCES, JUNE 30, 2002	\$ 27,260,506	\$ 5,830,680	\$ 5,448,738	\$ 36,161,622	\$ 74,701,546

See accompanying notes to the 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
JUNE 30, 2002

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS		\$ 6,903,470
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustment	33,195,548	
Subtract loss / add gain on retirement of capital assets		
Less current year depreciation	<u>(12,290,708)</u>	20,904,840
<p>Revenues in the statement of activities that do not provide current financial resources</p>		
Repayment of debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		2,150,000
Capital Leases		385,290
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		(303,089)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service fund is reported with governmental activities.</p>		
		<u>491,341</u>
 CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		 <u>\$ 30,531,852</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2002

	Business-Type Activities-Enterprise Funds			Governmental
	South Lake	County	Total	Activities
	Tahoe Transit			Airports
ASSETS				
Current assets:				
Cash and investments	\$ 33,101	\$ 92,612	\$ 125,713	\$ 15,508,143
Cash with fiscal agent			-	212,311
Accounts receivable		11,109	11,109	11
Due from other governments				434,339
Inventories		25,326	25,326	49,395
Prepaid expenses				174,400
TOTAL CURRENT ASSETS	<u>33,101</u>	<u>129,047</u>	<u>162,148</u>	<u>16,378,599</u>
Capital assets:				
Land		213,711	213,711	40,000
Structures and improvements		4,194,146	4,194,146	659,905
Equipment	63,308	23,366	86,674	9,503,026
Accumulated depreciation	(55,297)	(2,511,793)	(2,567,090)	(3,938,845)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>8,011</u>	<u>1,919,430</u>	<u>1,927,441</u>	<u>6,264,086</u>
TOTAL ASSETS	<u>\$ 41,112</u>	<u>\$ 2,048,477</u>	<u>\$ 2,089,589</u>	<u>\$ 22,642,685</u>
LIABILITIES & NET ASSETS				
Current liabilities:				
Accounts payable	\$ 15,000	\$ 5,401	\$ 20,401	\$ 485,369
Salaries and benefits payable		6,307	6,307	36,291
Compensated absences		19,076	19,076	127,130
Due to other funds		65,095	65,095	
Notes payable-current portion		27,039	27,039	
Liability for self-insurance				14,931,000
TOTAL CURRENT LIABILITIES	<u>15,000</u>	<u>122,918</u>	<u>137,918</u>	<u>15,579,790</u>
Noncurrent liabilities:				
Notes payable-noncurrent		111,471	111,471	
TOTAL LIABILITIES	<u>15,000</u>	<u>234,389</u>	<u>249,389</u>	<u>15,579,790</u>
NET ASSETS				
Invested in capital assets, net of related debt	8,011	1,781,020	1,789,031	6,264,086
Restricted		1,687	1,687	722,619
Unrestricted	18,101	31,381	49,482	76,190
TOTAL NET ASSETS	<u>26,112</u>	<u>1,814,088</u>	<u>1,840,200</u>	<u>7,062,895</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,112</u>	<u>\$ 2,048,477</u>	<u>\$ 2,089,589</u>	<u>\$ 22,642,685</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Business-Type Activities-Enterprise Funds</u>			<u>Governmental</u>
	<u>South Lake</u>			<u>Activities</u>
	<u>Tahoe</u>	<u>County</u>		<u>Internal</u>
	<u>Transit</u>	<u>Airports</u>	<u>Total</u>	<u>Service</u>
				<u>Funds</u>
OPERATING REVENUES				
Fares	\$ 63,689	\$ -	\$ 63,689	\$ -
Service fees		166,288	166,288	19,529,257
Fuel sales		246,743	246,743	37,926
TOTAL OPERATING REVENUES	<u>63,689</u>	<u>413,031</u>	<u>476,720</u>	<u>19,567,183</u>
OPERATING EXPENSES				
Salaries and benefits		127,568	127,568	722,505
Services and supplies	281,143	244,414	525,557	19,542,099
Depreciation	16,379	197,808	214,187	933,014
Other		8,303	8,303	
TOTAL OPERATING EXPENSES	<u>297,522</u>	<u>578,093</u>	<u>875,615</u>	<u>21,197,618</u>
NET LOSS FROM OPERATIONS	<u>(233,833)</u>	<u>(165,062)</u>	<u>(398,895)</u>	<u>(1,630,435)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	236,443		236,443	10,000
Transfers from other funds		70,226	70,226	
Interest income		3,830	3,830	626,340
Interest expense	(263)	(14,313)	(14,576)	
Proceeds from sale of assets				4,365
Other		1,055	1,055	211,365
NET NONOPERATING REVENUES (EXPENSE)	<u>236,180</u>	<u>60,798</u>	<u>296,978</u>	<u>852,070</u>
CAPITAL CONTRIBUTIONS				
Transfers in				1,280,817
Transfers out				(11,111)
NET CAPITAL CONTRIBUTIONS				<u>1,269,706</u>
NET INCOME (LOSS)	2,347	(104,264)	(101,917)	491,341
NET ASSETS, JULY 1, 2001	23,765	1,910,443	1,934,208	9,565,946
CHANGE IN CONTRIBUTED CAPITAL		15,727	15,727	
CHANGE IN COMPENSTATED ABSENCES		(7,818)	(7,818)	(5,392)
CHANGE IN RESERVES				(2,989,000)
NET ASSETS, JUNE 30, 2002	<u>\$ 26,112</u>	<u>\$ 1,814,088</u>	<u>\$ 1,840,200</u>	<u>\$ 7,062,895</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Business Type Activities-Enterprise Fund</u>			<u>Governmental</u>
	<u>South Lake</u>			<u>Activities</u>
	<u>Tahoe</u> <u>Transit</u>	<u>County</u> <u>Airports</u>	<u>Total</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 63,689	\$ 430,635	\$ 494,324	\$ -
Cash receipts from interfund services provided				19,518,750
Cash paid to supplies for goods and services	(281,131)	(265,178)	(546,309)	(19,608,005)
Cash paid to employees for services		(148,404)	(148,404)	(743,681)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(217,442)</u>	<u>17,053</u>	<u>(200,389)</u>	<u>(832,936)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income		3,830	3,830	626,340
Purchases of fixed assets		(74,499)	(74,499)	(2,697,140)
Proceeds from disposal of assets			-	4,365
Other income & expenses		1,055	1,055	211,365
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>(69,614)</u>	<u>(69,614)</u>	<u>(1,855,070)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on long-term debt		(25,650)	(25,650)	
Other governmental agencies				10,000
Interest expense	(263)	(14,313)	(14,576)	
Intergovernmental revenue	236,443		236,443	274,829
Transfers from other funds		70,226	70,226	1,280,817
Transfers to other funds			-	(11,111)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>236,180</u>	<u>30,263</u>	<u>266,443</u>	<u>1,554,535</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>18,738</u>	<u>(22,298)</u>	<u>(3,560)</u>	<u>(1,133,471)</u>
CASH AND CASH EQUIVALENTS, JULY 1, 2001	<u>14,363</u>	<u>114,910</u>	<u>129,273</u>	<u>16,641,614</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2002	<u>\$ 33,101</u>	<u>\$ 92,612</u>	<u>\$ 125,713</u>	<u>\$ 15,508,143</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2002

	<u>Fleet</u> <u>Management</u>	<u>Risk</u> <u>Management</u> <u>Authority</u>	<u>Totals</u>
ASSETS			
Current assets			
Cash and investments	\$ 3,398,557	\$ 12,109,586	\$ 15,508,143
Cash with fiscal agent		212,311	212,311
Accounts receivable	11		11
Due from other funds		434,339	434,339
Inventories	49,395		49,395
Prepaid expenses		91,300	91,300
TOTAL CURRENT ASSETS	<u>3,447,963</u>	<u>12,847,536</u>	<u>16,295,499</u>
Fixed assets			
Land	40,000		40,000
Structures and improvements	659,905		659,905
Equipment	9,467,326	35,700	9,503,026
Accumulated depreciation	<u>(3,907,247)</u>	<u>(31,598)</u>	<u>(3,938,845)</u>
TOTAL NET ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>6,259,984</u>	<u>4,102</u>	<u>6,264,086</u>
Other assets		83,100	83,100
	<u>\$ 9,707,947</u>	<u>\$ 12,934,738</u>	<u>\$ 22,642,685</u>
LIABILITIES & FUND EQUITY			
Current liabilities			
Accounts payable	\$ 171,457	\$ 313,912	\$ 485,369
Salaries and benefits payable	11,302	24,989	36,291
Compensated absences	23,991	103,139	127,130
TOTAL CURRENT LIABILITIES	206,750	442,040	648,790
Noncurrent liabilities			
Liability for self-insurance		14,931,000	14,931,000
TOTAL LIABILITIES	<u>206,750</u>	<u>15,373,040</u>	<u>15,579,790</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,259,984	4,102	6,264,086
Reserved	622,425	100,194	722,619
Unreserved	<u>2,618,788</u>	<u>(2,542,598)</u>	<u>76,190</u>
TOTAL FUND EQUITY	<u>9,501,197</u>	<u>(2,438,302)</u>	<u>7,062,895</u>
	<u>\$ 9,707,947</u>	<u>\$ 12,934,738</u>	<u>\$ 22,642,685</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2002

