

COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2004

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California (the County) as of and for the year ended June 30, 2004, which collectively comprise the County's financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Lake Tahoe Transit Enterprise Fund and the Children and Families Commission as of and for the year ended June 30, 2004, which represents the following percentages of assets, liabilities and revenues of the opinion units as noted below:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>
Business-Type Activities	2.36%	8.60%	38.21%
Discretely Presented Component Units	31.78%	20.87%	36.33%

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California, as of June 30, 2004, and respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover, dated December 14, 2004, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

BARTIG, BASLER & RAY, CPAs, Inc.

December 14, 2004
Roseville, California



County of El Dorado

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

March 9, 2005

This *Management's Discussion and Analysis* and letter of transmittal of the County of El Dorado's (County) financial statements presents a narrative overview and analysis of the County's financial activities during the fiscal year ended June 30, 2004. Please read it in conjunction with the County's financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$394 million (net assets). Of this, \$893 thousand (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$135.6 million is restricted for specific purposes (restricted net assets), and \$257.5 million is invested in capital assets, net of depreciation and related debts.
- The County experienced an overall increase in net assets of \$57.2 million. This is almost entirely attributable to governmental activities and is more than four times that of the prior year's increase of \$13.9 million.
- As of June 30, 2004, the County's governmental funds reported combined fund balances of \$156.2 million. Approximately 89% of this amount, or \$138.3 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 \$14.8 million or just over 11 percent of the General Fund expenditures during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Assets
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets:						
Current and other assets	\$ 210,255	\$ 184,239	\$ 244	\$ 176	\$ 210,499	\$ 184,415
Capital assets	256,493	228,502	1,620	1,789	258,113	230,291
Total assets	466,748	412,741	1,864	1,965	468,612	414,706
Liabilities:						
Current and other liabilities	41,494	104,124	80	75	41,574	104,199
Long-term liabilities	33,026	33,401	79	133	33,105	33,534
Total liabilities	74,520	137,525	159	208	74,679	137,733
Net Assets:						
Invested in capital assets, net of related debt	255,869	227,511	1,620	1,678	257,489	229,189
Restricted net assets	135,551	19,039	--	--	135,551	19,039
Unrestricted net assets	808	28,666	85	78	893	28,744
Total net assets	\$ 392,228	\$ 275,216	\$ 1,705	\$ 1,756	\$ 393,933	\$ 276,972

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 \$393.9 million at the close of the most recent fiscal year.

By far the largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, structures and improvements, and equipment), less any related debt used to acquire those assets. The County 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, \$135.6 million or 34.6 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$893 thousand, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Change in Net Assets
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<u>Revenues</u>						
Program Revenues:						
Charges for services	\$ 64,092	\$ 39,584	\$ 570	\$ 541	\$ 64,662	\$ 40,125
Operating grants and contributions	100,832	101,993	270	250	101,102	102,243
Capital grants and contributions	26,940	6,944	--	--	26,940	6,944
General Revenues:						
Taxes	61,640	57,096	--	--	61,640	57,096
Use of money and property	2,302	1,445	2	2	2,304	1,447
Other revenues	7,050	9,171	--	2	7,050	9,173
Total revenues	<u>262,856</u>	<u>216,233</u>	<u>842</u>	<u>795</u>	<u>263,698</u>	<u>217,028</u>
<u>Expenses</u>						
General government	28,513	27,521	--	--	28,513	27,521
Public protection	73,231	71,449	--	--	73,231	71,449
Public ways and facilities	23,532	21,113	--	--	23,532	21,113
Health and sanitation	38,775	38,600	--	--	38,775	38,600
Public assistance	36,943	37,144	--	--	36,943	37,144
Education	2,280	2,545	--	--	2,280	2,545
Recreation and culture	935	932	--	--	935	932
Interest on long-term debt	1,191	2,810	--	--	1,191	2,810
Airports	--	--	729	705	729	705
SLT Transit Program	--	--	329	336	329	336
Total expenses	<u>205,400</u>	<u>202,114</u>	<u>1,058</u>	<u>1,041</u>	<u>206,458</u>	<u>203,155</u>
Excess (deficiency) before special items and transfers	57,456	14,119	(216)	(246)	57,240	13,873
Transfers	(165)	(162)	165	162	--	--
Change in net assets	57,291	13,957	(51)	(84)	57,240	13,873
Net assets at beginning of year	275,216	261,259	1,757	1,840	276,972	263,099
Prior period adjustments*	59,720	--	--	--	59,720	--
Net assets at beginning of year – restated*	334,936	261,259	1,757	1,840	336,692	263,099
Net assets at end of year	<u>\$ 392,227</u>	<u>\$ 275,216</u>	<u>\$ 1,706</u>	<u>\$ 1,756</u>	<u>\$ 393,932</u>	<u>\$ 276,972</u>

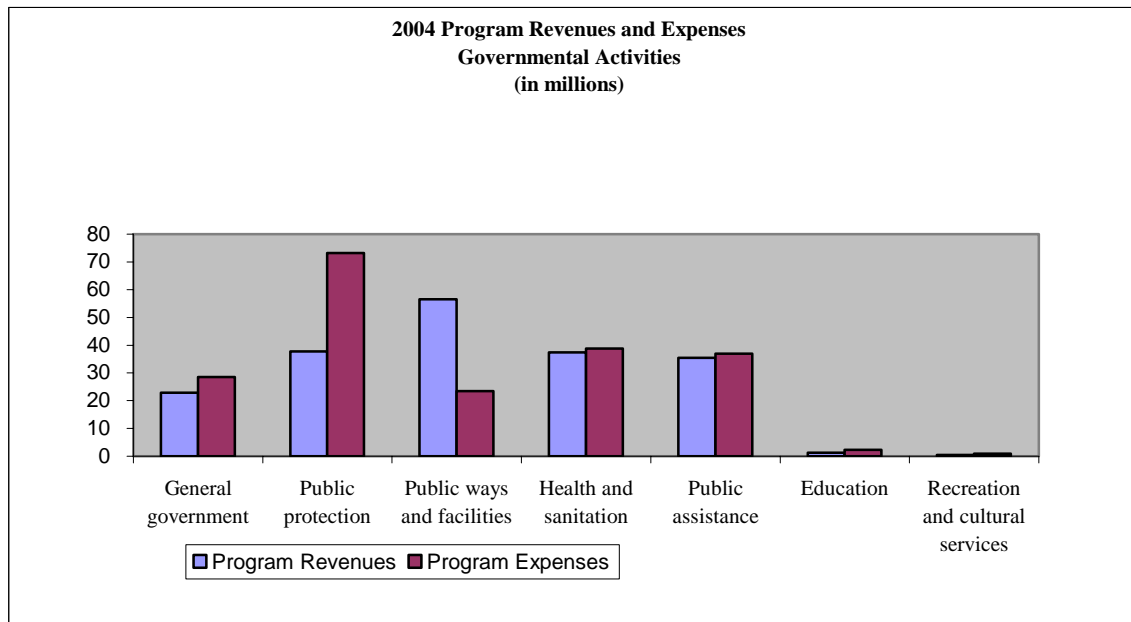
* Net assets at the beginning of 2004 were restated by a net increase of \$59.7 million as a result of the recognition of previously deferred revenue in the amount of \$60.5 million and the recognition of increased liabilities in association with landfill closure and post-closure costs (\$743 thousand).

Governmental activities. The County experienced an overall increase in net assets of \$57.2 million. This is almost entirely attributable to *governmental activities* and is more than four times that of the prior year's increase of \$13.9 million. Some of the key factors that resulted in this increase of net assets include:

- Donated roads increased from \$6.9 million in 2003 to \$22.7 million in 2004.

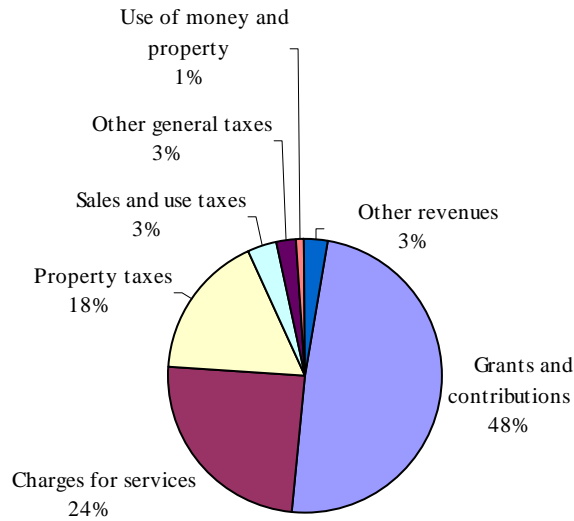
- \$24.5 million or 62 percent increase in revenues realized from charges for services. Most of this increase, \$16.5 million, occurred under the Public Ways and Facilities governmental activity and was the direct result of applying accounting principles that accelerated the revenue recognition of Road Impact and Traffic Mitigation Fees. In addition, General Government also experienced an increase in revenues realized from charges for services, \$7.5 million, and while this increase was partly due to the application of accelerated revenue recognition principles, fees also increased as a result of additional fees charged outside entities, including but not limited to Assessment and Tax Collection Fees.
- An \$857 thousand or 59 percent increase in revenues from the use of money and property. This increase in investment revenues is consistent with the increase in interest rates and return on marketable securities.

Below is a graph that presents a comparison of program revenues and expenses under each of the governmental functions.



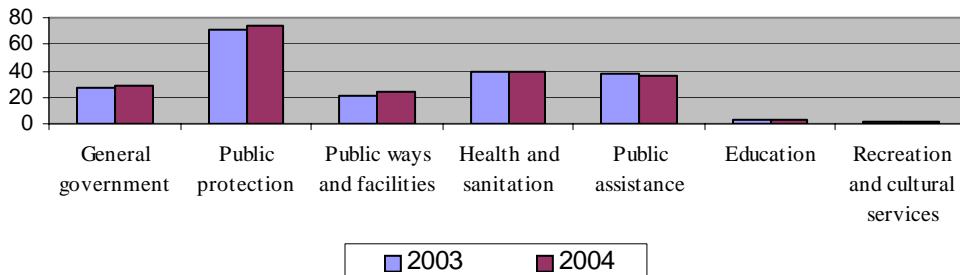
Following is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (48 percent) and charges for services (24 percent), property taxes (18 percent).

Revenues by Source-Governmental Activities

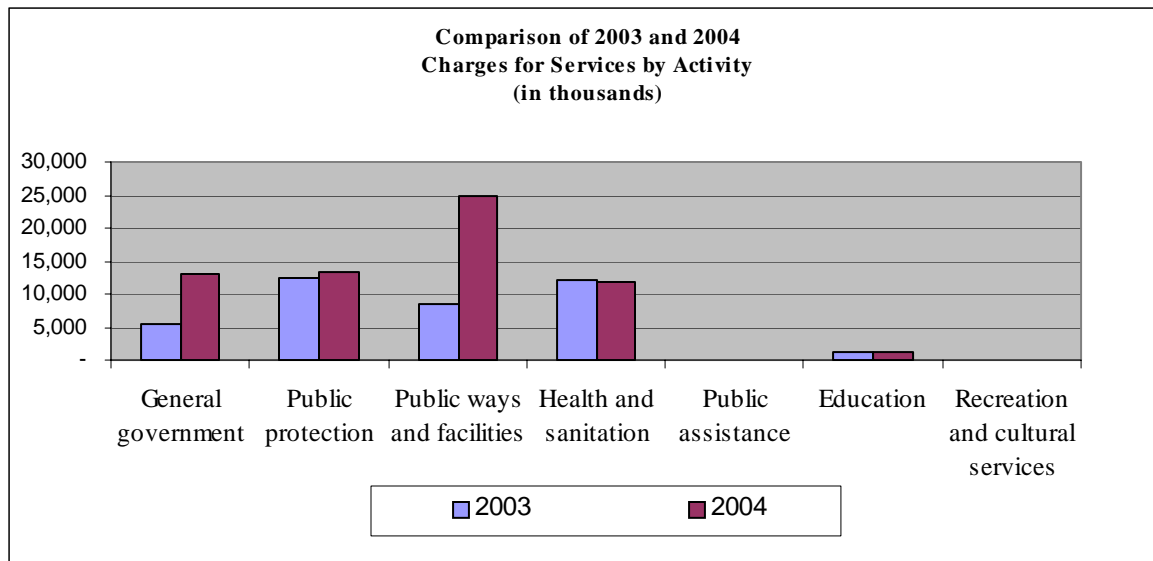


As noted earlier, the County experienced a decrease in expenditures under the General Government activities. Following is a graph that compares current, 2004, to prior year expenditures by functional area.

**Comparison of 2003 and 2004 Expenditures by Activity
(in millions)**



Also noted earlier, there was a 62 percent increase in revenues for charges for services in 2004. Below is a graphical representation that compares current, 2004, with prior year charges for services under each functional area.



Business-type activities. Business-type activities decreased the County’s net assets by \$51 thousand. Similar to the prior year, this is primarily due to the County Airport’s expenditures exceeding charges for services. Further, while both County Airports operated at a loss, Placerville Airport managed to increase its revenues by 9%, when compared to 2003, while increasing expenditures by just 2%. Conversely, Georgetown Airport’s revenues declined in 2004 by approximately 14%, but mitigated the loss by decreasing expenditures by 24%. Thus, both Airports managed to show some improvement in closing the gap between expenditures and charges services during the year (\$225 thousand in 2003 compared to \$211 thousand in 2004).