	Fleet Management	Risk Management Authority	Totals
OPERATING REVENUES			
Service fees	\$ 1,691,995	\$ 17,837,262	\$ 19,529,257
Profit on sale of fuel	37,926		37,926
TOTAL OPERATING REVENUES	<u>1,729,921</u>	<u>17,837,262</u>	<u>19,567,183</u>
OPERATING EXPENSES			
Salaries and benefits	281,371	441,134	722,505
Services and supplies	760,408	18,781,691	19,542,099
Depreciation	929,603	3,411	933,014
TOTAL OPERATING EXPENSES	<u>1,971,382</u>	<u>19,226,236</u>	<u>21,197,618</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(241,461)</u>	<u>(1,388,974)</u>	<u>(1,630,435)</u>
NONOPERATING REVENUES (EXPENSES)			
Other government agencies		10,000	10,000
Transfers from other funds	1,279,317	1,500	1,280,817
Transfers to other funds		(11,111)	(11,111)
Interest income	116,116	510,224	626,340
Proceeds from sale of fixed assets	4,365		4,365
Other	75,024	136,341	211,365
NET NONOPERATING REVENUES	<u>1,474,822</u>	<u>646,954</u>	<u>2,121,776</u>
NET INCOME (LOSS) FROM OPERATIONS	1,233,361	(742,020)	491,341
NET ASSETS, JULY 1, 2001	8,269,661	1,296,285	9,565,946
CHANGE IN COMPENSATED ABSENCES	(1,825)	(3,567)	(5,392)
CHANGE IN RESERVES		(2,989,000)	(2,989,000)
NET ASSETS, JUNE 30, 2002	<u>\$ 9,501,197</u>	<u>\$ (2,438,302)</u>	<u>\$ 7,062,895</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002

	Fleet Management	Risk Management Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from interfund services provided	\$ 1,740,395	\$ 17,778,355	\$ 19,518,750
Cash paid to supplies for goods and services	(776,818)	(18,831,187)	(19,608,005)
Cash paid to employee for services	(304,813)	(438,868)	(743,681)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>658,764</u>	<u>(1,491,700)</u>	<u>(832,936)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	116,116	510,224	626,340
Proceeds from disposal of assets	4,365		4,365
Purchases of fixed assets	(2,694,139)	(3,001)	(2,697,140)
Other	75,024	136,341	211,365
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,498,634)</u>	<u>643,564</u>	<u>(1,855,070)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Other governmental agencies		10,000	10,000
Transfers from other funds	1,279,317	1,500	1,280,817
Transfers to other funds		(11,111)	(11,111)
Capital contributions	274,829		274,829
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,554,146</u>	<u>389</u>	<u>1,554,535</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(285,724)	(847,747)	(1,133,471)
CASH AND CASH EQUIVALENTS, JULY 1, 2001	<u>3,684,281</u>	<u>12,957,333</u>	<u>16,641,614</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2002	<u>\$ 3,398,557</u>	<u>\$ 12,109,586</u>	<u>\$ 15,508,143</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2002

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	<u>\$ 104,759,819</u>
TOTAL ASSETS	<u>\$ 104,759,819</u>
LIABILITIES	
Accounts payable	\$ 3,658,826
Salaries and benefits payable	837,454
Fiduciary Liabilities	<u>100,263,539</u>
TOTAL LIABILITIES	<u>\$ 104,759,819</u>

See accompanying notes to the financial statements.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Note 1: The Financial Reporting Entity

Description of the Reporting Entity

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

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

The basic 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 unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. Financial information on these component units may be obtained from the County Auditor/Controller's Office.

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.

Blended 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 County Water Agency is a separate legal entity formed to provide water service within the County.
- The El Dorado Hills Business Park Lighting and Landscape District was formed to provide lighting and landscaping to the business park in El Dorado Hills.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

- The Air Quality Control District was established as a separate legal entity to maintain and improve the County's air quality.
- The El Dorado County 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.

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

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

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

- American River Authority. The County participates with Placer County and the Placer County Water Agency in this Joint Powers Authority that was created to facilitate construction of a dam, reservoir and hydroelectric power facilities at the Auburn Dam Site. The participants share the costs of operating the JPA equally. The governing board consists of two members from the County, one member from each of the other participants and a public resident who alternates between El Dorado and Placer County.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

- 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.
- 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.

Note 2: Summary of Significant Accounting Policies

GASB Statements Nos. 33 and 36

In December 1998 and in April 2000, the Governmental Accounting Standards Board (GASB) issued Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues-an amendment to GASB Statement No. 33*, respectively. These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources (for example, most taxes, grants, and private donations).

GASB Statement Nos. 34 and 37

In June 1999 and in June 2001, the GASB issued Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments-Omnibus*, respectively. These statements provide for the most significant change in financial reporting in over twenty years and are scheduled for a phased implementation (based on size of government) starting with fiscal years 2002. As a part of these statements, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, traffic signals, etc.). This requirement permits an optional four-year delay for implementation to the fiscal year ended 2006 for June 2002 infrastructure assets.

GASB Statement No. 38

In June 2002, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, adds and deletes various note disclosure requirements. Those requirements address revenue recognition policies, actions taken in response to legal violations, debt service requirements, variable-rate debt, receivable and payable balances, interfund transfers and balances, and short-term debt.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

GASB Interpretation No. 6

In March 2000, the GASB issued Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. The interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. 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. 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 of general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity 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.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

The County reports the following major governmental funds:

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

The County reports the following non-major governmental funds:

- Non- Major Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes.
- Permanent Funds – Permanent funds are used to account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments programs.
- Capital Project 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).

In addition, the County reports the following proprietary and fiduciary fund types:

- Enterprise Funds – The South Lake Tahoe Transit Authority and the County Airports 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 and services to the public on a continuing basis be financed or recovered primarily through user charges.
- Internal Service Funds – Fleet Management and Risk Management Authority are internal service funds 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.
- Agency Funds – Agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Basis of Accounting

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

COUNTY OF EL DORADO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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 grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty 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 judgements 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.

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

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

Cash and Investments

The County maintains and controls two major cash and investment pools. Each fund of a pool is displayed on its respective balance sheet as "pooled cash and cash equivalents" In addition, non-pooled cash and investments are separately held and reflected in their respective funds as "non-pooled cash and cash equivalents" and "investments."

The County reporting entity considers highly liquid investments with an original maturity of one year or less to be cash equivalents.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

The County reports investments at cost. Cash deposits and certificate of deposits are reported at carrying amount which reasonably estimates fair value.

The County's cash and investments as of June 30, 2002 consisted of the following:

	<u>Fair Value</u>
Investment in the Local Agency Investment Fund	\$ 40,000,000
Deposits in financial institutions and cash on hand	63,800,000
US Government securities	<u>107,821,803</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 211,621,803</u>

Receivables

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

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 that indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

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 fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines infrastructure and building and improvements as purchases or improvements with an aggregate cost of more than \$10,000. Capital equipment consists of purchased 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, 2002

The estimated useful lives are as follows:

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

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 Tax Levy, Collection and Maximum Rates

The State of California's (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2001/2002 net assessed valuation of the County was \$13,897,011,125.

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

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

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.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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

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:

- Interfund Loans-Loans reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide statements as "internal balances".
- 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. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

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.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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 3: Restatement of Fund Equity/Net Assets

Fund Reclassifications

Agency Funds-During the current year, the County evaluated its agency funds and moved funds that did not meet the definition of an agency fund under GASB Statement No. 34 to the general fund and nonmajor governmental funds.

Expendable Trust Funds-GASB Statement No. 34 eliminates the use of expendable trust funds to account for assets held by the County in a trustee capacity for other governmental units.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Restatement of Equity

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

	<u>General Fund</u>	<u>Road Fund</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Enterprise Funds</u>	<u>El Dorado Transit Component Unit</u>	<u>Internal Service Funds</u>
Fund balance/net assets June 30, 2001 as previously reported	<u>\$ 27,699,656</u>	<u>\$ 4,732,239</u>	<u>\$ 6,274,615</u>	<u>\$ 25,602,545</u>	<u>\$ 6,648,624</u>	<u>\$ _____</u>	<u>\$ 9,565,946</u>
Restatements:							
Fund reclassification							
Special revenue funds	3,406,012			(3,406,012)			
Expendable trust funds	72,004						
Non-expendable trust funds				840,924			
Agency funds				(8,840)			
Other restatements	<u>684,385</u>	<u>_____</u>	<u>_____</u>	<u>493,854</u>	<u>(4,714,416)</u>	<u>4,714,416</u>	<u>_____</u>
Fund balance/net assets July 1, 2001, as restated	<u>\$ 31,862,057</u>	<u>\$ 4,732,239</u>	<u>\$ 6,274,615</u>	<u>\$ 23,522,471</u>	<u>\$ 1,934,208</u>	<u>\$ 4,714,416</u>	<u>\$ 9,565,946</u>

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Note 4: Deposits and Investments

Deposits

It is the County's policy to follow the State statute regarding deposits. This statute requires financial institutions secure a local governmental agency's deposits by pledging government securities as collateral. The market value of pledged securities must be at least 110% of the 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.

The County's pooled and non-pooled cash are categorized to give an indication of the level of risk assumed by the County at fiscal year-end. The categories are described as follows:

- Category 1: Insured or collateralized, with securities held by the County or by its agent in the County's name.
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- Category 3: Uninsured and unregistered, with securities held by the counterparty or by its trust department or by an agent but not in the County's name

As of June 30, 2002, the carrying amount of the County's deposits held by the County Treasurer was \$97,684,771 and the bank balance was \$81,502,710. The difference was due primarily to deposits in transit and warrants (checks) which had not yet been processed by the bank. Of the bank balance, \$100,000 was covered by Federal Depository Insurance and the remainder was collateralized by government securities abiding by State statutes. The collateral is held by State Treasurer of California's Local Agency Pool. In accordance with GASB Statement No. 3, these amounts are considered uncollateralized as the collateral is held in the State Treasurer's name rather than the County's name, thereby being classified as a category three.

In addition, the component unit carrying amount of deposits totaled \$365,475 while the bank balance was \$774,198. Of this amount, \$100,000 is covered by Federal Depository Insurance. The remaining balances were covered by collateral consisting of U.S. government agency securities also following State statutes. The collateral is held by the Bank of California in Western Sierra National Bank's name under a safekeeping agreement. In accordance with GASB Statement No. 3, these amounts are considered uncollateralized as the collateral is held in the Bank's name rather than the component unit's name, thus being classified as a category three.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Investments

Investment pools are under the custody of the County Treasurer. Investing is performed in accordance with investment policies complying with State statutes and the County. Pooled funds may be invested in direct obligations of the United States government pledged by its full faith and credit; certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, savings accounts at savings and loan associations and banks, to the extent fully insured; guaranteed investment contracts; repurchase and reverse repurchase agreements; prime commercial paper as rated by Standard and Poor's Corporation or Moody's Commercial Paper Record; obligations of the State of California pledged by its full faith and credit; and obligations of local agencies within California.

The County's pooled and non-pooled cash and investments are categorized to give an indication of the level of risk assumed by the County at fiscal year-end. The categories are described as follows:

- Category 1: Insured or collateralized, with securities held by the County or by its agent in the County's name.
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- Category 3: Uninsured and unregistered, with securities held by the counterparty or by its trust department or by an agent but not in the County's name.

<u>Types of Investments</u>	<u>Category Number 1</u>	<u>Fair Value\ Carry Amount</u>	<u>Cost</u>
Pooled Investments			
U.S. government securities	\$ 107,564,485	\$107,564,485	\$107,574,121
Certificate of deposits	63,800,000	63,800,000	63,800,000
Unallocated interest	<u>257,318</u>	<u>257,318</u>	<u> </u>
TOTAL POOLED INVESTMENTS	<u>\$ 171,621,803</u>	<u>\$171,621,803</u>	<u>\$171,374,121</u>

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

The County of El Dorado, the component unit, and cash with fiscal agent's investment in State of California Local Agency Investment Fund (LAIF) is stated at carrying value which reasonably estimates fair value and is not subject to categorization under GASB Statement No. 3. The total amount invested by all public agencies in LAIF is \$47,719,552,487 managed by the State Treasurer. Of that amount, 96.9% is invested in non-derivative financial products and 3.1% in derivative financial products. The Local Investment Advisory Board has oversight responsibility for LAIF. The value of pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the County's position in the pool. The total investment in LAIF for the entities are as follows:

County of El Dorado	\$ 40,000,000
Cash with fiscal agent:	
Rescue School District	8,000,000
Lake Tahoe Unified School District	6,001,000
Tahoe Paradise Resort Improvement District	<u>129,000</u>
TOTAL LAIF INVESTMENT	<u>\$ 54,130,000</u>

The County has various investment in bonds within their cash with fiscal agent within the Agency Funds. These funds are detailed below:

Bond: Cost of Insurance Pomintory Point	\$ 197,707
Bond: Acquisition El Dorado Hills	5,484,240
Bond: Reserve El Dorado Hills	3,358,046
Bond: Redemption El Dorado Hills	2,105,920
Bond: Optional Redemptions	187
Bond: Special Tax Fund	<u>306</u>
TOTAL OF BONDS IN TRUST AGENCY FUND	<u>\$ 11,146,406</u>

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Note 5: Capital Assets

Capital Asset activity for the year ended June 30, 2002 was as follows:

	Balance July 1, 2001	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2002
Governmental Activities					
Capital Assets, not being depreciated					
Land and Improvements	\$ 24,868,782	\$ 2,452,854	\$ -	\$ -	\$ 27,321,636
Construction in Progress	1,959,308	3,022,456		(3,003,548)	1,978,216
Total Capital Assets not being depreciated	26,828,090	5,475,310	-	(3,003,548)	29,299,852
Capital Assets, being depreciated					
Infrastructure	211,855,009	27,672,787			239,527,796
Structures and Improvements	72,162,741	1,554,644			73,717,385
Equipment	31,903,821	5,434,318	(2,591,029)	(430,667)	34,316,443
Total Capital Assets being depreciated	315,921,571	34,661,749	(2,591,029)	(430,667)	347,561,624
Less Accumulated Depreciation for					
Infrastructure	(112,407,750)	(9,054,820)			(121,462,570)
Structures and Improvements	(18,709,611)	(1,503,318)			(20,212,928)
Equipment	(18,243,465)	(2,665,584)	1,028,171		(19,880,878)
Total Accumulated Depreciation	(149,360,826)	(13,223,722)	1,028,171	-	(161,556,376)
Total Capital Assets being depreciated, net	166,560,746	21,438,028	(1,562,858)	(430,667)	186,005,248
Governmental Activities Capital Assets, net	\$ 193,388,836	\$ 26,913,338	\$ (1,562,858)	\$ (3,434,215)	\$ 215,305,101
Business Type Activities					
Capital Assets, not being depreciated					
Land	\$ 213,711	\$ -	\$ -	\$ -	\$ 213,711
Total Capital Assets not being depreciated	213,711	-	-	-	213,711
Capital Assets, being depreciated					
Structures and Improvements	4,118,881	75,265			4,194,146
Equipment	84,440	10,284		(8,050)	86,674
Total Capital Assets being depreciated	4,203,321	85,549	-	(8,050)	4,280,820
Less Accumulated Depreciation for					
Structures and Improvements	(2,301,804)	(187,523)			(2,489,327)
Equipment	(59,050)	(26,664)		7,951	(77,763)
Total Accumulated Depreciation	(2,360,854)	(214,187)	-	7,951	(2,567,090)
Total Capital Assets being depreciated, net	1,842,467	(128,638)	-	(99)	1,713,730
Business Type Activities Capital Assets, net	\$ 2,056,178	\$ (128,638)	\$ -	\$ (99)	\$ 1,927,441

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 794,046
Public protection	1,349,842
Health and sanitation	275,437
Public assistance	122,269
Public works	9,591,074
Recreation and cultural services	16,613
Education	141,428
Depreciation on capital assets held by the County's internal service fund is charged to the various functions based on their usage of the assets	933,014
Total depreciation expense-governmental functions	\$ 13,223,723

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

South Lake Tahoe Transit Program	\$ 16,379
Airports	197,808
Total depreciation expense-business-type functions	\$ 214,187

Note 6: Long-Term Debt

Long-term liabilities at June 30, 2002 consisted of the following:

Bonds Payable

Balances at
June 30, 2002

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%. A total of \$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.

\$15,885,000

1915 Act Bonds

The 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 II

Interest rates range from 6.90% to 8% and maturities extend to 2006.

4,205,000

TOTAL BONDS PAYABLE

\$20,090,000

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Future minimum debt service payments for bonds payable at June 30, 2002 are as follows:

<u>Year Ending June 30</u>	
2003	\$ 3,421,673
2004	3,345,200
2005	3,514,672
2006	3,419,860
2007	2,149,790
Thereafter	<u>8,551,250</u>
Total debt service payments for bonds	24,402,445
Less amount representing interest	<u>4,312,445</u>
TOTAL BOND PRINCIPAL PAYABLE	<u>\$ 20,090,000</u>

Notes Payable

Notes payable recorded in the general fund at June 30, 2002 are comprised of the following California Energy Commission loan to provide funding for energy retrofit of the County buildings.