To help finance the operations of business-type activities in 2004, County governmental funds contributed \$131 thousand and \$33 thousand respectively to the County Airports and SLT Transit Authority during the year.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

Governmental funds. Governmental activities are generally accounted for under the general, special revenue, 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, 2004 the County's governmental funds reported a combined ending fund balance of \$156.2 million, compared to the \$133.6 million restated fund balance of the previous year. Approximately 89 percent of this fund balance, or \$138.3 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, 2004, the General Fund's unreserved undesignated fund balance was \$14.8 million, a decrease of almost a \$10.3 million from last year. This decrease is due in part to the reclassification and transfer of a portion of the general fund balance into Special Revenue Fund types (\$7.5 million). The remaining (net change) in unreserved undesignated fund balance of \$2.8 million, reflects the \$2.4 million increase in designated fund balances and a decrease of \$400 thousand as a result of General Fund operations in 2004.

The June 30, 2004 unreserved undesignated fund balance, as compared to General Fund expenditures for the year, is approximately 11 percent, compared to 16 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 40 days, compared 58 days last year.

The combined governmental fund balance increased by \$22.5 million during 2004, compared to a \$1.5 decrease last year. This increase in fund balance was the result of a substantial increase in revenues, \$252 million in 2004 compared to \$219 million in 2003, an increase of over 13 percent. Accompanied by minor increases in expenditures, \$229 million in 2004 compared to \$220 million in 2003, or just over 4%. The comparative increase in revenues is mostly attributable to the application of accelerated revenue recognition principals in fiscal year 2004.

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

As discussed earlier, the net assets of enterprise funds decreased by \$51 thousand primarily due to an operating loss realized by the County Airports. As discussed earlier, the County enterprise funds have not been able to generate sufficient revenues to cover expenses, which in turn has necessitated governmental fund contribution of \$164 thousand.

Net assets of the internal service funds also increased by \$2.4 million. This amount is mostly attributable to a net operating gain realized during the year by the Risk Management Authority.

GENERAL FUND BUDGETARY ANALYSIS

Differences between the original and the final amended budgeted expenditures increased by \$3.8 million, or 2 percent. The largest of these budget modifications included:

- \$102 thousand increase in County Counsel budgeted services and supplies,
- \$235 thousand increase in Sheriff Department's budgeted salaries and benefits,

- \$271 thousand increase in Sheriff Department’s budgeted services and supplies,
- \$393 thousand increase in Sheriff Department’s budgeted fixed assets,
- \$368 thousand increase in Emergency Services budgeted services and supplies,
- \$300 thousand increase in Emergency Services fixed asset budget,
- \$589 thousand increase in Planning and Zoning Department’s services and supplies,
- \$177 thousand increase in Planning and Zoning Department’s fixed assets,
- \$454 thousand decrease in Social Services Programs other charges, and
- \$203 thousand increase in the Recreation Unit’s budgeted services and supplies.

The variance between resources budgeted (original and final) and the actual amounts received were also moderate, \$1.5 million in total or less than 1 percent. Specifically, compared to a final resource budget of \$167.7 million, actual funding equaled \$166.2 million. This budget shortage of revenues can be attributed to the over-forecasting of state intergovernmental revenues (\$4.7 million), charges for services (\$1.2 million), and offset by the under budgeting of forecasted inflows associated with taxes and assessments (\$2.2 million) and federal intergovernmental revenues (\$2.2 million).

The difference between the budgeted expenditures and actual were more significant. Specifically, expenditures fell \$12.4 million or 7 percent below the final budget. This variance can be mostly attributed to actual expenditures falling below projected expenditures within the following governmental activities:

- General Government – Actual expenditures fell below final budget by \$5.9 million. While almost all of the general government operating units had expenditures that fell below their final budget, some units showed considerable differences (budget exceeded actual by over \$200 thousand), including County Counsel, Buildings and Grounds, Information Technologies, and Employee Benefits.
- Public Protection – Actual expenditures fell below final budget by \$5.4 million. Similar to the general government function, virtually all of the departments under public protection fell below their budgets, while many departments fell significantly below budget (budget exceeded actual by over \$200 thousand) including the District Attorney’s Office, Child Support Services, Sheriff, Sheriff-Bailiff, Central Dispatch, Jail, Juvenile Hall, Probation, Building Inspector, and the Planning and Zoning Departments.
- Health and Sanitation – Actual expenditures fell below final budget by \$481 thousand with salaries and benefits making up the majority, under budget by over \$329 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$964 thousand as a result of expenditures falling well below budget in the Social Services Administration Unit (\$1.7 million), while exceeding budget in the Social Services Programs Unit (\$1.2 million).

ADDITIONAL BUDGETARY ANALYSIS

Differences between the original and final budgets were immaterial for the County Road Fund (road fund). However, significant variances did occur between final budget and actual inflows and outflows of resources.

Specifically,

- Road fund Inflows were over-projected by \$17.8 million primarily resulting from over-forecasts of charges for services (\$10.4 million) and other financing sources (\$8.0 million).
- Road fund outflows or expenditures were over-projected by \$22.6 million as a result of expenditures falling well below that budgeted for services and supplies (\$10.9 million), and other charges (\$9.2 million).

In general, while some improvement from prior years is evident, the County continues its practice of over budgeting both fund inflows and outflows. While this practice does meet legal requirements and renders a “balanced” budget, the resulting inflated budgets continue to be limited in their ability to provide management with a useful tool for monitoring performance and controlling expenditures.

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, 2004 amounts to \$258.1 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Capital assets increased by a net of \$30.2 million in 2004, as a result of an increase of \$30.3 million under governmental activities, offset by a decrease of \$169 thousand in business-type activities.

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

- \$1.2 million additions to Structures and Improvements and included improvements to Placerville Governmental Center Building B (\$179 thousand), Main Library renovations (\$320 thousand), and \$169 thousand in building improvements to the Department of Transportation’s Meyers Office.
- \$33.9 million in infrastructure additions (county roads). A significant portion of these additions were donated by private parties (\$22.7 million) and included Promontory 1, 2, and 3 and Pioneer Place 2 (\$12.3 million), Cambridge and Francisco Oaks (\$4.1 million), Cameron Valley (\$3.2 million) and Bass Lake (\$2.4 million). In addition, County funded road projects included, but were not limited to, El Dorado Hills Boulevard Interchange (\$1.5 million), Cameron Park Drive Overlay (\$297 thousand), Latrobe Road - White Rock to Suncast (\$3.1 million), and White Rock Road, East of Latrobe (\$1.3 million).

Debt Administration. As of June 30, 2004 the County’s outstanding long-term debt totaled \$20.9 million. The largest components of this obligation consists of \$15.2 million in bond debt, followed by \$3 million and \$1.8 million in notes payable due to the California Department of Housing and Community Development and the California Housing Finance Agency respectively, and \$624 thousand in capital lease obligations.

OTHER COUNTY OBLIGATIONS

The County has contractually obligated itself with various labor organizations to provide post retirement benefits to its employees and former employees. As a result, the County has assumed significant unfunded obligations to its retirees and future retirees. Although these obligations are described in the notes to the financial statements, they are not presented as liabilities on the County's financial statements.

As of June 30, 2004 the County calculated its unfunded or net obligation at \$90 million, using actuarial reports dated June 30, 2003 for the CalPERS plans and June 30, 2004 for the Retiree's Health Plan. Further, for the purposes of determining the value of plan assets, CalPERS used 110% of the market value of the assets.

The resulting computation of the unfunded or net obligation may be summarized as follows:

Post Retirement Benefit Plan	Liability	Plan Assets	Net Obligation
CalPERS Safety	\$ 112,105,231	\$ 89,366,138	\$ 22,739,093
CalPERS Misc	254,057,874	222,661,735	31,396,139
Retiree's Health	38,436,406	2,176,927	36,259,479
Total	\$ 404,599,511	\$ 314,204,800	\$ 90,394,711

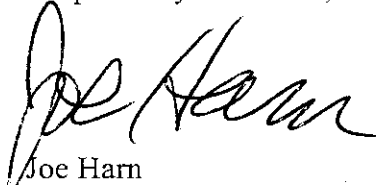
CURRENTLY KNOWN FACTS

As previously discussed and presented, the County received 48 percent of its revenues from other governments, agencies, and private parties in the form of grants and contributions. A significant portion of these revenues is received from the State of California (State). Given the State's current budget "crisis" and the recovery strategies implemented by the State in the past and proposed in the future, continued reduction of State revenues is anticipated by County management.

REQUEST FOR INFORMATION

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

Respectfully submitted,



Joe Harn
El Dorado County Auditor-Controller

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

COUNTY OF EL DORADO

Statement of Net Assets
June 30, 2004

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<u>ASSETS</u>				
Cash and investments	\$ 176,241,769	\$ 214,073	\$ 176,455,842	\$ 3,703,651
Cash with fiscal agent	3,119,233	--	3,119,233	1,500,577
Accounts receivable	5,465,851	34,054	5,499,905	87,315
Special assessments receivable	3,114,280	--	3,114,280	--
Notes receivable	480,109	--	480,109	5,780
Due from other governments	13,332,337	--	13,332,337	990,958
Inventory and prepayments	1,785,605	55,265	1,840,870	58,569
Deposits	83,100	--	83,100	--
Internal balances	62,299	(62,299)	--	--
Notes receivable long-term	4,799,900	--	4,799,900	--
Capital Assets:				
Nondepreciable assets	39,555,212	213,711	39,768,923	--
Other capital assets, net of depreciation	216,937,533	1,406,510	218,344,043	3,480,686
Restricted Assets:				
Restricted cash	1,770,431	3,255	1,773,686	306,423
Total Assets	<u>\$ 466,747,659</u>	<u>\$ 1,864,569</u>	<u>\$ 468,612,228</u>	<u>\$ 10,133,959</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 7,858,430	\$ 43,656	\$ 7,902,086	\$ 343,499
Accrued salaries and benefits	6,003,866	8,188	6,012,054	79,769
Accrued interest payable	84,715	2,642	87,357	--
Due to other governments	1,780,415	--	1,780,415	--
Deferred revenue	4,459,001	--	4,459,001	387,460
Liability for self-insurance	15,920,000	--	15,920,000	264,306
Other long-term liabilities	17,996	--	17,996	--
Liability for Landfill Closure and Post-closure:				
Closure costs	1,110,474	--	1,110,474	--
Post-closure costs	6,221,902	--	6,221,902	--
Long-term Debt:				
Due within one year	3,179,963	25,076	3,205,039	44,920
Due beyond one year	17,677,131	55,324	17,732,455	31,202
Compensated Absences:				
Due within one year	1,097,380	--	1,097,380	69,293
Due beyond one year	9,109,320	24,140	9,133,460	69,293
Total Liabilities	<u>74,520,593</u>	<u>159,026</u>	<u>74,679,619</u>	<u>1,289,742</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	255,868,993	1,620,221	257,489,214	3,404,564
Restricted for:				
Capital projects	4,682,205	--	4,682,205	--
Debt service	5,711,405	--	5,711,405	--
Other purposes	125,156,919	--	125,156,919	108,661
Unrestricted	807,544	85,322	892,866	5,330,992
Total Net Assets	<u>392,227,066</u>	<u>1,705,543</u>	<u>393,932,609</u>	<u>8,844,217</u>
Total Liabilities and Net Assets	<u>\$ 466,747,659</u>	<u>\$ 1,864,569</u>	<u>\$ 468,612,228</u>	<u>\$ 10,133,959</u>

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

COUNTY OF EL DORADO

Statement of Activities
For the Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 28,513,192	\$ 12,899,158	\$ 9,844,019	\$ 186,366
Public protection	73,231,101	13,219,157	20,527,776	4,007,625
Public ways and facilities	23,532,275	24,887,471	9,033,393	22,663,724
Health and sanitation	38,775,121	11,712,647	25,672,569	--
Public assistance	36,943,026	91,988	35,412,613	--
Education	2,280,064	1,144,414	138,528	--
Recreation and cultural services	934,502	137,577	203,054	82,626
Debt Service:				
Interest and fiscal charges	1,190,810	--	--	--
Total Governmental Activities	<u>205,400,091</u>	<u>64,092,412</u>	<u>100,831,952</u>	<u>26,940,341</u>
Business-Type Activities:				
Airports	729,285	518,621	--	--
South Lake Tahoe Transit Program	328,567	51,562	270,120	--
Total Business-Type Activities	<u>1,057,852</u>	<u>570,183</u>	<u>270,120</u>	<u>--</u>
Total Primary Government	<u>\$ 206,457,943</u>	<u>\$ 64,662,595</u>	<u>\$ 101,102,072</u>	<u>\$ 26,940,341</u>
Components Units:				
El Dorado Transit Authority	\$ 3,627,133	\$ 985,693	\$ 2,287,327	\$ 317,520
Children and Families Commission	<u>1,882,281</u>	<u>--</u>	<u>1,899,469</u>	<u>--</u>
Total Component Units	<u>\$ 5,509,414</u>	<u>\$ 985,693</u>	<u>\$ 4,186,796</u>	<u>\$ 317,520</u>