The annual requirements to amortize the note payable as of June 30, 2002 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$	\$ 37,630	\$ 37,630
2004	20,588	26,994	47,582
2005	36,102	11,480	47,582
2006	38,263	9,319	47,582
2007	40,554	7,028	47,582
2008-2009	<u>88,525</u>	<u>6,639</u>	<u>95,164</u>
	<u>\$ 224,032</u>	<u>\$ 99,090</u>	<u>\$ 323,122</u>

Special Assessment Debt

Special assessment district transactions are recorded in the Agency Fund as the County acts as an agent for the property owners in collecting assessments bonds and forwarding the collections to the bondholders. However, the County is not obligated in any manner for repayment of these special assessments.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Note 7: Leases

Operating Leases Obligations

The County is committed under various noncancelable operating leases, primarily for equipment (principally in the General Fund). Future minimum operating lease commitments for equipment are as follows:

Year Ending June 30	
2003	\$ 129,010
2004	128,804
2005	128,804
2006	128,804
2007	128,804
2008-2012	<u>318,785</u>
TOTAL	<u>\$ 963,011</u>

The County leases various office space and buildings subject to various agreements. Rent expenditures were approximately \$1,885,215 for the year ended June 30, 2002. The County also leases various properties to business and other governmental agencies. Operating lease revenues from such rentals were approximately \$62,557 for the year ended June 30, 2002.

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 total lease payments for the fiscal year were \$455,263 of which \$69,973 represented interest cost.

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

Copier	\$ 19,820
Road equipment	<u>1,823,238</u>
TOTAL	<u>\$ 1,843,058</u>

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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

<u>Year Ending June 30</u>	
2003	\$ 358,982
2004	342,280
2005	<u>328,016</u>
Total minimum lease payments	1,029,278
Less amount representing interest	<u>90,805</u>
PRESENT VALUE OF FUTURE LEASE PAYMENTS	<u>\$ 938,474</u>

Note 8: Proprietary Long-Term Debt

Notes Payable

Notes payable recorded in the Airport Enterprise Fund at June 30, 2002 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 2011	\$ 26,275
Loan #ED-1-86-L-2, 6.9435% installment note, payable annually through 2012	15,770
Loan #ED-5-86-L-1, 6.9435% installment note, payable annually through 2012	10,601
Loan #ED-1-87-L-3, 6.9435% installment note, payable annually through 2012	10,230
Loan #ED-5-88-L-2, 7.0408% installment note, payable annually through 2009	20,834
Loan #ED-1-94-L-5, 5.8957% installment note, payable annually through 2005	<u>54,798</u>
Total State Loans	138,508
Less principal due within one year	<u>27,039</u>
LONG-TERM PORTION	<u>\$ 111,469</u>

The annual requirements to amortize the notes payable as of June 30, 2002 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 27,039	\$ 9,348	\$ 36,387
2004	28,428	7,620	36,048
2005	27,718	5,810	33,528
2006	9,463	4,042	13,505
2007	9,463	3,351	12,814
Thereafter	<u>36,397</u>	<u>7,010</u>	<u>43,407</u>
	<u>\$ 138,508</u>	<u>\$ 37,181</u>	<u>\$ 175,689</u>

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Note 9: Liability for Closure and Postclosure Costs

State and federal laws and regulations require the County to place a final cover on its Union Mine landfill site 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 1997. County staff estimated the closure cost to be \$922,982 and the postclosure costs to approximate \$172,380 per year. Estimated closure costs are reported in the operating fund and postclosure costs as a long-term liability in the entity-wide statement of net assets.

The California Integrated Waste Management Board also requires that landfill operators estimate the costs "reasonably foreseeable" in the event landfill contaminants were to leak into ground water supplies. An engineering study conducted during 1998 and revised February 20, 2000, estimated that the thirty-year cost of such a contingency would approximate \$5,171,400.

Note 10: 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. Total amount of plan assets as of June 30, 2002 were \$37,059,402.

Note 11: 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, 2002 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,853,743	\$ 14,998,144*
Special Revenue Funds	1,991,172	1,670,750
Debt Service Funds	2,050,512	
Capital Projects Funds	2,773,250*	320,000
Permanent Funds		19,315
Enterprise Funds	70,226	
Internal Service Funds	<u>1,280,417*</u>	<u>11,111*</u>
	<u>\$ 17,019,320</u>	<u>\$ 17,019,320</u>

* Transfers in and out from internal service funds have been consolidated into the governmental fund financial statements and appear under operating expenditures. Internal service fund transfers from and to governmental fund types have been added back to the transfers in and out shown at the fund level to render the amounts that appear above.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Note 12: Interfund Receivables and Payables

As of June 30, 2002, interfund receivables and payables that resulted from various interfund transfers were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,155,007	\$ 1,072,605
Special Revenue Funds	3,522,448	3,034,630
Internal Service Funds	434,339	
Agency Funds		939,464
Enterprise Funds		<u>65,095</u>
	<u>\$ 5,111,794</u>	<u>\$ 5,111,794</u>

Note: Amounts due from agency funds to governmental fund types have been reclassified as due from other governments at the entity-wide level.

Note 13: 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.

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 contribution requirements of plan members and the County are established and may be amended by PERS.

Annual Pension Cost

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2003 to June 30, 2004 has been determined by an actuarial valuation of the plan as of June 30, 2001. The contribution rate for the indicated period is 15.823% for safety and 2.57% for miscellaneous of payroll for the retirement program. In order to calculate the dollar value of the ARC the contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2003, to June 30, 2004.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

The summary of principle assumptions and methods used to determine the ARC is shown below:

Valuation Date	June 30, 2001
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	Miscellaneous 10 Years, Safety 17 Years as of Valuation Date
Asset Valuation Method	3 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	8.25% (net of administrative expenses)
Projected Salary Increases	Miscellaneous 3.75% to 14.20%, Safety 4.27% to 11.59% depending on Age, Service, and Type of Employment
Inflation	3.50%
Payroll Growth	3.75%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed twenty year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in the actuarial value of the plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a thirty year amortization period.

Other Post-Employment Benefits

In addition to pension benefits described in the preceding paragraph, the County provides post-employment benefits for health care to eligible retirees and their dependents. The benefits are provided in accordance with County resolutions and collective bargaining agreements. The criteria to determine eligibility include; years of service, employee age, disability due to line of duty and whether the employee has vested in the respective retirement plan. The County funds the benefits on a pay-as-you-go basis. Expenses for post-retirement health care benefits that are recognized as eligible employee claims are paid. The present value of all future year benefits is estimated at \$35,000,000.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

PERS Contract

On December 12, 2000 the County entered into a Memorandum of Understanding with the El Dorado County Deputy Sheriff's Association. The Memorandum of Understanding requires the County to modify its contract with PERS to provide three percent (3%) at fifty-five (55) for deputies effective no later than June 2002. The Memorandum of Understanding further provides that the County must modify its contract with PERS again to provide three percent (3%) at fifty (50) effective prior to June 2003. It is not possible to estimate the additional costs that will be incurred at this time due to these contract changes.

Note 14: 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, \$500,000 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.

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 \$14,931,000 reported in the Risk Management Fund at June 30, 2002 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 Risk Management Fund's claims liability amount for the past ten fiscal years are as follows:

<u>For The Year Ended June 30</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Ending Liability</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
1999	10,668,890	10,401,987	9,304,098	11,766,779
2000	11,766,779	10,387,058	11,669,837	10,484,000
2001	10,484,000	13,120,507	11,662,507	11,942,000
2002	11,942,000	17,307,982	14,318,982	14,931,000

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Note 15: Commitments and Contingencies

Grants

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

Pending Litigation

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

Note 16: Net Assets/Fund Balances

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

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

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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

As of June 30, 2002, reservations of fund balance are described below:

- *Debt Service:* To reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.
- *Encumbrances:* To reflect the outstanding contractual obligations for which goods and services have not been received.
- *Inventories:* To reflect the portion of assets which do not represent available spendable resources.
- *Imprest cash:* To reflect the portion of cash that is not available spendable resources.

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

- *Capital Projects:* To reflect management's intent to expend certain funds solely for planned capital projects.
- *Debt services:* To reflect the managements intent to expend certain funds solely for planned debt expenditures.
- *Contingencies:* To reflect management's intent to designate certain funds for contingencies that may arise.

Note 17: Proposition 218 Disclosure

Proposition 218, which was approved by the voters in November 1996, regulates the County's District's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by voters. Therefore, the County's District's ability to finance the services for which the taxes, assessments and fees are imposed may be significantly impaired. At this time it is uncertain how Proposition 218 will affect the County's District's ability to maintain or increase the revenue it receives from taxes, assessments and fees.

COUNTY OF EL DORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

Note 18: Short-Term Debt

Tax and revenue anticipation notes.

The County has issued tax and revenue anticipation notes in advance of property tax collections. These notes were necessary because the County's payments to the school system and other local agencies reduce the cash flow below acceptable levels until revenue from tax collections are received.

Short term debt activity for the year ended June 30, 2002 was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax and revenue anticipation notes	\$ <u>0</u>	\$ <u>11,925,000</u>	\$ <u>11,925,000</u>	\$ <u>0</u>

Note 19: Subsequent Event

In October 2002, the U.S. Department of Justice, Office of Inspector General (DOJ-OIG) issued a draft audit report of the County of El Dorado's Community Oriented Policing Services Grants awarded by the federal government from April 1, 1995, through September 1, 1998. In the draft audit report, DOJ-OIG questions \$627,648 in grant costs because of the County's failure to expend the funds on a timely basis. The County intends to vigorously contest this finding because, although the County agrees that grant funds were expended after the dates required in the grants, it was expended late with the written approval of DOJ staff. Although, the ultimate resolution of this matter is not determinable at this time, it is the opinion of the management that this matter will not have a material effect on the County's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2002

SCHEDULE OF FUNDING PROGRESS

The table below shows a three year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30 (dollar amounts in thousands).

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>AAL Actuarial Accrued Liability</u>	<u>UAAL Overfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
6/30/99:						
Miscellaneous	\$ 200,261	\$154,508	\$ 45,753	129.6%	\$ 48,757	93.8%
Safety	<u>81,848</u>	<u>71,449</u>	<u>10,398</u>	<u>114.6%</u>	<u>12,973</u>	<u>80.2%</u>
TOTAL	<u>\$ 282,109</u>	<u>\$ 225,957</u>	<u>\$ 56,151</u>	<u>122.1%</u>	<u>\$ 61,730</u>	<u>87.0%</u>
6/30/00:						
Miscellaneous	\$ 221,404	\$ 177,400	\$ 44,004	124.8%	\$ 54,060	81.4%
Safety	<u>89,770</u>	<u>79,481</u>	<u>10,289</u>	<u>112.9%</u>	<u>13,821</u>	<u>74.4%</u>
TOTAL	<u>\$ 311,174</u>	<u>\$ 256,881</u>	<u>\$ 54,293</u>	<u>118.9%</u>	<u>\$ 67,881</u>	<u>77.9%</u>
6/30/01:						
Miscellaneous	\$ 230,184	\$ 197,209	\$32,974	116.7%	\$ 59,572	55.4%
Safety	<u>92,372</u>	<u>86,923</u>	<u>5,449</u>	<u>106.3%</u>	<u>15,416</u>	<u>35.3%</u>
TOTAL	<u>\$ 322,556</u>	<u>\$ 284,132</u>	<u>\$ 38,423</u>	<u>111.5%</u>	<u>\$ 74,988</u>	<u>45.3%</u>

COUNTY OF EL DORADO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2002

GENERAL FUND

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 public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.

SPECIAL REVENUE FUNDS

The *special revenue funds* are used to account for specific revenues that are legally restricted to expenditures for a particular purpose. The following funds have been classified as major funds. The budget-actual comparisons for these funds have been presented in the accompanying financial statements as required supplementary information.

County Roads - This fund is used to account for funds allocated for the planning, design, construction, maintenance and administration of County transportation activities. Revenues consist primarily of the County's share of State highway user taxes and are supplemented by Federal funds.

DEBT SERVICE FUND

The *debt services fund* is used to account for the accumulation of resources and payment of long-term debt principal and interest.