General Revenues:

Taxes:

 Property taxes

 Sales and use taxes

 Other general

Unrestricted interest and investment earnings

Other revenues

Transfers

 Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1

Prior period adjustments

Net assets - June 30

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (5,583,649)	\$ --	\$ (5,583,649)	\$ --
(35,476,543)	--	(35,476,543)	--
33,052,313	--	33,052,313	--
(1,389,905)	--	(1,389,905)	--
(1,438,425)	--	(1,438,425)	--
(997,122)	--	(997,122)	--
(511,245)	--	(511,245)	--
<u>(1,190,810)</u>	<u>--</u>	<u>(1,190,810)</u>	<u>--</u>
<u>(13,535,386)</u>	<u>--</u>	<u>(13,535,386)</u>	<u>--</u>
--	(210,664)	(210,664)	--
--	(6,885)	(6,885)	--
<u>--</u>	<u>(217,549)</u>	<u>(217,549)</u>	<u>--</u>
<u>(13,535,386)</u>	<u>(217,549)</u>	<u>(13,752,935)</u>	<u>--</u>
--	--	--	(36,593)
<u>--</u>	<u>--</u>	<u>--</u>	<u>17,188</u>
--	--	--	(19,405)
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
46,358,387	--	46,358,387	--
8,374,664	--	8,374,664	--
6,906,356	--	6,906,356	--
2,301,824	1,900	2,303,724	62,632
7,050,256	--	7,050,256	173,817
(164,544)	164,544	--	--
<u>70,826,943</u>	<u>166,444</u>	<u>70,993,387</u>	<u>236,449</u>
57,291,557	(51,105)	57,240,452	217,044
275,215,522	1,756,648	276,972,170	9,055,710
59,719,987	--	59,719,987	(428,537)
<u>\$ 392,227,066</u>	<u>\$ 1,705,543</u>	<u>\$ 393,932,609</u>	<u>\$ 8,844,217</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF EL DORADO

Balance Sheet Governmental Funds June 30, 2004

	<u>General</u>	<u>Road Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and investments	\$ 20,677,249	\$ 6,334,315	\$ 2,660,054	\$ 125,959,614	\$ 155,631,232
Restricted cash	--	--	--	1,770,431	1,770,431
Cash with fiscal agent	--	--	3,041,560	--	3,041,560
Accounts receivable	600,545	665,333	14,791	4,830,342	6,111,011
Special Assessments	--	--	3,037,656	76,624	3,114,280
Notes receivable	--	--	--	480,109	480,109
Due from other funds	489,279	482,502	--	522,006	1,493,787
Due from other governments	7,324,294	556,475	--	5,451,568	13,332,337
Advances to other funds	10,000	--	--	1,826,408	1,836,408
Inventories	--	486,343	--	26,584	512,927
Prepaid expenses	622,452	15,554	--	231,857	869,863
	<u>29,723,819</u>	<u>8,540,522</u>	<u>8,754,061</u>	<u>141,175,543</u>	<u>188,193,945</u>
Total Assets	<u>\$ 29,723,819</u>	<u>\$ 8,540,522</u>	<u>\$ 8,754,061</u>	<u>\$ 141,175,543</u>	<u>\$ 188,193,945</u>
<u>LIABILITIES</u>					
Liabilities:					
Accounts payable	\$ 1,758,770	\$ 2,143,676	\$ 5,000	\$ 3,539,442	\$ 7,446,888
Salaries & benefits payable	4,442,048	633,638	--	888,310	5,963,996
Due to other funds	428,473	--	--	1,003,015	1,431,488
Due to other governments	130,420	5,692	--	1,644,303	1,780,415
Advances from other funds	--	--	--	1,836,408	1,836,408
Deferred revenue	73,916	55,737	3,037,656	9,268,968	12,436,277
Liability for landfill closure	--	--	--	1,110,474	1,110,474
	<u>6,833,627</u>	<u>2,838,743</u>	<u>3,042,656</u>	<u>19,290,920</u>	<u>32,005,946</u>
Total Liabilities	<u>6,833,627</u>	<u>2,838,743</u>	<u>3,042,656</u>	<u>19,290,920</u>	<u>32,005,946</u>
<u>FUND BALANCES</u>					
Reserved for:					
Debt service	203,444	--	3,041,560	2,098,965	5,343,969
Self-insurance	--	--	--	81,951	81,951
Capital projects	--	--	--	84,448	84,448
Encumbrances	707,034	69,975	--	867,000	1,644,009
Inventory	--	486,343	--	27,114	513,457
Imprest cash	9,640	3,500	--	6,420	19,560
Unreserved:					
Designated for:					
Subsequent expenditures	--	--	--	125,667	125,667
Economic uncertainty	7,149,277	--	--	750,000	7,899,277
Capital projects	--	--	--	2,159,010	2,159,010
Undesignated	14,820,797	5,141,961	2,669,845	115,684,048	138,316,651
	<u>22,890,192</u>	<u>5,701,779</u>	<u>5,711,405</u>	<u>121,884,623</u>	<u>156,187,999</u>
Total Fund Balances	<u>22,890,192</u>	<u>5,701,779</u>	<u>5,711,405</u>	<u>121,884,623</u>	<u>156,187,999</u>
Total Liabilities and Fund Balances	<u>\$ 29,723,819</u>	<u>\$ 8,540,522</u>	<u>\$ 8,754,061</u>	<u>\$ 141,175,543</u>	<u>\$ 188,193,945</u>

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

COUNTY OF EL DORADO

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2004

Fund Balance - total governmental funds	\$ 156,187,999
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	4,799,900
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	250,673,131
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	7,138,276
Internal service funds are used by the County to charge the cost of unemployment insurance, dental insurance, fleet services and telephone services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	10,697,886
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(84,715)
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	(15,230,000)
Notes payable	(5,003,344)
Capital leases	(623,750)
Compensated absences	(10,088,419)
Liability for landfill post-closure	(6,221,902)
Other long-term liabilities	<u>(17,996)</u>
Net assets of governmental activities	<u>\$ 392,227,066</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2004

	General	Road Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 50,794,302	\$ 358,503	\$ --	\$ 9,895,953	\$ 61,048,758
Licenses and permits	8,314,957	1,042,594	--	971,287	10,328,838
Intergovernmental revenue	63,606,067	8,916,669	--	35,585,733	108,108,469
Use of money or property	594,035	48,237	133,808	1,361,236	2,137,316
Charges for current services	17,553,681	10,343,114	1,385,011	31,825,796	61,107,602
Fines, forfeits and penalties	1,192,857	30	170,914	2,808,778	4,172,579
Other revenue	1,960,938	2,922,672	--	838,125	5,721,735
Total Revenues	<u>144,016,837</u>	<u>23,631,819</u>	<u>1,689,733</u>	<u>83,286,908</u>	<u>252,625,297</u>
Expenditures:					
General government	26,440,942	--	46,781	983,276	27,470,999
Public protection	69,545,288	--	--	5,922,360	75,467,648
Public ways and facilities	--	24,373,123	--	3,869,918	28,243,041
Health and sanitation	1,909,572	--	--	38,833,403	40,742,975
Public assistance	29,371,935	--	--	11,425,627	40,797,562
Education	2,414,341	--	--	47,113	2,461,454
Recreation and cultural services	940,269	--	--	--	940,269
Capital outlay	965,616	887,876	--	7,987,558	9,841,050
Debt Service:					
Principal	123,049	60,612	2,460,000	203,668	2,847,329
Interest and fiscal charges	226,423	6,001	848,200	25,471	1,106,095
Total Expenditures	<u>131,937,435</u>	<u>25,327,612</u>	<u>3,354,981</u>	<u>69,298,394</u>	<u>229,918,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,079,402</u>	<u>(1,695,793)</u>	<u>(1,665,248)</u>	<u>13,988,514</u>	<u>22,706,875</u>
Other Financing Sources (Uses):					
Transfers in	3,392,190	2,855,283	2,090,556	21,459,416	29,797,445
Transfers out	(23,368,249)	(41,545)	--	(6,552,195)	(29,961,989)
Total Other Financing Sources (Uses)	<u>(19,976,059)</u>	<u>2,813,738</u>	<u>2,090,556</u>	<u>14,907,221</u>	<u>(164,544)</u>
Net change in fund balances	<u>(7,896,657)</u>	<u>1,117,945</u>	<u>425,308</u>	<u>28,895,735</u>	<u>22,542,331</u>
Fund Balance - Beginning	30,786,849	4,583,834	5,286,097	32,525,945	73,182,725
Prior period adjustments	--	--	--	60,462,943	60,462,943
Fund Balance - restated, beginning	<u>30,786,849</u>	<u>4,583,834</u>	<u>5,286,097</u>	<u>92,988,888</u>	<u>133,645,668</u>
Fund Balance, End of Fiscal Year	<u>\$ 22,890,192</u>	<u>\$ 5,701,779</u>	<u>\$ 5,711,405</u>	<u>\$ 121,884,623</u>	<u>\$ 156,187,999</u>

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

COUNTY OF EL DORADO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities
For the Year Ended June 30, 2004

Net change to fund balance - total governmental funds		\$ 22,542,331
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	21,022,754	
Less: current year depreciation	(14,884,028)	6,138,726
Proceeds from the sale of land is a financial resource in governmental funds, but only the net gain or loss is presented in the Statement of Net Assets		(111,710)
Because long-term receivables will not be collected within the year, they are not considered available resources and are deferred in the governmental funds. Deferred tax revenues decreased by this amount this year:		485,649
Some capital additions were financed through capital leases. In governmental funds, capital lease payments are recorded as expenditures, but in the Statement of Net Assets, these payments reduce the long-term liability.		387,337
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		2,460,000
Some revenues reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as revenues in the Governmental Funds.		22,663,724
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.		
Change in compensated absences		444,090
Change in accrued interest payable		(84,715)
Change in liability for postclosure landfill costs		(307,546)
Change in other long-term liabilities		283,575
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues effect of certain activities of the internal service funds is reported with governmental activities.		<u>2,390,096</u>
Change in net assets of governmental activities		<u>\$ 57,291,557</u>

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

COUNTY OF EL DORADO

Statement of Fund Net Assets
Proprietary Funds
June 30, 2004

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>South Lake Tahoe Transit</u>	<u>County Airports</u>	<u>Total</u>	<u>Internal Service Funds</u>
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 19,045	\$ 195,028	\$ 214,073	\$ 20,610,537
Cash with fiscal agent	--	--	--	77,673
Accounts receivable - net	--	34,054	34,054	193,840
Prepaid expense	23,267	--	23,267	344,127
Prepaid expense	--	--	--	83,100
Inventory	--	31,998	31,998	58,688
Total Current Assets	<u>42,312</u>	<u>261,080</u>	<u>303,392</u>	<u>21,367,965</u>
Non-current Assets:				
Capital assets:				
Land	--	213,711	213,711	40,000
Construction in progress	--	59,591	59,591	--
Structures and improvements	--	4,200,946	4,200,946	659,905
Equipment	63,308	36,074	99,382	9,922,152
Accumulated depreciation	(63,308)	(2,890,101)	(2,953,409)	(4,802,443)
Total capital assets, net of accumulated depreciation	<u>--</u>	<u>1,620,221</u>	<u>1,620,221</u>	<u>5,819,614</u>
Restricted assets:				
Restricted cash	3,255	--	3,255	--
Total Non-current assets	<u>3,255</u>	<u>1,620,221</u>	<u>1,623,476</u>	<u>5,819,614</u>
Total Assets	<u>\$ 45,567</u>	<u>\$ 1,881,301</u>	<u>\$ 1,926,868</u>	<u>\$ 27,187,579</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	\$ 19,042	\$ 24,614	\$ 43,656	\$ 411,542
Salaries and benefits payable	--	8,188	8,188	39,870
Liability for self-insurance	--	--	--	15,920,000
Interest payable	--	2,642	2,642	--
Due to other funds	--	62,299	62,299	--
Notes payable, current portion	--	25,076	25,076	--
Total Current Liabilities	<u>19,042</u>	<u>122,819</u>	<u>141,861</u>	<u>16,371,412</u>
Long-Term Liabilities:				
Compensated absences-due beyond one year	--	24,140	24,140	118,281
Notes payable-non-current	--	55,324	55,324	--
Total Noncurrent Liabilities	<u>--</u>	<u>79,464</u>	<u>79,464</u>	<u>118,281</u>
Total Liabilities	<u>19,042</u>	<u>202,283</u>	<u>221,325</u>	<u>16,489,693</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	--	1,620,221	1,620,221	5,819,614
Restricted	--	--	--	2,252,722
Unrestricted	26,525	58,797	85,322	2,625,550
Total Net Assets	<u>26,525</u>	<u>1,679,018</u>	<u>1,705,543</u>	<u>10,697,886</u>
Total Liabilities and Net Assets	<u>\$ 45,567</u>	<u>\$ 1,881,301</u>	<u>\$ 1,926,868</u>	<u>\$ 27,187,579</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds			Governmental Activities
	South Lake Tahoe Transit	County Airports	Total	Internal Service Funds
Operating Revenues:				
Fares	51,562	\$ --	\$ 51,562	\$ --
Service fees	--	518,621	518,621	29,946,065
Fuel sales	--	--	--	77,404
Total Operating Revenues	<u>51,562</u>	<u>518,621</u>	<u>570,183</u>	<u>30,023,469</u>
Operating Expenses:				
Salaries and benefits	--	152,527	152,527	802,027
Services and supplies	328,567	371,971	700,538	25,374,459
Depreciation	--	190,219	190,219	989,679
Other	--	1,120	1,120	--
Total Operating Expenses	<u>328,567</u>	<u>715,837</u>	<u>1,044,404</u>	<u>27,166,165</u>
Operating Income (Loss)	<u>(277,005)</u>	<u>(197,216)</u>	<u>(474,221)</u>	<u>2,857,304</u>
Non-Operating Revenues (Expenses):				
Other governmental agencies	270,120	--	270,120	--
Interest income	126	1,774	1,900	164,508
Interest expense	--	(13,448)	(13,448)	--
Loss on sale of fixed assets	--	--	--	(1,947)
Miscellaneous nonoperating revenue	--	--	--	1,305,825
Miscellaneous nonoperating expenses	--	--	--	(2,070,000)
Total Non-Operating Revenues (Expenses)	<u>270,246</u>	<u>(11,674)</u>	<u>258,572</u>	<u>(601,614)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(6,759)</u>	<u>(208,890)</u>	<u>(215,649)</u>	<u>2,255,690</u>
Transfers In (Out)				
Transfers in	<u>32,710</u>	<u>131,834</u>	<u>164,544</u>	<u>--</u>
Total Transfers In (Out)	<u>32,710</u>	<u>131,834</u>	<u>164,544</u>	<u>--</u>
Capital Contributions In (Out)				
Contribution of assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>134,406</u>
Total Capital Contributions	<u>--</u>	<u>--</u>	<u>--</u>	<u>134,406</u>
Change in Net Assets	25,951	(77,056)	(51,105)	2,390,096
Net Assets - Beginning of Year	<u>574</u>	<u>1,756,074</u>	<u>1,756,648</u>	<u>8,307,790</u>
Net Assets - End of Year	<u>\$ 26,525</u>	<u>\$ 1,679,018</u>	<u>\$ 1,705,543</u>	<u>\$ 10,697,886</u>