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 23,623,665	\$ 23,629,765	\$ 23,623,665	\$ (6,100)
Resources (inflows):				
Taxes	42,465,122	42,465,122	43,653,776	1,188,654
Licenses, permits and franchises	6,946,809	6,946,809	6,687,062	(259,747)
Fines, forfeitures and penalties	1,192,142	1,332,557	1,405,983	73,426
Use of money and property	1,678,641	1,678,641	1,447,979	(230,662)
Intergovernmental revenue-State	59,944,788	61,514,475	60,115,275	(1,399,200)
Intergovernmental revenue-Federal	23,151,258	23,453,965	22,881,074	(572,891)
Revenue other governmental agencies	472,939	384,031	450,313	66,282
Charges for services	23,160,766	23,506,222	19,709,443	(3,796,779)
Miscellaneous revenue	1,855,641	2,006,356	1,943,901	(62,455)
Other financing sources	8,593,580	9,129,703	8,901,768	(227,935)
Residual equity transfers	-	110,000	110,000	-
	<u>169,461,686</u>	<u>172,527,881</u>	<u>167,306,574</u>	<u>(5,221,307)</u>
Amounts available for appropriation	193,085,351	196,157,646	190,930,239	(5,227,407)
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and benefits	865,609	865,609	855,987	9,622
Services and supplies	122,797	126,532	121,982	4,550
Fixed assets	22,500	18,267	12,114	6,153
Intrafund transfers	42,281	43,353	51,366	(8,013)
	<u>1,053,187</u>	<u>1,053,761</u>	<u>1,041,449</u>	<u>12,312</u>
County of Administrative Office				
Salaries and benefits	668,477	668,477	556,249	112,228
Services and supplies	237,850	240,398	121,646	118,752
Fixed assets		9,631	9,631	-
Other financing uses	18,000	18,000	14,781	3,219
Intrafund transfers	32,826	32,826	27,802	5,024
	<u>957,153</u>	<u>969,332</u>	<u>730,109</u>	<u>239,223</u>
Annual Audit				
Service and supplies	110,000	101,522	64,272	37,250
	<u>110,000</u>	<u>101,522</u>	<u>64,272</u>	<u>37,250</u>
Auditor/Controller				
Salaries and benefits	1,565,977	1,542,196	1,424,332	117,864
Services and supplies	129,052	163,291	144,651	18,640
Other charges	750	750	300	450
Fixed assets		6,591	6,581	10
Intrafund transfers	418,387	418,387	409,109	9,278
	<u>2,114,166</u>	<u>2,131,215</u>	<u>1,984,973</u>	<u>146,242</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Treasurer/Tax Collector				
Salaries and benefits	1,116,279	1,111,579	1,062,580	48,999
Services and supplies	354,070	361,514	320,521	40,993
Other charges	200	200	900	(700)
Fixed assets		14,482	11,282	3,200
Intrafund transfers	488,450	488,950	509,573	(20,623)
	<u>1,958,999</u>	<u>1,976,725</u>	<u>1,904,856</u>	<u>71,869</u>
Assessor				
Salaries and benefits	2,390,974	2,390,974	2,355,127	35,847
Services and supplies	194,899	156,402	117,742	38,660
Other charges	300	300	150	150
Fixed assets	34,896	114,717	113,955	762
Intrafund transfers	466,113	468,113	461,095	7,018
	<u>3,087,182</u>	<u>3,130,506</u>	<u>3,048,069</u>	<u>82,437</u>
Purchasing				
Salaries and benefits	293,970	293,970	304,241	(10,271)
Services and supplies	20,198	20,702	25,036	(4,334)
Other charges	100	100	200	(100)
Fixed assets	7,250	7,250	6,711	539
Intrafund transfers	11,353	11,353	11,344	9
	<u>332,871</u>	<u>333,375</u>	<u>347,532</u>	<u>(14,157)</u>
County Counsel				
Salaries and benefits	1,744,534	1,744,534	1,657,491	87,043
Services and supplies	341,050	650,437	554,063	96,374
Other charges	200	200	150	50
Fixed assets	37,900	65,322	64,455	867
Intrafund transfers	60,204	60,204	58,908	1,296
	<u>2,183,888</u>	<u>2,520,697</u>	<u>2,335,067</u>	<u>185,630</u>
Personnel				
Salaries and benefits	712,061	712,061	665,582	46,479
Services and supplies	395,684	386,691	167,158	219,533
Other charges			534	(534)
Fixed assets	3,000	26,464	25,723	741
Intrafund transfers	(168,649)	(168,649)	(3,158)	(165,491)
	<u>942,096</u>	<u>956,567</u>	<u>855,839</u>	<u>100,728</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Elections				
Salaries and benefits	475,294	475,294	479,997	(4,703)
Services and supplies	617,174	587,509	547,491	40,018
Other charges	1,000	1,000	890	110
Fixed assets	4,800	27,077	25,138	1,939
Intrafund transfers	20,393	27,781	26,991	790
	<u>1,118,661</u>	<u>1,118,661</u>	<u>1,080,507</u>	<u>38,154</u>
Communications				
Salaries and benefits	411,399	411,399	413,869	(2,470)
Services and supplies	488,210	464,027	391,207	72,820
Fixed assets	10,000	10,000	1,927	8,073
Intrafund transfers	(741,332)	(741,332)	(639,419)	(101,913)
	<u>168,277</u>	<u>144,094</u>	<u>167,584</u>	<u>(23,490)</u>
Courier and Messenger				
Salaries and benefits	51,606	51,606	52,239	(633)
Services and supplies	20,201	20,201	19,755	446
Intrafund transfers	(67,298)	(67,298)	(65,698)	(1,600)
	<u>4,509</u>	<u>4,509</u>	<u>6,296</u>	<u>(1,787)</u>
Buildings and Grounds				
Salaries and benefits	1,833,936	1,833,936	1,708,519	125,417
Services and supplies	1,506,355	1,463,678	1,364,273	99,405
Other charges	6,547	42,592	37,504	5,088
Fixed assets	32,750	20,829	13,150	7,679
Intrafund transfers	(129,451)	(129,451)	(140,671)	11,220
	<u>3,250,137</u>	<u>3,231,584</u>	<u>2,982,775</u>	<u>248,809</u>
Real Property				
Salaries and benefits	109,848	109,848	110,457	(609)
Services and supplies	131,230	127,802	76,263	51,539
Fixed assets	-	2,500	2,500	-
Intrafund transfers	(44,226)	(44,226)	(58,429)	14,203
	<u>196,852</u>	<u>195,924</u>	<u>130,791</u>	<u>65,133</u>
County Promotion				
Salaries and benefits	26,752	58,532	46,923	11,609
Services and supplies	407,324	444,963	428,073	16,890
Other charges	-	-	100	(100)
Intrafund transfers	17,500	17,500	20,342	(2,842)
	<u>451,576</u>	<u>520,995</u>	<u>495,438</u>	<u>25,557</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Information Services and Support				
Salaries and benefits	3,672,573	3,619,473	3,512,391	107,082
Services and supplies	2,309,979	2,235,136	1,950,971	284,165
Other charges	115,000	115,000	112,955	2,045
Fixed assets	686,320	723,038	523,765	199,273
Intrafund transfers	<u>(3,638,092)</u>	<u>(3,620,092)</u>	<u>(3,450,260)</u>	<u>(169,832)</u>
	<u>3,145,780</u>	<u>3,072,555</u>	<u>2,649,822</u>	<u>422,733</u>
Surveyor				
Salaries and benefits	880,758	880,758	872,329	8,429
Services and supplies	134,602	130,159	55,113	75,046
Fixed assets	16,340	21,519	10,124	11,395
Intrafund transfers	<u>(37,880)</u>	<u>(37,880)</u>	<u>(35,080)</u>	<u>(2,800)</u>
	<u>993,820</u>	<u>994,556</u>	<u>902,486</u>	<u>92,070</u>
General Services Administration				
Salaries and benefits	1,144,788	1,142,988	1,020,178	122,810
Services and supplies	315,794	330,344	352,464	(22,120)
Other charges	93,741	93,334	31,728	61,606
Fixed assets	43,772	16,774	13,191	3,583
Other financing uses	19,966	19,966	19,966	-
Intrafund transfers	<u>(179,367)</u>	<u>(179,367)</u>	<u>(218,243)</u>	<u>38,876</u>
	<u>1,438,694</u>	<u>1,424,039</u>	<u>1,219,284</u>	<u>204,755</u>
Employee Benefits				
Salaries and benefits	<u>850,500</u>	<u>850,500</u>	<u>200,000</u>	<u>650,500</u>
	<u>850,500</u>	<u>850,500</u>	<u>200,000</u>	<u>650,500</u>
Engineer				
Services and supplies	1,118,000	1,118,000	607,218	510,782
Other charges	1,685,971	1,667,971	1,351,437	316,534
Intrafund transfers	<u>-</u>	<u>18,000</u>	<u>17,526</u>	<u>474</u>
	<u>2,803,971</u>	<u>2,803,971</u>	<u>1,976,181</u>	<u>827,790</u>
Tax Revenue Anticipation Notes				
Other charges	<u>463,000</u>	<u>463,000</u>	<u>343,728</u>	<u>119,272</u>
	<u>463,000</u>	<u>463,000</u>	<u>343,728</u>	<u>119,272</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Contribution to Other Funds				
Services and supplies	1,312,940	334,472	124,135	210,337
Other charges	8,000	8,000	8,000	-
Fixed assets	4,520,708	951,447	-	951,447
Other financing uses	11,612,364	13,679,311	13,272,946	406,365
Residual equity transfers	-	3,709,458	3,709,458	-
Intrafund transfers	888,959	763,959	621,809	142,150
	<u>18,342,971</u>	<u>19,446,647</u>	<u>17,736,348</u>	<u>1,710,299</u>
Contribution to Other Agencies				
Services and supplies	180,000	180,000	176,000	4,000
Other charges	776,469	777,086	770,443	6,643
	<u>956,469</u>	<u>957,086</u>	<u>946,443</u>	<u>10,643</u>
Contribution to Airports				
Other financing uses	91,251	91,251	50,226	41,025
	<u>91,251</u>	<u>91,251</u>	<u>50,226</u>	<u>41,025</u>
Other General				
Services and supplies	7,560,000	5,912,535	920,393	4,992,142
Other financing uses	-	32,465	32,464	1
Residual equity transfers	-	50,000	50,000	-
	<u>7,560,000</u>	<u>5,995,000</u>	<u>1,002,857</u>	<u>4,992,143</u>
General Government	54,576,010	54,488,072	44,202,932	10,285,140
<u>Public Protection</u>				
Superior Court				
Services and supplies	644,529	644,529	641,946	2,583
Other charges	1,246,657	1,246,657	1,168,027	78,630
	<u>1,891,186</u>	<u>1,891,186</u>	<u>1,809,973</u>	<u>81,213</u>
Grand Jury				
Salaries and benefits	20,827	522	521	1
Services and supplies	65,945	106,024	104,953	1,071
Intrafund transfers	6,991	6,991	14,093	(7,102)
	<u>93,763</u>	<u>113,537</u>	<u>119,567</u>	<u>(6,030)</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
District Attorney				
Salaries and benefits	3,927,824	3,956,064	3,828,238	127,826
Services and supplies	607,094	668,860	622,194	46,666
Other charges	2,500	2,500	2,187	313
Fixed assets	33,000	56,212	42,633	13,579
Other financing uses	46,000	59,824	52,776	7,048
Intrafund transfers	(161,655)	(162,155)	(101,498)	(60,657)
	<u>4,454,763</u>	<u>4,581,305</u>	<u>4,446,530</u>	<u>134,775</u>
Family Support Services				
Salaries and benefits	3,318,434	3,095,782	3,030,511	65,271
Services and supplies	690,438	1,041,113	1,033,009	8,104
Other charges	-	1,074	1,644	(570)
Fixed assets	130,924	153,489	150,211	3,278
Other financing uses	-	60,000	49,867	10,133
Intrafund transfers	724,975	440,611	422,711	17,900
	<u>4,864,771</u>	<u>4,792,069</u>	<u>4,687,953</u>	<u>104,116</u>
Public Defender				
Salaries and benefits	1,312,514	1,312,514	1,274,602	37,912
Services and supplies	217,458	221,207	180,997	40,210
Other charges	200	200	130	70
Fixed assets	4,500			-
Intrafund transfers	32,101	32,101	24,935	7,166
	<u>1,566,773</u>	<u>1,566,022</u>	<u>1,480,664</u>	<u>85,358</u>
Sheriff-Bailiff				
Salaries and benefits	2,269,727	2,269,727	2,295,250	(25,523)
Services and supplies	135,421	130,621	176,335	(45,714)
Other charges	-	-	95	(95)
Intrafund transfers	5,129	5,129	3,177	1,952
	<u>2,410,277</u>	<u>2,405,477</u>	<u>2,474,857</u>	<u>(69,380)</u>
Sheriff				
Salaries and benefits	13,839,525	13,951,155	14,487,704	(536,549)
Services and supplies	3,180,801	3,631,328	3,014,476	616,852
Other charges	151,560	163,936	155,271	8,665