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

COUNTY OF EL DORADO

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>South Lake Tahoe Transit</u>	<u>County Airports</u>	<u>Total</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 51,562	\$ 496,790	\$ 548,352	\$ --
Cash receipts from internal fund services provided	--	--	--	29,866,466
Cash paid to suppliers for goods and services	(329,373)	(391,651)	(721,024)	(25,195,091)
Cash paid to employees for salaries and benefits	--	(149,887)	(149,887)	(795,132)
	<u>(277,811)</u>	<u>(44,748)</u>	<u>(322,559)</u>	<u>3,876,243</u>
Net cash provided (used) by operating activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Fleet rate rebate	--	--	--	(2,070,000)
Non-operating revenues	270,120	--	270,120	1,305,825
Cash received from other funds	--	--	--	549,201
Cash paid to other funds	--	(1,432)	(1,432)	--
Transfers in (out)	32,710	131,834	164,544	--
	<u>302,830</u>	<u>130,402</u>	<u>433,232</u>	<u>(214,974)</u>
Net cash provided (used) by noncapital financing activities				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal repayments on debt	--	(31,071)	(31,071)	--
Capital contributions	--	--	--	134,406
Proceeds from sale of capital assets	--	--	--	16,536
Interest paid on debt	--	(10,806)	(10,806)	--
Payments related to the acquisition of capital assets	(23,267)	(21,111)	(44,378)	(308,429)
	<u>(23,267)</u>	<u>(62,988)</u>	<u>(86,255)</u>	<u>(157,487)</u>
Net cash provided (used) by capital and related financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	126	1,774	1,900	164,508
Net cash provided by investing activities	<u>126</u>	<u>1,774</u>	<u>1,900</u>	<u>164,508</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,878</u>	<u>24,440</u>	<u>26,318</u>	<u>3,668,290</u>
Cash and cash equivalents, beginning of year	<u>20,422</u>	<u>170,588</u>	<u>191,010</u>	<u>16,942,247</u>
Cash and cash equivalents, end of year	<u>\$ 22,300</u>	<u>\$ 195,028</u>	<u>\$ 217,328</u>	<u>\$ 20,610,537</u>

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

COUNTY OF EL DORADO

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2004

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
				<u>Activities</u>
	<u>South Lake</u>	<u>County</u>	<u>Total</u>	<u>Internal</u>
	<u>Tahoe</u>	<u>Airports</u>		<u>Service</u>
	<u>Transit</u>			<u>Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (277,005)	\$ (197,216)	\$ (474,221)	\$ 2,857,304
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	--	190,219	190,219	989,679
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	--	(21,831)	(21,831)	(157,003)
Inventory	--	4,037	4,037	(10,099)
Prepaid expenses	--	--	--	(153,096)
Increase (decrease) in:				
Accounts payable	(806)	(23,717)	(24,523)	(75,437)
Salaries payable	--	1,599	1,599	7,721
Liability for compensated absences	--	2,161	2,161	(826)
Liability for self-insurance	--	--	--	418,000
Net Cash Provided (Used) by Operating Activities	<u>\$ (277,811)</u>	<u>\$ (44,748)</u>	<u>\$ (322,559)</u>	<u>\$ 3,876,243</u>

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

COUNTY OF EL DORADO

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>Investment Trust</u>	<u>Agency Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 114,660,338	\$ 3,967,175	\$ 118,627,513
Total Assets	<u>\$ 114,660,338</u>	<u>\$ 3,967,175</u>	<u>\$ 118,627,513</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 782,310	\$ 1,608,133	\$ 2,390,443
Salaries and benefits payable	863,954	--	863,954
Fiduciary liabilities	<u>--</u>	<u>2,359,042</u>	<u>2,359,042</u>
Total Liabilities	<u>1,646,264</u>	<u>3,967,175</u>	<u>5,613,439</u>
<u>NET ASSETS</u>			
Net assets held in trust for investment pool participants	<u>113,014,074</u>	<u>--</u>	<u>113,014,074</u>
Total Net Assets	<u>113,014,074</u>	<u>--</u>	<u>113,014,074</u>
Total Liabilities and Net Assets	<u>\$ 114,660,338</u>	<u>\$ 3,967,175</u>	<u>\$ 118,627,513</u>

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

COUNTY OF EL DORADO

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2004

	<u>Investment Trust</u>
Additions:	
Contributions to investment pool	\$ 775,767,272
Interest and investment income	<u>1,492,853</u>
Total additions	<u>777,260,125</u>
Deductions:	
Distributions from investment pool	<u>775,214,046</u>
Total deductions	<u>775,214,046</u>
Change in net assets	2,046,079
Net assets - beginning	<u>110,967,995</u>
Net assets - ending	<u><u>\$ 113,014,074</u></u>

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

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 1: **The Financial Reporting Entity**

A. Description of the Reporting Entity

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

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

The financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. 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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 1: **The Financial Reporting Entity** (continued)

A. Description of the Reporting Entity (continued)

Blended Component Units (continued):

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

Discretely Presented Component Units:

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 1: **The Financial Reporting Entity** (continued)

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

Discretely Presented Component Units (continued):

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 2: **Summary of Significant Accounting Policies**

A. 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 activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 2: **Summary of Significant Accounting Policies** (continued)

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

Fund Financial Statements (continued)

The County reports the following major governmental funds:

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

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 government's programs.
- Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds).

The County reports the following major enterprise funds:

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 2: **Summary of Significant Accounting Policies** (continued)

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

Fund Financial Statements (continued)

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

- Internal Service Funds – Fleet Management and Risk Management Authority are internal service funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis.
- Investment Trust Fund – The Investment Trust Fund accounts for the assets of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in an investment portfolio for the benefit of all participants. These participants include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass-through funds for tax collection for cities.
- Agency Funds – Agency Funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County as an agent for individuals and other government units.

B. **Basis of Presentation**

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 2: **Summary of Significant Accounting Policies** (continued)

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

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 judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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

C. **Cash and Investments**

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purposes of maximizing investment earnings. Certain Fiduciary Funds' cash and investments are maintained external to the main investment pool. Detail for those funds external to the pool can be found on their audited financial statements. The County Treasurer's pool is an external investment pool and is not registered with the Securities and Exchange Commission. A Treasury Oversight Committee provides oversight to the investment pool.

D. **Cash and Cash Equivalents**

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 Financial Statements
For the Year Ended June 30, 2004

Note 2: **Summary of Significant Accounting Policies** (continued)

D. Cash and Cash Equivalents (continued)

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

E. 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.

F. 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.

G. Capital Assets and Depreciation

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 2: **Summary of Significant Accounting Policies** (continued)

G. Capital Assets and Depreciation (continued)

Governmental Funds – Capital assets that the County acquires through the use of resources from a governmental fund are recorded as an outflow/expenditure for the period. Further, since the governmental fund balance sheet presents only those assets that represent financial resources available for current appropriation and expenditure, fixed assets are not reported in a specific governmental fund but, rather, are reported in the governmental-wide statement of net assets.

Proprietary Funds – Capital 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.

H. 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 2003/2004 net assessed valuation of the County was \$17,145,893,386.

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	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 2: **Summary of Significant Accounting Policies** (continued)

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

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

Governmental Funds – Estimated accrued vacation, sick leave and compensatory time-off liability are recorded as an expenditure and related salaries and benefits liability in the general government entity-wide liability account at the end of each year. Actual vacation, sick leave and compensatory time-off expenditures during the year are charged to the General Fund liability account.

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

J. **Interfund Transactions**

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

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

K. **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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 2: **Summary of Significant Accounting Policies** (continued)

L. 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.

M. Use of Estimates

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

Note 3: **Cash and Investments**

Cash and investments at June 30, 2004 consisted of the following:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Cash on hand and in banks (deposits)	\$ 6,585,782	\$ 881,879	\$ 7,467,661
Investments	305,530,086	1,615,984	307,146,070
Less: outstanding warrants	(13,996,210)	--	(13,996,210)
Add: pending items	<u>218,854</u>	<u>--</u>	<u>218,854</u>
Totals	298,338,512	2,497,863	300,836,375
 Imprest cash	 <u>30,740</u>	 <u>--</u>	 <u>30,740</u>
 Total Cash and Investments	 <u>\$298,369,252</u>	 <u>\$ 2,497,863</u>	 <u>\$ 300,867,115</u>

Cash and investments were reported in the Basic Financial Statements as follows:

Primary Government:	
Governmental activities	\$ 178,012,200
Business-type activities	217,328
Component Units:	
Children and Families Commission	1,512,211
El Dorado Transit	2,497,863
Fiduciary Funds	<u>118,627,513</u>
	<u>\$300,867,115</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 3: **Cash and Investments** (continued)

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of maximizing investment earnings. As permitted by the Government Code, depositing entities may direct the County Treasurer to make specific investments separate from the pool. At June 30, 2004, there were no such investments. Interest earnings are distributed to all participating funds based on their average daily balance within the pool.

The County Treasurer's pool is an external investment pool, managed and directed by the County Treasurer and is not registered with the Securities and Exchange Commission. A Treasury Oversight Committee provides oversight to the management of the pool. Pooled investments are carried at cost or amortized cost. In accordance with Government Accounting Standards Board Statement Number 31, the County calculated the fair value of all investments included in the pooled investments based upon quoted market prices.

County management deemed that the difference between book value and fair value (fair value is 99.83% of cost) was immaterial in relation to each investment account included in the pool. Based on this determination the unrealized decrease in fair value of the investments was not recognized and is not included in the balances reported in the financial statements.

A. Deposits

Deposits were as follows:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Bank deposits	\$ 6,585,282	\$ 881,879	\$ 7,467,161
Cash on hand (in drawer)	<u>500</u>	<u>--</u>	<u>500</u>
Total Deposits	<u>\$ 6,585,782</u>	<u>\$ 881,879</u>	<u>\$ 7,467,661</u>

At June 30, 2004, the carrying amount of the County's cash deposits (checking account) was \$6,585,282 and the bank balance was \$6,584,935. The difference between the carrying amount and the bank balance is due to deposits in transit, warrants outstanding and other reconciling items.

Of the deposit balance, \$100,000 was covered by federal depository insurance. The remaining \$6,485,282 was collateralized according to State statutes. The California Government Code requires California banks and savings and loan associations to secure local governmental agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 3: **Cash and Investments** (continued)

A. **Deposits** (continued)

an agency's deposits. California's law also allows financial institutions to secure an agency's deposit by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits. The agency may waive collateral requirements for deposits which are fully insured up to \$100,000 by federal deposit insurance.

B. **Investments**

State statutes authorize the County to invest in obligations of the U.S. Treasury, obligations of the State of California and any local agency within the State, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase and reverse repurchase agreements, and negotiable certificates of deposit issued by national and State licensed or chartered banks or federal or state savings and loan associations.

The County's pro-rata share of investment in the State Treasurer's Local Agency Investment Fund (LAIF) at June 30, 2004 was \$40,000,000. The total amount invested by all public agencies in the State's pooled money investment account was \$57 billion. Of that \$57 billion managed by the State Treasurer, 100% was invested in non-derivative financial products. However, 1.602% was invested in structured notes and assets – backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the 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 portion of the pool.

Credit Risk, Carrying Amount, and Fair Value of Investments of Pooled Treasury

Investments of the County are summarized below. The investments that are represented by specific identifiable investment securities are classified as to custodial credit risk by three categories as follows:

Category 1 – includes investments that are insured or registered, or for which securities are held by the County or its agent in the County's name.

Category 2 – includes uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent in the County's name. The County held no Category 2 investments at June 30, 2004.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 3: **Cash and Investments** (continued)

B. Investments (continued)

Credit Risk, Carrying Amount, and Fair Value of Investments of Pooled Treasury
(continued)

Category 3 – includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County’s name. The County held no Category 3 investments at June 30, 2004.

<u>Pooled Treasury</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Par Value</u>	<u>Interest Rate Range (%)</u>	<u>Maturity Range</u>
Category 1 Investments:					
U.S. Treasury Securities	\$ 145,960,506	\$ 145,683,396	\$ 146,375,000	7/01/04-3/31/06	.920-2.25%
Certificates of Deposit	98,600,000	98,600,000	98,600,000	7/06/04-2/14/07	.980-3.18%
Commercial Paper	10,989,360	10,988,213	11,000,000	7/02/04-7/26/04	1.051-1.241%
Bankers Acceptance	5,989,628	5,988,733	6,000,000	7/02/04-7/26/04	1.043-1.072%
Federal Agency Issues	<u>3,990,592</u>	<u>3,990,122</u>	<u>4,000,000</u>	8/02/04-8/13/04	1.054-1.251%
	265,530,086	265,250,464	265,975,000		
Noncategorized Investments:					
Local Agency Investment Fund	<u>40,000,000</u>	<u>39,935,367</u>	<u>40,000,000</u>		
Total Investments	<u>\$ 305,530,086</u>	<u>\$ 305,185,831</u>	<u>\$ 305,975,000</u>		

The following are condensed statements of net assets and changes in net assets, for the County’s investment pool as of June 30, 2004 and for the year then ended:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 298,369,252</u>
Equity of internal pool participants	\$ 183,708,914
Equity of external pool participants	<u>114,660,338</u>
Total Equity	<u>\$ 298,369,252</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 3: **Cash and Investments** (continued)

B. Investments (continued)

Credit Risk, Carrying Amount, and Fair Value of Investments of Pooled Treasury
(continued)

Statement of Changes in Net Assets

Net assets at July 1, 2003	\$ 269,321,852
Investment income	3,574,257
Investment costs	(417,240)
Net contributions by pool participants	<u>25,890,383</u>
Net assets at June 30, 2004	<u>\$ 298,369,252</u>

Cash and investment detail for those amounts external to the pooled treasury can be found in the audited financial statements of the El Dorado County Transit Authority.

Note 4: **Capital Assets**

Capital Assets activity for the year ended June 30, 2004 was as follows:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2004</u>
Governmental Activities					
Capital Assets, not being depreciated					
Land and improvements	\$ 27,901,083	\$ 1,027,823	\$ (111,710)	\$ --	\$ 28,817,196
Construction in progress	<u>4,529,099</u>	<u>7,936,927</u>	<u>--</u>	<u>(1,728,010)</u>	<u>10,738,016</u>
Total Capital Assets Not Being Depreciated	<u>32,430,182</u>	<u>8,964,750</u>	<u>(111,710)</u>	<u>(1,728,010)</u>	<u>39,555,212</u>
Capital Assets, being depreciated					
Infrastructure	259,315,500	33,911,968	--	--	293,227,468
Structures and improvements	74,461,975	1,228,185	--	--	75,690,160
Equipment	<u>35,711,373</u>	<u>2,102,588</u>	<u>(2,018,455)</u>	<u>(23,343)</u>	<u>35,772,163</u>
Total Capital Assets Being Depreciated	<u>369,488,848</u>	<u>37,242,741</u>	<u>(2,018,455)</u>	<u>(23,343)</u>	<u>404,689,791</u>
Less Accumulated Depreciation for					
Infrastructure	(131,444,355)	(11,441,010)	--	--	(142,885,365)
Structures and improvements	(21,746,020)	(1,581,050)	--	--	(23,327,070)
Equipment	<u>(20,226,917)</u>	<u>(2,851,647)</u>	<u>1,538,741</u>	<u>--</u>	<u>(21,539,823)</u>
Total Accumulated Depreciation	<u>(173,417,292)</u>	<u>(15,873,707)</u>	<u>1,538,741</u>	<u>--</u>	<u>(187,752,258)</u>
Total Capital Assets Being Depreciated, Net	<u>196,071,556</u>	<u>21,369,034</u>	<u>(479,714)</u>	<u>(23,343)</u>	<u>216,937,533</u>
Governmental Activities Capital Assets, Net	<u>\$ 228,501,738</u>	<u>\$ 30,333,784</u>	<u>\$ (591,424)</u>	<u>\$ (1,751,353)</u>	<u>\$ 256,492,745</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

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

	Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2004</u>
Business-Type Activities				
Capital Assets, not being depreciated				
Land	\$ 213,711	\$ --	\$ --	\$ 213,711
Construction in progress	<u>38,480</u>	<u>21,111</u>	<u>--</u>	<u>59,591</u>
Total Capital Assets Not Being Depreciated	<u>252,191</u>	<u>21,111</u>	<u>--</u>	<u>273,302</u>
Capital Assets, being depreciated				
Structures and improvements	4,200,946	--	--	4,200,946
Equipment	<u>99,382</u>	<u>--</u>	<u>--</u>	<u>99,382</u>
Total Capital Assets Being Depreciated	<u>4,300,328</u>	<u>--</u>	<u>--</u>	<u>4,300,328</u>
Less Accumulated Depreciation for:				
Structures and improvements	(2,677,064)	(185,983)	--	(2,863,047)
Equipment	<u>(86,126)</u>	<u>(4,236)</u>	<u>--</u>	<u>(90,362)</u>
Total Accumulated Depreciation	<u>(2,763,190)</u>	<u>(190,219)</u>	<u>--</u>	<u>(2,953,409)</u>
Total Capital Assets Being Depreciated, Net	<u>1,537,138</u>	<u>(190,219)</u>	<u>--</u>	<u>1,346,919</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,789,329</u>	<u>\$ (169,108)</u>	<u>\$ --</u>	<u>\$ 1,620,221</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 671,332
Public protection	1,450,116
Public ways and facilities	12,069,552
Health and sanitation	368,562
Public assistance	149,700
Education	140,153
Recreation and cultural services	34,613
Internal Service Funds – depreciation on capital assets held by the County’s internal service funds are charged to the various functions based on their usage of service	<u>989,679</u>
Total Depreciation Expense Governmental Activities	<u>\$ 15,873,707</u>

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

Airports	\$ 190,219
South Lake Tahoe Transit Program	<u>--</u>
Total Depreciation Expense Business-Type Activities	<u>\$ 190,219</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 5: **Long-Term Debt**

Long-term liabilities at June 30, 2004 consisted of the following:

	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2004</u>
<u>Governmental Activities</u>						
Bonds Payable:						
1997 Refunding Lease Revenue Bonds	1997	2009	4.0% - 5.0%	\$225,000-\$4,180,000	\$ 16,860,000	\$ 12,875,000
El Dorado Business Park II	1997	2006	6.9% - 8.0%	\$100,000-\$1,180,000	8,480,000	<u>2,355,000</u>
						<u>15,230,000</u>
Notes Payable:						
California Energy Commission	1998	2009	5.90%	\$3,325-\$23,111	224,032	203,444
HUD HOME Program ¹⁾	2003	2058	0.00%	²⁾	2,999,900	2,999,900
California Housing Financing Agency HELP Program ¹⁾	2002	2013	3.00%	\$54,000	1,800,000	<u>1,800,000</u>
						<u>5,003,344</u>
Capital Leases:						
Wells Fargo Bank (mainframe computer system)	2000	2005	6.04%	\$20,192-\$27,814	491,350	108,799
U.S. Bank/SunTrust Leasing (various equipment; snowblower, motorgrader)	1998-2003	2005-2009	3.25%	\$4,842-\$65,500	2,357,187	<u>514,951</u>
						<u>623,750</u>
Total Governmental Activities						<u>\$ 20,857,094</u>

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

²⁾Payments are calculated based on percentage of project completion.

Business-Type Activities

Notes Payable*:						
Loan #ED-1-85-L-1	1985	2011	8.03%	\$2,919	\$ 72,987	\$ 20,436
Loan #ED-1-86-L-2	1986	2012	6.94%	\$1,577	39,426	12,616
Loan #ED-5-86-L-1	1986	2012	6.94%	\$1,060	26,503	8,481
Loan #ED-1-87-L-3	1987	2012	6.94%	\$930	23,251	8,370
Loan #ED-5-88-L-2	1988	2009	7.04%	\$2,976	59,527	14,882
Loan #ED-1-94-L-5	1994	2005	5.90%	\$18,255	138,929	<u>18,255</u>
						<u>\$ 83,040</u>

*(State loans to provide matching funds for Federal Airport Improvement Program grants)

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 5: **Long-Term Debt** (continued)

The following is a summary of long-term liabilities transactions for the year ended June 30, 2004:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Lease revenue bonds	\$ 14,410,000	\$ --	\$ 1,535,000	\$ 12,875,000	\$ 1,595,000
Improvement bonds	3,280,000	--	925,000	2,355,000	1,175,000
Notes Payable:					
California Energy Commission	224,032	--	20,588	203,444	36,102
California Housing Financing Agency	1,800,000	--	--	1,800,000	--
HUD Home Program	--	2,999,900	--	2,999,900	--
Compensated absences	10,651,616	--	444,916	10,206,700	1,097,380
Capital lease obligations	<u>990,499</u>	<u>--</u>	<u>366,749</u>	<u>623,750</u>	<u>373,861</u>
	<u>\$ 31,356,147</u>	<u>\$ 2,999,900</u>	<u>\$ 3,292,253</u>	<u>\$ 31,063,794</u>	<u>\$ 4,277,343</u>
Business-Type Activities:					
Compensated absences	\$ 21,979	\$ 2,161	\$ --	\$ 24,140	\$ --
Notes payable	<u>111,471</u>	<u>--</u>	<u>28,431</u>	<u>83,040</u>	<u>27,718</u>
	<u>\$ 133,450</u>	<u>\$ 2,161</u>	<u>\$ 28,431</u>	<u>\$ 107,180</u>	<u>\$ 27,718</u>

As of June 30, 2004, annual debt service requirements of governmental activities to maturity are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>			
	<u>Notes Payable</u>		<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 36,102	\$ 59,462	\$ 2,770,000	\$ 744,672
2006	38,263	58,369	2,840,000	579,860
2007	40,554	57,210	1,740,000	409,790
2008	42,971	55,992	1,810,000	329,010
2009	45,555	54,680	1,890,000	242,965
2010-2014	<u>1,800,000</u>	<u>162,000</u>	<u>4,180,000</u>	<u>99,275</u>
	<u>\$ 2,003,444</u>	<u>\$ 447,713</u>	<u>\$ 15,230,000</u>	<u>\$ 2,405,572</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 5: **Long-Term Debt** (continued)

As of June 30, 2004, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 27,718	\$ 5,793
2006	9,463	4,018
2007	9,463	3,320
2008	9,463	2,622
2009	9,463	1,924
2010-2014	<u>17,470</u>	<u>2,402</u>
	<u>\$ 83,040</u>	<u>\$ 20,078</u>

Special Assessment Debt

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

Note 6: **Leases**

Operating Lease Obligations

The County leases various office space and buildings subject to various agreements. Annual rent expenditures were approximately \$2,280,927 for the year ended June 30, 2004. The County also leases various properties to business and other governmental agencies. Annual operating lease revenues from such rentals were approximately \$51,550 for the year ended June 30, 2004.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 6: **Leases** (continued)

Operating Lease Obligations (continued)

Future minimum operating lease commitments are as follows:

Year Ending <u>June 30</u>	
2005	\$ 2,443,630
2006	2,426,425
2007	2,310,955
2008	2,160,170
2009	<u>2,087,937</u>
Total	<u>\$ 11,429,117</u>

Capital Lease Obligations

The County accounts for capital leases in the governmental fund types in accordance with the provisions of GASB Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a general fixed asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. The total lease payments for the fiscal year were \$408,683 for which \$41,934 represented interest cost.

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>	<u>Scheduled Payment</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 395,646	\$ 373,861	\$ 21,785
2006	67,629	59,508	8,121
2007	67,629	61,442	6,187
2008	67,629	63,439	4,191
2009	<u>67,629</u>	<u>65,500</u>	<u>2,129</u>
	<u>\$ 666,162</u>	<u>\$ 623,750</u>	<u>\$ 42,413</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 6: **Leases** (continued)

Capital Lease Obligations (continued)

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

	<u>Governmental Activities</u>
Computer equipment	\$ 491,350
Road equipment	2,357,187
Less: accumulated depreciation	<u>(1,247,767)</u>
Net Value	<u>\$ 1,600,700</u>

Note 7: **Liability for Closure and Post-Closure Costs**

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

The recognition of the estimated liability for closure and postclosure maintenance costs is based on the amount of the landfill used through the end of the fiscal year. Estimated closure costs are reported in the operating fund and postclosure costs in the Statement of Net Assets.