Fixed assets	324,183	453,756	420,114	33,642
Other financing uses	172,948	451,853	426,980	24,873
Intrafund transfers	525,001	475,401	518,989	(43,588)
	<u>18,194,018</u>	<u>19,127,429</u>	<u>19,023,534</u>	<u>103,895</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Central Dispatch				
Salaries and benefits	1,304,859	1,304,859	1,294,678	10,181
Services and supplies	82,011	79,514	77,550	1,964
Fixed assets	1,800	-	-	-
Intrafund transfers	14,936	15,691	14,644	1,047
	<u>1,403,606</u>	<u>1,400,064</u>	<u>1,386,872</u>	<u>13,192</u>
Jail				
Salaries and benefits	6,817,662	6,817,662	6,789,586	28,076
Services and supplies	1,513,426	1,403,718	1,211,356	192,362
Other charges	1,025,900	1,079,438	1,052,456	26,982
Fixed assets	65,455	22,439	19,324	3,115
Intrafund transfers	69,311	111,311	127,153	(15,842)
	<u>9,491,754</u>	<u>9,434,568</u>	<u>9,199,875</u>	<u>234,693</u>
Juvenile Hall				
Salaries and benefits	1,528,600	1,485,722	1,387,682	98,040
Services and supplies	345,739	311,168	258,810	52,358
Other charges	472,990	720,773	676,221	44,552
Fixed assets	5,700	5,700	5,567	133
Other financing uses	-	43,664	43,664	-
Intrafund transfers	28,344	47,108	67,214	(20,106)
	<u>2,381,373</u>	<u>2,614,135</u>	<u>2,439,158</u>	<u>174,977</u>
Probation Department				
Salaries and benefits	3,491,127	3,352,754	3,148,292	204,462
Services and supplies	900,488	894,433	698,047	196,386
Other charges	38,088	(3,563)	8,424	(11,987)
Fixed assets	48,600	34,856	32,879	1,977
Other financing uses	89,638	69,409	69,350	59
Intrafund transfers	312,620	319,052	308,698	10,354
	<u>4,880,561</u>	<u>4,666,941</u>	<u>4,265,690</u>	<u>401,251</u>
Agricultural Commission				
Salaries and benefits	721,879	747,293	740,204	7,089
Services and supplies	176,840	184,325	186,006	(1,681)
Other charges	990	990	1,530	(540)
Fixed assets	-	29,813	16,546	13,267
Other financing uses	46,011	46,011	41,752	4,259
Intrafund transfers	28,141	28,141	33,155	(5,014)
	<u>973,861</u>	<u>1,036,573</u>	<u>1,019,193</u>	<u>17,380</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Building Inspector				
Salaries and benefits	3,486,184	3,486,184	3,309,441	176,743
Services and supplies	526,125	518,605	502,020	16,585
Other charges	4,700	4,700	389	4,311
Fixed assets	34,500	53,542	51,850	1,692
Other financing uses	185,553	185,553	122,948	62,605
Intrafund transfers	310,868	310,868	314,513	(3,645)
	<u>4,547,930</u>	<u>4,559,452</u>	<u>4,301,161</u>	<u>258,291</u>
Coroner				
Salaries and benefits	248,979	248,979	271,611	(22,632)
Services and supplies	190,849	285,624	175,554	110,070
Intrafund transfers	2,845	2,845	9,037	(6,192)
	<u>442,673</u>	<u>537,448</u>	<u>456,202</u>	<u>81,246</u>
Emergency Services				
Salaries and benefits	251,907	251,907	300,370	(48,463)
Services and supplies	55,337	59,912	47,429	12,483
Other charges	-	48	48	-
Fixed assets	16,400	44,474	22,076	22,398
Intrafund transfers	10,060	10,604	8,877	1,727
	<u>333,704</u>	<u>366,945</u>	<u>378,800</u>	<u>(11,855)</u>
Recorder/Clerk				
Salaries and benefits	751,829	739,829	735,162	4,667
Services and supplies	185,813	202,594	141,409	61,185
Other charges	500	500	66	434
Fixed assets	46,500	60,373	51,980	8,393
Intrafund transfers	112,313	126,447	122,967	3,480
	<u>1,096,955</u>	<u>1,129,743</u>	<u>1,051,584</u>	<u>78,159</u>
Planning and Zoning				
Salaries and benefits	1,586,044	1,586,044	1,400,853	185,191
Services and supplies	1,411,829	1,731,717	1,074,173	657,544
Other charges	69,207	81,707	79,242	2,465
Fixed assets	32,215	56,944	52,189	4,755
Intrafund transfers	(517,968)	(502,180)	(502,190)	10
	<u>2,581,327</u>	<u>2,954,232</u>	<u>2,104,267</u>	<u>849,965</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Animal Control				
Salaries and benefits	829,712	829,712	774,982	54,730
Services and supplies	281,205	277,308	261,893	15,415
Other charges	25,200	25,200	22,215	2,985
Fixed assets	17,150	22,846	23,387	(541)
Residual equity transfer	-	1,005,000	1,005,000	-
Intrafund transfers	34,972	34,972	37,823	(2,851)
	<u>1,188,239</u>	<u>2,195,038</u>	<u>2,125,300</u>	<u>69,738</u>
Public Guardian				
Salaries and benefits	450,404	495,404	477,432	17,972
Services and supplies	80,901	210,701	160,057	50,644
Other charges	30,156	30,156	16,215	13,941
Fixed assets	9,900	19,400	16,639	2,761
Intrafund transfers	38,397	39,097	37,044	2,053
	<u>609,758</u>	<u>794,758</u>	<u>707,387</u>	<u>87,371</u>
Public Protection	63,407,292	66,166,922	63,478,567	2,688,355
<u>Health and Sanitation</u>				
Public Health				
Salaries and benefits	5,109,574	5,117,974	4,449,624	668,350
Services and supplies	5,075,332	5,608,776	3,446,118	2,162,658
Other charges	4,369,966	4,504,261	4,377,257	127,004
Fixed assets	1,420,771	1,083,291	518,151	565,140
Other financial uses	25,000	25,000	22,849	2,151
Intrafund transfers	(98,507)	(149,513)	(106,224)	(43,289)
	<u>15,902,136</u>	<u>16,189,789</u>	<u>12,707,775</u>	<u>3,482,014</u>
Drug and Alcohol Abuse Services				
Salaries and benefits	959,817	957,318	899,448	57,870
Services and supplies	2,521,680	2,293,908	2,067,743	226,165
Other charges	233,431	226,278	178,817	47,461
Fixed assets	22,400	23,674	18,889	4,785
Intrafund transfers	79,886	78,324	80,507	(2,183)
	<u>3,817,214</u>	<u>3,579,502</u>	<u>3,245,404</u>	<u>334,098</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Mental Health				
Salaries and benefits	6,312,876	6,342,876	5,767,020	575,856
Services and supplies	3,291,563	3,512,340	1,505,894	2,006,446
Other charges	737,412	872,261	898,447	(26,186)
Fixed assets	115,609	115,609	39,246	76,363
Other financing uses	-	-	57,724	(57,724)
Intrafund transfers	5,800	5,800	21,778	(15,978)
	<u>10,463,260</u>	<u>10,848,886</u>	<u>8,290,109</u>	<u>2,558,777</u>
Environmental Management				
Salaries and benefits	1,064,368	1,064,368	992,633	71,735
Services and supplies	269,793	282,980	203,093	79,887
Other charges	12,832	12,832	6,377	6,455
Fixed assets	19,500	19,685	11,961	7,724
Other financing uses	20,969	20,969	20,974	(5)
Intrafund transfers	125,800	125,800	98,590	27,210
	<u>1,513,262</u>	<u>1,526,634</u>	<u>1,333,628</u>	<u>193,006</u>
Health and Sanitation	31,695,872	32,144,811	25,576,916	6,567,895
Public Assistance				
Social Services Administration				
Salaries and benefits	9,163,361	9,241,282	8,638,774	602,508
Services and supplies	3,267,165	3,299,104	3,104,668	194,436
Other charges	3,467,736	3,371,904	2,297,728	1,074,176
Fixed assets	113,055	110,964	74,206	36,758
Other financing uses	158,450	158,450	161,145	(2,695)
Intrafund transfers	831,997	831,997	703,159	128,838
Labor and costs	(3,594,615)	(3,519,622)	(3,462,591)	(57,031)
	<u>13,407,149</u>	<u>13,494,079</u>	<u>11,517,089</u>	<u>1,976,990</u>
Social Services Programs				
Salaries and benefits	2,388,744	2,310,823	2,233,435	77,388
Services and supplies	-	-	-	-
Labor and costs	3,594,615	3,519,622	3,462,591	57,031
	<u>5,983,359</u>	<u>5,830,445</u>	<u>5,696,026</u>	<u>134,419</u>
Categorical Aids				
Other charges	11,251,209	11,251,209	11,512,512	(261,303)
	<u>11,251,209</u>	<u>11,251,209</u>	<u>11,512,512</u>	<u>(261,303)</u>
Aid to Indigents				
Services and supplies	5,282	5,282	12,900	(7,618)
Other charges	76,898	76,898	57,814	19,084
	<u>82,180</u>	<u>82,180</u>	<u>70,714</u>	<u>11,466</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
Veterans Services				
Salaries and benefits	256,345	256,345	259,365	(3,020)
Services and supplies	19,388	33,084	28,865	4,219
Fixed assets		4,300	3,998	302
Intrafund transfers	8,023	8,023	8,787	(764)
	<u>283,756</u>	<u>301,752</u>	<u>301,015</u>	<u>737</u>
Community Services				
Salaries and benefits	962,212	1,301,718	1,068,922	232,796
Services and supplies	1,743,238	2,304,249	1,609,460	694,789
Other charges	31,999	33,199	34,362	(1,163)
Fixed assets	267,650	388,564	362,395	26,169
Other financing uses	47,500	47,500	41,640	5,860
Residual equity transfers	-	110,000	110,000	-
Intrafund transfers	-	-	2,558	(2,558)
Labor and costs	(106,725)	(106,725)	(155,466)	48,741
	<u>2,945,874</u>	<u>4,078,505</u>	<u>3,073,871</u>	<u>1,004,634</u>
Senior Services				
Salaries and benefits	1,409,200	1,401,107	1,315,138	85,969
Services and supplies	777,457	903,656	769,875	133,781
Other charges	57,031	60,281	65,704	(5,423)
Fixed assets	7,000	7,000	6,931	69
Other financing uses	39,974	39,974	37,544	2,430
Intrafund transfers	-	-	569	(569)
Labor and costs	116,525	116,525	130,211	(13,686)
	<u>2,407,187</u>	<u>2,528,543</u>	<u>2,325,972</u>	<u>202,571</u>
Public Assistance	36,360,714	37,566,713	34,497,199	3,069,514
Education				
County Library				
Salaries and benefits	1,431,088	1,412,136	1,381,710	30,426
Services and supplies	647,400	715,411	613,943	101,468
Other charges			501	(501)
Fixed assets	20,000	232,095	197,369	34,726
Intrafund transfers	61,863	61,863	55,826	6,037
	<u>2,160,351</u>	<u>2,421,505</u>	<u>2,249,349</u>	<u>172,156</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
University of California Cooperative Extension				
Salaries and benefits	199,816	180,068	134,697	45,371
Services and supplies	19,391	19,204	11,089	8,115
Other charges		19,935	19,898	37
Intrafund transfers	18,846	18,846	18,438	408
	<u>238,053</u>	<u>238,053</u>	<u>184,122</u>	<u>53,931</u>
Education	2,398,404	2,659,558	2,433,471	226,087
<u>Recreation and Cultural Services</u>				
Recreation Department				
Salaries and benefits	495,904	480,220	461,756	18,464
Services and supplies	234,137	242,840	212,978	29,862
Other charges	19,197	19,197	18,560	637
Fixed assets	3,500	29,095	28,967	128
Other financing sources	6,641	7,196	7,196	-
Intrafund transfers	32,739	32,739	41,737	(8,998)
	<u>792,118</u>	<u>811,287</u>	<u>771,194</u>	<u>40,093</u>
Historical Museum				
Salaries and benefits	56,899	56,899	57,064	(165)
Services and supplies	44,393	44,424	33,763	10,661
Intrafund transfers	1,309	1,309	3,880	(2,571)
	<u>102,601</u>	<u>102,632</u>	<u>94,707</u>	<u>7,925</u>
Recreation and Cultural Services	894,719	913,919	865,901	48,018
Contingency				
Other financing uses	-	-	-	-
Appropriation for contingencies	3,752,340	2,517,449	-	2,517,449
	<u>3,752,340</u>	<u>2,517,449</u>	<u>-</u>	<u>2,517,449</u>
Contingency	3,752,340	2,517,449	-	2,517,449
Total Charges to Appropriations	<u>193,085,351</u>	<u>196,457,444</u>	<u>171,054,986</u>	<u>25,402,458</u>
Budgetary Balances, June 30	<u>\$ -</u>	<u>\$ (299,798)</u>	<u>\$ 19,875,253</u>	<u>\$ 20,175,051</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