The County ceased accepting waste during 1997. Although the County no longer accepts waste, 16 of the landfill's 35.5 acres remain unfilled. The County is currently constructing a methane gas plant which will be used to produce usable energy from disposed solid waste. The estimated landfill closure care liability of \$1,110,474 reported at June 30, 2004, represents the cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes. The County will recognize the remaining estimated cost of postclosure care of \$6,221,902 upon closure of the landfill.

The County is required by state and federal laws and regulations to make annual contributions to a trust fund in order to finance closure and postclosure care. At June 30, 2004, investments of \$1,770,431 are part of the pooled funds held by the County treasurer and are reported as restricted assets on the Statement of Net Assets. Currently, the amount held as restricted cash is not sufficient to cover the entire liability. The government expects future inflation costs to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 7: **Liability for Closure and Post-Closure Costs** (continued)

requirements are determined (because of changes in technology or applicable laws and regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

Note 8: **Interfund Transactions**

The composition of interfund balances as of June 30, 2004 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise Fund – County Airport	\$ 62,299	Advance for fuel tank replacement
	Other Governmental Funds	35,901	Community Services – Advance for Housing Authority cash flow
	Other Governmental Funds	25,534	Community Services – Unspent balance of General Fund contribution
	Other Governmental Funds	3,840	Health Dept. – Fund contribution to Juvenile Hall project
	Other Governmental Funds	73,998	IHSS Public Authority – Cash float
	Other Governmental Funds	34,442	Social Services (Welfare Assistance) – County share of recoupment from absent parents
	Other Governmental Funds	4,317	Social Services (Foster Care Child Support Recoup) – County share of recoupment from absent parents
	Other Governmental Funds	59,753	License Fees due back to General Fund
	Other Governmental Funds	98,485	Health and Welfare (Mental Health) – Excess Vehicle License Fees due back to General Fund
	Other Governmental Funds	17,186	Advances for revolving funds
	Other Governmental Funds	<u>73,524</u>	Child Support Services (Enforcement Administration) – Federal incentive funds due for 2 nd quarter
		<u>489,279</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 8: **Interfund Transactions**

Due to/from other funds (continued):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Road Fund	General Fund	165,746	Health and Welfare – Excess Vehicle Measure “H” Motor Vehicle License Fees
			Transit Occupancy Tax Impound – Road Improvements Salmon Falls Road Impact Fees (RIF) El Dorado Hills/Salmon Falls – Road improvements
	Other Governmental Funds	217,211	White Walk Road
	Other Governmental Funds	57,486	Traffic Impact Mitigation Fees (TIM) – Road Improvements Green Valley Road
		<u>42,059</u>	
		<u>482,502</u>	
Other Governmental Funds	General Fund	55,886	Health Department – General fund match for Health Realignment funds
			Social Services (Welfare Administration) – Fund contribution Adult Protective Services Program
	General Fund	2,761	CSA #10 Environmental Management – Code enforcement grant funds from Building Department
	General Fund	5,767	Health and Welfare (Health) – Excess Vehicle License Fees
	General Fund	198,309	Child Support Services Enforcement Administration – Claims adjustment
	General Fund	4	Health Department/Social Services – Realignment funds for Health programs
	Other Governmental Funds	55,886	Transient Occupancy Tax Impound – Amount due to Fire Districts 13% ad valorem
		<u>203,393</u>	
		<u>522,006</u>	
	Total	<u>\$ 1,493,787</u>	

Advances From/To Other Funds:

<u>Advanced From</u>	<u>Advanced To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	<u>\$ 10,000</u>	IHHS Public Authority – Fund contribution
			Road Impact Fee (RIF) Silva Valley Interchange/RIF El Dorado Hills Salmon Falls – Fund advance for road improvements
Other Governmental Funds	Other Governmental Funds	<u>1,826,408</u>	
	Total	<u>\$ 1,836,408</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 8: **Interfund Transactions** (continued)

Transfers

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

(a) Between Funds within the Governmental or Business-Type Activities:

Advanced From	Advanced To	Amount	Purpose
General Fund	Other Governmental Funds	\$ 1,106,793	County Library (County Service Area #10) Library Operations
	Other Governmental Funds	1,086	Community Enhancement – Greenwood Community Center improvements
	Other Governmental Funds	342,107	Federal Forest Reserve – Sheriff’s Department special project
	Other Governmental Funds	1,714,770	Tax Loss Reserve – Transfer of revenues County Water Agency – Transfer of funds
	Other Governmental Funds	170,000	for American River Conservation Escrow
	Other Governmental Funds	<u>57,434</u>	IHHS Public Authority – Audit adjustment
		<u>3,392,190</u>	
Road Fund	General Fund	1,844,754	Motor Vehicle License Fees Road Impact Fees (El Dorado Hills/ Salmon Falls) – Transfer fees
	Other Governmental Funds	<u>1,010,529</u>	
		<u>2,855,283</u>	
Debt Service Fund	General Fund	1,770,556	General fund contribution Capital Project Fund – Transfer from bond reserve to bond authority
		<u>320,000</u>	
		<u>2,090,556</u>	
Other Governmental Funds	General Fund	234,497	Capital Project Fund – General Fund contribution
	General Fund	799,375	Community Services – General Fund contribution
	General Fund	2,508,142	Public Health – General Fund match and contributions
	General Fund	3,064,893	Motor Vehicle License Fees
	General Fund	220,819	General Fund match and contributions Mental Health – Motor Vehicle License Fees
	General Fund	772,113	Social Services – General Fund contribution – Wraparound
General Fund	178,304		

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 8: **Interfund Transactions** (continued)

Transfers (continued)

(a) Between Funds within the Governmental or Business-Type Activities (continued):

<u>Advanced From</u>	<u>Advanced To</u>	<u>Amount</u>	<u>Purpose</u>
Other Governmental Funds (continued)	General Fund	\$ 4,337,806	Community enhancement – General Fund contribution
	General Fund	59,939	IHSS Public Authority – General Fund contribution
	General Fund	99,298	Health Department Community Service Area # 3 – General Fund contribution
	General Fund	7,403,197	Fund balance transfers/reclass to special revenue funds (various)
	Road Fund	8,835	County Services Area #9 (Road Zones/ Carlson Drive) – Miscellaneous reimbursement
	Other Governmental Funds	50,000	County Service Area #10 (Library/ Georgetown Branch) – Transfer
	Other Governmental Funds	511,004	Community Enhancement Fund contribution library remodel
	Other Governmental Funds	<u>1,211,194</u>	South Lake Tahoe Juvenile Hall Project Fund – Fund contributions
		<u>21,459,416</u>	
	Total	<u>\$ 29,797,445</u>	
Enterprise Fund – County Airport	General Fund	\$ 74,556	General Fund contribution to Georgetown Airport operations
	Other Governmental Funds	20,000	Road Fund – Transfer grant match – Placerville Airport capital improvements
	Other Governmental Funds	<u>37,278</u>	Community Enhancement – Transfer grant Match – Georgetown Airport capital improvements
		<u>131,834</u>	
Enterprise Fund – South Lake Tahoe Transit	Road Fund	<u>32,710</u>	Fund contribution to general operations
	Total	<u>\$ 164,544</u>	

Note 9: **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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 9: **Pension Plan** (continued)

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County makes the contributions required of its employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 2.57% for non-safety employees and 19.818% for safety employees. 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 19.818% for safety and 2.57% for miscellaneous, of total payroll for the retirement program. In order to calculate the dollar value of the ARC the contribution rate would be multiplied by the payroll covered employees that was actually paid during the period July 1, 2003 to June 30, 2004.

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

Valuation Date	June 30, 2001
Actual 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%

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 9: **Pension Plan** (continued)

Annual Pension Cost (continued)

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 proceeding paragraph, the County provides post-employment benefits for health care to eligible retirees and their dependants. 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. For the current fiscal year the County provided credits to retirees in the total amount of \$466,567. There are currently 160 retiree participants.

PERS Contract

On December 12, 2000 the County entered into a Memorandum of Understanding with the El Dorado County Deputy Sheriff 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 2001. 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 30, 2004. It is not possible to estimate the additional costs that will be incurred at this time due to these contract changes.

Note 10: **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 and up to a maximum lifetime benefit of \$1 million in health insurance benefits through its Blue Shield health insurance program. The County's

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 10: **Risk Management** (continued)

self-insured retention for its health insurance program is \$150,000 per employee. The County also offers two other health insurance programs to its employees which are not self-insured. Health benefits through Kaiser and Pacific Care are based on monthly premiums with no lifetime maximums per employee. The County purchases 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 \$15,920,000 reported in the Risk Management Fund at June 30, 2004 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the County's claims liability for the fiscal years ended June 30, 2004 and 2003 were as follows:

	<u>2004</u>	<u>2003</u>
Unpaid claims, beginning of year	\$ 15,502,000	\$ 14,931,000
Plus estimated claims incurred	24,632,172	17,230,816
Less claims payments	<u>(24,214,172)</u>	<u>(16,659,816)</u>
Unpaid claims, end of year	<u>\$ 15,920,000</u>	<u>\$ 15,502,000</u>

Note 11: **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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 11: **Commitments and Contingencies** (continued)

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 12: **Net Assets/Fund Balances**

A. Fund Balances

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

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

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

The County has “reserved” fund balances as follows:

- *Self-Insurance:* To reflect the portion of fund balance reserved for payment of self-insurance claims.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 12: **Net Assets/Fund Balances** (continued)

A. **Fund Balances** (continued)

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

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.
- *Economic Uncertainty:* To reflect management's intent to expend funds during poor economic times or in times when the cost of services rises dramatically.
- *Subsequent Expenditures* – To reflect management's intent for financial resource utilization in future periods.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 12: **Net Assets/Fund Balances** (continued)

B. Prior Period Adjustments

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

	Governmental Activities		Component Units
	Fund Financial Statements	Government-Wide Statement of Activities	
	Other Governmental Funds	Total Governmental Activities	El Dorado Transit
Fund balances/net assets, June 30, 2003, as previously reported	\$ 32,525,945	\$ 275,215,522	\$ 6,303,038
Other restatements:			
Adjustment for contributed capital	--	--	(428,537)
Deferred revenue	60,462,943	60,462,943	--
Post-closure liability adjustment	--	(742,956)	--
Total restatements	60,462,943	59,719,987	(428,537)
Fund balances/net assets, July 1, 2003 as restated	\$ 92,988,888	\$ 334,935,509	\$ 5,874,501

Other Governmental Funds – To adjust for prior year receipts previously classified as deferred revenue during the first year implementation of GASB 34.

Governmental Activities – To adjust for change in estimate of prior year post-closure liability.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 13: **Condensed Segment Information on Component Units**

The County has two Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2004, is as follows:

Component Units Statement of Net Assets
June 30, 2004

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
Assets:			
Current and other assets	\$ 3,206,186	\$ 3,140,664	\$ 6,346,850
Capital assets	14,118	3,466,568	3,480,686
Restricted cash	<u>--</u>	<u>306,423</u>	<u>306,423</u>
 Total Assets	 <u>3,220,304</u>	 <u>6,913,655</u>	 <u>10,133,959</u>
Liabilities:			
Current liabilities	269,223	655,718	924,941
Long-term liabilities	<u>--</u>	<u>364,801</u>	<u>364,811</u>
 Total Liabilities	 <u>269,223</u>	 <u>1,020,519</u>	 <u>1,289,742</u>
Net Assets:			
Invested in capital assets, net of related debt	14,118	3,390,446	3,404,564
Restricted net assets	108,661	--	108,661
Unrestricted	<u>2,828,302</u>	<u>2,502,690</u>	<u>5,330,992</u>
 Total Net Assets	 <u>\$ 2,951,081</u>	 <u>\$ 5,893,136</u>	 <u>\$ 8,844,217</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 13: **Condensed Segment Information on Component Units** (continued)

Component Units Statement of Activities
For the Year Ended June 30, 2004

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for services	\$ --	\$ 985,693	\$ 985,693
Operating grants and Contributions	1,899,469	2,287,327	4,186,796
Capital grants and Contributions	--	317,520	317,520
General Revenues:			
Use of money	35,221	27,411	62,632
Other revenues	<u>146,000</u>	<u>27,817</u>	<u>173,817</u>
Total Revenues	2,080,690	3,645,768	5,726,458
Expenses:			
Health and sanitation	1,882,281	--	1,882,281
Public ways and facilities	<u>--</u>	<u>3,627,133</u>	<u>3,627,133</u>
Total Expenses	<u>1,882,281</u>	<u>3,627,133</u>	<u>5,509,414</u>
Change in net assets	198,409	18,635	217,044
Net Assets – July 1, 2003	2,752,672	6,303,038	8,627,173
Prior Period Adjustment	<u>--</u>	<u>(428,537)</u>	<u>--</u>
Net Assets – June 30, 2004	<u>\$ 2,951,081</u>	<u>\$ 5,893,136</u>	<u>\$ 8,844,217</u>

Note 14: **County Water Agency – Note Receivable**

On February 6, 1996, the County, represented by the Water Agency, sold to the El Dorado Irrigation District property known as Texas Hill. The installment purchase agreement called for five annual payments of \$500,000 commencing September 1, 1996. An additional payment \$3,378,360 is due when the District obtains construction financing for and commences construction of the Texas Hill Reservoir. In the event that the property is

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 14: **County Water Agency – Note Receivable** (continued)

sold or used for any purpose that is inconsistent with the development of the Texas Hill Reservoir, any funds received must be used to fund the development of increased water supplies or increased waste water capacity for the benefit of customer or potential customers of the District.