An explanation of the differences between budgetary inflows and outflows, and GAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 190,930,239
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:	(23,623,665)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(8,853,743)
Residual equity transfers in are inflows or budgetary resources, but are not revenues for financial reporting purposes	(110,000)
Other minor GAAP adjustments made to revenue	<u>(2,768)</u>
Total Revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 158,340,063</u>

Uses/Outflow of resources

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 171,054,986
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	(13,717,729)
Residual equity transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	(4,924,472)
Add transfer of funds to LAFCO (Outside Agency) - Included in Equity Transfers out at fund level, but not included in budgetary comparison	50,014
Other Minor GAAP adjustments	<u>(6,076)</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 152,456,723</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
COUNTY ROADS FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance With Final Budget Positive (Negative)</u>
Budgetary fund balances, July 1	\$ 3,796,775	\$ 3,796,775	\$ 3,796,775	\$ -
Resources (inflows):				
Taxes and assessments	890,300	890,300	886,725	(3,575)
Licenses, permits and franchises	808,288	808,288	941,439	133,151
Revenue from use of money and property	54,690	54,690	110,528	55,838
Intergovernment revenue-state	7,441,344	7,441,344	7,069,017	(372,327)
Intergovernment revenue-federal	3,190,121	3,205,121	2,464,316	(740,805)
Revenue other governmental agencies	15,620	15,620	-	(15,620)
Charges for services	18,124,730	18,214,730	15,741,593	(2,473,137)
Miscellaneous revenues	521,086	521,086	558,565	37,479
Other financing sources	6,524,198	6,701,983	4,443,352	(2,258,631)
Revenues	<u>37,570,377</u>	<u>37,853,162</u>	<u>32,215,535</u>	<u>(5,637,627)</u>
Amounts available for appropriations	<u>41,367,152</u>	<u>41,649,937</u>	<u>36,012,310</u>	<u>(5,637,627)</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Road Construction and Maintenance				
Salaries and benefits	11,024,704	11,005,755	9,920,521	1,085,234
Services and supplies	22,553,619	22,557,485	17,126,655	5,430,830
Other charges	7,761,735	7,889,520	4,032,127	3,857,393
Fixed assets	1,262,000	1,529,816	803,458	726,358
Other financing uses	149,877	149,877	148,175	1,702
Intrafund transfers	(1,384,787)	(1,384,787)	(913,843)	(470,944)
	<u>41,367,148</u>	<u>41,747,666</u>	<u>31,117,093</u>	<u>10,630,573</u>
Total Charges to Appropriations	<u>41,367,148</u>	<u>41,747,666</u>	<u>31,117,093</u>	<u>10,630,573</u>
Budgetary fund balances, June 30	<u>\$ 4</u>	<u>\$ (97,729)</u>	<u>\$ 4,895,217</u>	<u>\$ (4,992,946)</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2002

An explanation of the differences between budgetary inflows and outflows, and GAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 36,012,310
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:	(3,796,775)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	<u>(1,677,149)</u>
Total Revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 30,538,386</u>

Uses/Outflow of resources

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 31,117,094
Difference budget to GAAP - none	<u> </u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 31,117,094</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>Amount</u>	Variance With Final Budget Positive <u>(Negative)</u>
Budgetary fund balances, July 1	\$ 82,000	\$ 82,000	\$ 82,000	\$ -
Resources (inflows):				
Fines, forfeits and penalties	-	-	10,635	(10,635)
Revenue from use of money and property	80,706	80,706	252,555	(171,849)
Charges for services	8,000	8,000	1,093,173	(1,085,173)
Other financing sources	<u>2,050,512</u>	<u>2,050,512</u>	<u>2,050,512</u>	<u>-</u>
Revenues	2,139,218	2,139,218	3,406,875	(1,267,657)
Amounts available for appropriations	<u>2,221,218</u>	<u>2,221,218</u>	<u>3,488,875</u>	<u>(1,267,657)</u>
Charges to appropriations (outflows):				
<u>Debt Service</u>				
Other Government				
Services and supplies	14,000	6,567	10,731	(4,164)
Other charges	2,207,218	2,207,218	3,308,390	(1,101,172)
Residual equity transfers	<u>-</u>	<u>-</u>	<u>913,632</u>	<u>(913,632)</u>
Debt Service	2,221,218	2,213,785	4,232,753	(2,018,968)
Total Charges to Appropriations	<u>2,221,218</u>	<u>2,213,785</u>	<u>4,232,753</u>	<u>(2,018,968)</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ 7,433</u>	<u>\$ (743,878)</u>	<u>\$ (3,286,625)</u>

COUNTY OF EL DORADO
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2002

An explanation of the differences between budgetary inflows and outflows, and GAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$	3,488,875
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:		(82,000)
The transfers from other funds are inflows or budgetary resources, but are not revenues for financial reporting purposes		<u>(2,050,512)</u>
Total Revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	\$	<u><u>1,356,363</u></u>

Uses/Outflow of resources

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$	4,232,753
Difference budget to GAAP		
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes		
Residual equity transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes		<u>(913,632)</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	\$	<u><u>3,319,121</u></u>

COUNTY OF EL DORADO

Note to Required Supplementary Information

For the Fiscal Year Ended June 30, 2002

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provision of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provision, 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 Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between departments or funds must be approved by the Board of Supervisors. Supplemental appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Pursuant to Board Resolution, the County Chief Administration Officer is authorized to approve transfers and revision of appropriations within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

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

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

The budgets for the governmental funds may include an object level known as "intrafund transfers" in the charges to 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 on 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.