In 1996, the County had recorded the full \$3,378,360 as a receivable. The District has included an unamortized discount of \$1,845,360, based on an imputed interest rate of 5%. The balance of \$1,533,000 is recorded as a payable to the County. There is no stipulation in the agreement between the two entities for this interpretation. In the current year, the County has removed the \$3,378,360 Note Receivable because the District has obtained an alternative source of water than the reservoir and it appears unlikely that the County will receive payment from the District.

Note 15: **Tax and Revenue Anticipation Note**

July 1, 2003, the County issued a Tax and Revenue Anticipation Note (TRAN) in the amount of \$15,000,000, with an interest rate of 2%, to cover cash flow shortfalls prior to the December collection of property taxes. The \$15,000,000 TRAN plus accrued interest of \$299,167 was paid on June 25, 2004.

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2004</u>
TRAN	\$ <u> --</u>	\$ <u>15,000,000</u>	\$ <u>15,000,000</u>	\$ <u> --</u>

On July 1, 2004, the County issued a Tax and Revenue Anticipation Note (TRAN) in the amount of \$10,101,000 with an interest rate of 3% payable on June 30, 2005, for the same purpose as described above.

Note 16: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Four of the new standards, GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*, GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB)*, may have a significant impact on the County's financial reporting process.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2004

Note 16: **New Accounting Pronouncements** (continued)

GASB Statement No. 40 modifies previous custodial credit risk disclosure requirements and establishes more comprehensive disclosure requirements relating to other common risks of investments such as credit risk, concentration of credit risk and interest rate risk. GASB Statement No. 40 will be implemented in the financial statements for the year ending June 30, 2005.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. GASB No. 42 will be effective for the fiscal year ending June 30, 2006.

GASB Statement No. 44 guides the preparation of supplementary information included in the statistical section. This new statement provides specific requirements for the information presented in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and will enhance comparability among governments presenting a statistical section. GASB No. 44 will be effective for the fiscal year ending June 30, 2006.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Required Supplementary Information
For the Year Ended June 30, 2004

SCHEDULE OF FUNDING PROGRESS

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

Miscellaneous Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/01	\$ 197,209,253	\$ 230,183,738	\$ (32,974,485)	116.7%	\$ 59,572,192	(55.4)%
6/30/02	219,318,104	217,824,039	1,494,065	99.3%	64,675,914	2.3%
6/30/03	254,057,874	222,661,735	31,396,139	87.6%	68,274,523	46.0%

Safety Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/01	\$ 86,923,326	\$ 92,372,423	\$ (5,449,097)	106.3%	\$ 15,416,236	(35.3)%
6/30/02	102,135,113	87,567,678	14,567,435	85.7%	16,644,563	87.5%
6/30/03	112,105,231	89,366,138	22,739,093	79.7%	17,737,580	128.2%

COUNTY OF EL DORADO

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 18,020,169	\$ 18,774,545	\$ 18,774,545	\$ --
Resources (inflows):				
Taxes	50,119,396	48,566,623	50,794,302	2,227,679
Licenses, permits and franchises	8,419,155	8,419,155	8,314,957	(104,198)
Fines, forfeits and penalties	1,296,248	1,296,248	1,192,857	(103,391)
Use of money or property	434,407	434,407	594,035	159,628
Intergovernmental revenue - State	46,793,992	47,651,903	42,986,368	(4,665,535)
Intergovernmental revenue - Federal	16,572,410	18,008,488	20,193,561	2,185,073
Revenue other governmental agencies	393,420	399,420	426,138	26,718
Charges for services	18,318,234	18,782,664	17,553,681	(1,228,983)
Miscellaneous revenue	1,790,983	1,840,830	1,960,938	120,108
Other financing sources	1,710,002	3,485,011	3,392,190	(92,821)
	<u>145,848,247</u>	<u>148,884,749</u>	<u>147,409,027</u>	<u>(1,475,722)</u>
Amounts available for appropriation	<u>163,868,416</u>	<u>167,659,294</u>	<u>166,183,572</u>	<u>(1,475,722)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and employee benefits	960,373	960,083	947,010	13,073
Services and supplies	110,920	111,210	111,210	--
Intrafund transfers	53,463	53,463	49,497	3,966
	<u>1,124,756</u>	<u>1,124,756</u>	<u>1,107,717</u>	<u>17,039</u>
County of Administrative Office				
Salaries and employee benefits	801,073	777,579	723,305	54,274
Services and supplies	154,078	132,944	115,710	17,234
Other charges	--	--	50	(50)
Fixed assets	2,000	2,000	--	2,000
Intrafund transfers	19,905	33,829	28,340	5,489
	<u>977,056</u>	<u>946,352</u>	<u>867,405</u>	<u>78,947</u>
Annual Audit				
Services and supplies	112,000	112,000	65,000	47,000
	<u>112,000</u>	<u>112,000</u>	<u>65,000</u>	<u>47,000</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller				
Salaries and employee benefits	\$ 1,632,626	\$ 1,612,526	\$ 1,580,781	\$ 31,745
Services and supplies	88,429	98,921	71,973	26,948
Fixed assets	--	5,300	3,464	1,836
Intrafund transfers	310,652	325,452	311,014	14,438
	<u>2,031,707</u>	<u>2,042,199</u>	<u>1,967,232</u>	<u>74,967</u>
Treasurer/Tax Collector				
Salaries and employee benefits	1,245,995	1,245,995	1,231,415	14,580
Services and supplies	473,100	470,679	341,226	129,453
Other charges	200	432	432	--
Intrafund transfers	413,024	413,024	396,500	16,524
	<u>2,132,319</u>	<u>2,130,130</u>	<u>1,969,573</u>	<u>160,557</u>
Assessor				
Salaries and employee benefits	2,670,304	2,675,130	2,675,130	--
Services and supplies	127,634	122,921	94,906	28,015
Other charges	300	300	200	100
Fixed assets	2,500	2,500	--	2,500
Other financing uses	6,000	6,000	--	6,000
Intrafund transfers	457,110	457,110	451,010	6,100
	<u>3,263,848</u>	<u>3,263,961</u>	<u>3,221,246</u>	<u>42,715</u>
Purchasing				
Salaries and employee benefits	378,848	378,848	369,637	9,211
Services and supplies	25,938	26,133	26,950	(817)
Other charges	--	--	50	(50)
Intrafund transfers	15,468	15,468	14,776	692
	<u>420,254</u>	<u>420,449</u>	<u>411,413</u>	<u>9,036</u>
County Counsel				
Salaries and employee benefits	2,037,161	2,037,161	1,844,176	192,985
Services and supplies	1,289,933	1,391,810	1,238,134	153,676
Other charges	150	150	100	50
Intrafund transfers	60,131	60,131	42,517	17,614
	<u>3,387,375</u>	<u>3,489,252</u>	<u>3,124,927</u>	<u>364,325</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Human Resources				
Salaries and employee benefits	\$ 744,189	\$ 699,189	\$ 627,458	\$ 71,731
Services and supplies	237,254	273,044	240,121	32,923
Other charges	--	--	25	(25)
Intrafund transfers	(63,712)	(63,712)	(62,019)	(1,693)
	<u>917,731</u>	<u>908,521</u>	<u>805,585</u>	<u>102,936</u>
Recorder - Elections				
Salaries and employee benefits	539,058	583,520	583,519	1
Services and supplies	718,426	690,964	689,729	1,235
Other charges	250	250	250	--
Intrafund transfers	30,336	33,336	31,149	2,187
	<u>1,288,070</u>	<u>1,308,070</u>	<u>1,304,647</u>	<u>3,423</u>
Communications				
Salaries and employee benefits	378,003	378,003	483,127	(105,124)
Services and supplies	640,442	650,015	621,108	28,907
Fixed assets	22,325	3,337	2,996	341
Intrafund transfers	(532,485)	(522,485)	(445,356)	(77,129)
	<u>508,285</u>	<u>508,870</u>	<u>661,875</u>	<u>(153,005)</u>
Mail and Courier				
Salaries and employee benefits	70,680	70,680	67,313	3,367
Services and supplies	10,533	10,533	12,889	(2,356)
Intrafund transfers	(76,502)	(76,502)	(74,500)	(2,002)
	<u>4,711</u>	<u>4,711</u>	<u>5,702</u>	<u>(991)</u>
Buildings and Grounds				
Salaries and employee benefits	2,052,690	2,052,690	1,918,037	134,653
Services and supplies	1,386,543	1,388,744	1,218,114	170,630
Other charges	86,202	86,202	91,641	(5,439)
Fixed assets	14,000	14,000	--	14,000
Other financing uses	1,000	1,000	--	1,000
Intrafund transfers	(121,258)	(121,258)	(84,664)	(36,594)
	<u>3,419,177</u>	<u>3,421,378</u>	<u>3,143,128</u>	<u>278,250</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Property Management				
Salaries and employee benefits	\$ 58,023	\$ 14,447	\$ 32,976	\$ (18,529)
Services and supplies	91,914	131,219	52,555	78,664
Other charges	269	269	74	195
Intrafund transfers	8,029	8,029	1,718	6,311
	<u>158,235</u>	<u>153,964</u>	<u>87,323</u>	<u>66,641</u>
County Promotion				
Salaries and employee benefits	25,495	25,495	19,826	5,669
Services and supplies	265,643	332,043	352,690	(20,647)
Intrafund transfers	5,867	5,652	5,761	(109)
	<u>297,005</u>	<u>363,190</u>	<u>378,277</u>	<u>(15,087)</u>
Information Technologies				
Salaries and employee benefits	3,659,767	3,659,767	3,464,360	195,407
Services and supplies	1,469,060	1,547,514	1,199,030	348,484
Other charges	113,000	113,035	112,999	36
Fixed assets	--	19,940	15,181	4,759
Intrafund transfers	(3,051,497)	(3,051,497)	(3,112,339)	60,842
	<u>2,190,330</u>	<u>2,288,759</u>	<u>1,679,231</u>	<u>609,528</u>
Surveyor				
Salaries and employee benefits	1,063,830	1,063,780	1,030,910	32,870
Services and supplies	70,921	70,921	49,297	21,624
Fixed assets	--	50	50	--
Intrafund transfers	(34,576)	(34,576)	(35,914)	1,338
	<u>1,100,175</u>	<u>1,100,175</u>	<u>1,044,343</u>	<u>55,832</u>
General Services Administration				
Salaries and employee benefits	1,005,228	1,048,804	1,090,110	(41,306)
Services and supplies	323,710	324,531	220,705	103,826
Other charges	33,311	33,311	21,749	11,562
Fixed assets	7,500	4,275	2,500	1,775
Intrafund transfers	(315,703)	(315,703)	(295,342)	(20,361)
	<u>1,054,046</u>	<u>1,095,218</u>	<u>1,039,722</u>	<u>55,496</u>
Employee Benefits				
Salaries and employee benefits	577,000	293,556	--	293,556
	<u>577,000</u>	<u>293,556</u>	<u>--</u>	<u>293,556</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Engineer				
Services and supplies	\$ 810,200	\$ 810,200	\$ 110,221	\$ 699,979
Other charges	2,258,636	2,258,636	2,011,212	247,424
Intrafund transfers	13,000	13,000	9,335	3,665
	<u>3,081,836</u>	<u>3,081,836</u>	<u>2,130,768</u>	<u>951,068</u>
Tax Revenue Anticipation Notes				
Other Charges	189,000	189,000	188,960	40
	<u>189,000</u>	<u>189,000</u>	<u>188,960</u>	<u>40</u>
Contribution to Other Funds				
Services and supplies		1,722	1,679	43
Other charges	449,182	449,182	415,376	33,806
Other financing uses	18,124,561	18,434,482	15,712,192	2,722,290
Intrafund transfers	50,000	50,000	--	50,000
	<u>18,623,743</u>	<u>18,935,386</u>	<u>16,129,247</u>	<u>2,806,139</u>
Contribution to Other Agencies				
Services and supplies	162,400	162,400	159,400	3,000
Other charges	965,642	965,642	965,641	1
	<u>1,128,042</u>	<u>1,128,042</u>	<u>1,125,041</u>	<u>3,001</u>
Contribution to Airports				
Other financing uses	109,432	109,432	74,566	34,866
	<u>109,432</u>	<u>109,432</u>	<u>74,566</u>	<u>34,866</u>
Other General				
Other financing uses	259,108	259,108	246,689	12,419
	<u>259,108</u>	<u>259,108</u>	<u>246,689</u>	<u>12,419</u>
General Government	<u>48,355,241</u>	<u>48,678,315</u>	<u>42,779,617</u>	<u>5,898,698</u>
<u>Public Protection</u>				
Superior Court MOE				
Services and supplies	637,570	1,044,570	1,013,823	30,747
Other charges	1,228,349	1,228,349	1,262,226	(33,877)
	<u>1,865,919</u>	<u>2,272,919</u>	<u>2,276,049</u>	<u>(3,130)</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)

General Fund

For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Grand Jury				
Salaries and employee benefits	\$ 15,217	\$ 1,621	\$ 1,621	\$ --
Services and supplies	48,430	72,026	65,162	6,864
Intrafund transfers	9,417	9,417	7,311	2,106
	<u>73,064</u>	<u>83,064</u>	<u>74,094</u>	<u>8,970</u>
District Attorney				
Salaries and employee benefits	4,317,955	4,303,197	4,137,454	165,743
Services and supplies	530,170	577,101	424,941	152,160
Other charges	--	150	150	--
Fixed assets	15,089	66,985	66,709	276
Intrafund transfers	64,421	121,921	110,541	11,380
	<u>4,927,635</u>	<u>5,069,354</u>	<u>4,739,795</u>	<u>329,559</u>
Child Support Services				
Salaries and employee benefits	3,775,413	3,720,216	3,586,704	133,512
Services and supplies	898,272	939,338	855,900	83,438
Other charges	--	300	300	--
Fixed assets	17,800	18,220	17,864	356
Other financing uses	6,000	6,000	--	6,000
Intrafund transfers	316,923	316,503	311,527	4,976
	<u>5,014,408</u>	<u>5,000,577</u>	<u>4,772,295</u>	<u>228,282</u>
Public Defender				
Salaries and employee benefits	1,499,784	1,499,784	1,409,957	89,827
Services and supplies	184,577	177,939	152,733	25,206
Other charges	--	250	250	--
Fixed assets	--	1,877	--	1,877
Intrafund transfers	33,802	33,802	33,240	562
	<u>1,718,163</u>	<u>1,713,652</u>	<u>1,596,180</u>	<u>117,472</u>
Sheriff-Bailiff				
Salaries and employee benefits	2,810,645	2,847,554	2,473,888	373,666
Services and supplies	68,653	68,653	72,421	(3,768)
Other charges	--	62	62	--
Intrafund transfers	1,732	1,732	1,780	(48)
	<u>2,881,030</u>	<u>2,918,001</u>	<u>2,548,151</u>	<u>369,850</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Sheriff				
Salaries and employee benefits	\$ 17,800,935	\$ 18,035,719	\$ 18,262,262	\$ (226,543)
Services and supplies	1,968,988	2,239,935	1,826,308	413,627
Other charges	9,200	17,260	17,259	1
Fixed assets	318,615	711,222	417,356	293,866
Intrafund transfers	313,981	282,981	311,362	(28,381)
	<u>20,411,719</u>	<u>21,287,117</u>	<u>20,834,547</u>	<u>452,570</u>
Central Dispatch				
Salaries and employee benefits	1,898,661	1,899,292	1,596,230	303,062
Services and supplies	77,251	73,048	65,703	7,345
Intrafund transfers	34,963	34,963	23,621	11,342
	<u>2,010,875</u>	<u>2,007,303</u>	<u>1,685,554</u>	<u>321,749</u>
Jail				
Salaries and employee benefits	9,189,641	9,202,229	8,645,572	556,657
Services and supplies	1,307,374	1,272,417	1,311,347	(38,930)
Other charges	1,147,552	1,147,552	1,147,552	--
Fixed assets	24,300	9,899	9,874	25
Intrafund transfers	148,832	148,832	100,812	48,020
	<u>11,817,699</u>	<u>11,780,929</u>	<u>11,215,157</u>	<u>565,772</u>
Juvenile Hall				
Salaries and employee benefits	1,852,548	1,852,548	1,817,272	35,276
Services and supplies	396,049	357,472	279,776	77,696
Other charges	718,379	718,379	557,149	161,230
Fixed assets	104,437	65,279	21,622	43,657
Intrafund transfers	32,443	58,940	64,316	(5,376)
	<u>3,103,856</u>	<u>3,052,618</u>	<u>2,740,135</u>	<u>312,483</u>
Probation Department				
Salaries and employee benefits	4,195,370	4,195,370	3,872,805	322,565
Services and supplies	440,524	464,650	344,735	119,915
Other charges	12,446	12,446	2,419	10,027
Intrafund transfers	274,751	274,751	267,766	6,985
	<u>4,923,091</u>	<u>4,947,217</u>	<u>4,487,725</u>	<u>459,492</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Agricultural Commission				
Salaries and employee benefits	\$ 996,246	\$ 1,012,572	\$ 996,147	\$ 16,425
Services and supplies	163,970	212,151	160,039	52,112
Other charges	--	1,400	1,219	181
Fixed assets	--	23,083	20,048	3,035
Other financing uses	--	10,000	--	10,000
Intrafund transfers	36,110	47,612	44,927	2,685
	<u>1,196,326</u>	<u>1,306,818</u>	<u>1,222,380</u>	<u>84,438</u>
Building Inspector				
Salaries and employee benefits	4,714,963	4,714,963	4,257,572	457,391
Services and supplies	685,653	674,660	499,643	175,017
Other charges	122,230	122,230	6,608	115,622
Fixed assets	35,050	52,271	31,130	21,141
Other financing uses	70,500	70,500	--	70,500
Intrafund transfers	348,991	348,991	328,619	20,372
	<u>5,977,387</u>	<u>5,983,615</u>	<u>5,123,572</u>	<u>860,043</u>
Coroner				
Salaries and employee benefits	368,262	371,476	370,113	1,363
Services and supplies	179,705	237,469	175,007	62,462
Intrafund transfers	1,090	1,090	975	115
	<u>549,057</u>	<u>610,035</u>	<u>546,095</u>	<u>63,940</u>
Emergency Services				
Salaries and employee benefits	361,277	397,079	331,526	65,553
Services and supplies	24,182	391,826	304,530	87,296
Other charges	16,787	17,103	17,103	--
Fixed assets	5,500	305,611	291,281	14,330
Intrafund transfers	9,461	22,121	15,840	6,281
	<u>417,207</u>	<u>1,133,740</u>	<u>960,280</u>	<u>173,460</u>
Recorder/Clerk				
Salaries and employee benefits	918,920	918,920	819,579	99,341
Services and supplies	190,334	208,721	169,252	39,469
Other charges	500	500	108	392
Intrafund transfers	134,613	134,613	127,065	7,548
	<u>1,244,367</u>	<u>1,262,754</u>	<u>1,116,004</u>	<u>146,750</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Planning and Zoning				
Salaries and employee benefits	\$ 1,697,212	\$ 1,688,762	\$ 1,557,378	\$ 131,384
Services and supplies	258,185	847,410	466,172	381,238
Other charges	72,000	97,000	233,804	(136,804)
Fixed assets	73,000	250,275	7,269	243,006
Intrafund transfers	86,049	86,049	67,761	18,288
	<u>2,186,446</u>	<u>2,969,496</u>	<u>2,332,384</u>	<u>637,112</u>
Animal Control				
Salaries and employee benefits	981,004	981,004	972,177	8,827
Services and supplies	355,849	361,565	242,978	118,587
Other charges	23,800	23,800	25,241	(1,441)
Fixed assets	23,481	48,319	15,085	33,234
Intrafund transfers	54,897	54,897	50,691	4,206
	<u>1,439,031</u>	<u>1,469,585</u>	<u>1,306,172</u>	<u>163,413</u>
Public Guardian				
Salaries and employee benefits	545,062	545,062	560,532	(15,470)
Services and supplies	62,569	62,569	38,114	24,455
Other charges	300,747	300,747	227,874	72,873
Fixed assets	6,000	6,000	--	6,000
Intrafund transfers	42,219	42,219	40,436	1,783
	<u>956,597</u>	<u>956,597</u>	<u>866,956</u>	<u>89,641</u>
Public Protection	<u>72,713,877</u>	<u>75,825,391</u>	<u>70,443,525</u>	<u>5,381,866</u>
<u>Health and Sanitation</u>				
Public Health				
Salaries and employee benefits	1,960,466	1,960,466	1,631,422	329,044
Services and supplies	240,929	240,929	162,924	78,005
Other charges	7,450	7,450	4,851	2,599
Fixed assets	25,900	11,303	6,103	5,200
Other financing uses	47,000	47,000	--	47,000
Intrafund transfers	129,876	129,876	110,375	19,501
	<u>2,411,621</u>	<u>2,397,024</u>	<u>1,915,675</u>	<u>481,349</u>
Health and Sanitation	<u>2,411,621</u>	<u>2,397,024</u>	<u>1,915,675</u>	<u>481,349</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<u>Public Assistance</u>				
Social Services Administration				
Salaries and employee benefits	\$ 9,703,851	\$ 9,703,851	\$ 9,701,914	\$ 1,937
Services and supplies	2,234,735	2,335,414	2,310,077	25,337
Other charges	955,479	1,409,548	1,459,327	(49,779)
Fixed assets	48,077	48,077	5,241	42,836
Intrafund transfers	(1,941)	(189,915)	(1,871,101)	1,681,186
	<u>12,940,201</u>	<u>13,306,975</u>	<u>11,605,458</u>	<u>1,701,517</u>
Social Services Programs				
Salaries and employee benefits	2,879,053	2,879,053	2,498,345	380,708
Services and supplies	28,877	13,900	14,300	(400)
Other charges	1,134,110	680,041	588,905	91,136
Intrafund transfers	732,732	820,706	2,462,762	(1,642,056)
	<u>4,774,772</u>	<u>4,393,700</u>	<u>5,564,312</u>	<u>(1,170,612)</u>
Categorical Aids				
Other charges	11,336,208	12,253,585	11,864,133	389,452
	<u>11,336,208</u>	<u>12,253,585</u>	<u>11,864,133</u>	<u>389,452</u>
Aids to Indigents				
Services and supplies	9,610	9,610	9,153	457
Other charges	52,790	52,790	66,047	(13,257)
	<u>62,400</u>	<u>62,400</u>	<u>75,200</u>	<u>(12,800)</u>
Veterans' Services				
Salaries and employee benefits	295,949	295,949	243,327	52,622
Services and supplies	15,849	17,692	14,813	2,879
Fixed assets	--	108	--	108
Intrafund transfers	10,943	10,943	9,932	1,011
	<u>322,741</u>	<u>324,692</u>	<u>268,072</u>	<u>56,620</u>
Public Assistance	<u>29,436,322</u>	<u>30,341,352</u>	<u>29,377,175</u>	<u>964,177</u>
<u>Education</u>				
County Library				
Salaries and employee benefits	1,662,990	1,683,022	1,566,191	116,831
Services and supplies	566,737	586,010	553,268	32,742
Other charges	700	700	29,799	(29,099)
Fixed assets	41,695	40,000	--	40,000
Intrafund transfers	44,863	45,560	45,559	1
	<u>2,316,985</u>	<u>2,355,292</u>	<u>2,194,817</u>	<u>160,475</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
University of California Cooperative Extension				
Salaries and employee benefits	\$ 166,086	\$ 166,901	\$ 166,901	\$ --
Services and supplies	16,872	16,822	7,498	9,324
Other charges	27,519	27,577	27,577	--
Intrafund transfers	17,251	18,428	17,548	880
	<u>227,728</u>	<u>229,728</u>	<u>219,524</u>	<u>10,204</u>
Education	<u>2,544,713</u>	<u>2,585,020</u>	<u>2,414,341</u>	<u>170,679</u>
<u>Recreation and Cultural Services</u>				
Recreation				
Salaries and employee benefits	524,944	524,944	551,699	(26,755)
Services and supplies	226,563	429,698	209,946	219,752
Other charges	58,319	58,319	37,873	20,446
Fixed assets	34,708	33,202	31,893	1,309
Intrafund transfers	62,705	92,705	47,522	45,183
	<u>907,239</u>	<u>1,138,868</u>	<u>878,933</u>	<u>259,935</u>
Historical Museum				
Salaries and employee benefits	63,319	63,319	62,629	690
Services and supplies	26,199	27,307	27,055	252
Intrafund transfers	5,226	5,226	3,544	1,682
	<u>94,744</u>	<u>95,852</u>	<u>93,228</u>	<u>2,624</u>
Recreation and Cultural Services	<u>1,001,983</u>	<u>1,234,720</u>	<u>972,161</u>	<u>262,559</u>
<u>Contingency</u>				
Appropriation for contingencies	7,404,659	6,597,472	--	6,597,472
Equity transfers out	--	--	7,403,190	(7,403,190)
	<u>7,404,659</u>	<u>6,597,472</u>	<u>7,403,190</u>	<u>(805,718)</u>
Contingency	<u>7,404,659</u>	<u>6,597,472</u>	<u>7,403,190</u>	<u>(805,718)</u>
Total Charges to Appropriations	<u>163,868,416</u>	<u>167,659,294</u>	<u>155,305,684</u>	<u>12,353,610</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,877,888</u>	<u>\$ (13,829,332)</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
General Fund
For the Fiscal Year Ended June 30, 2004

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 166,183,572
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	(18,774,545)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(3,392,190)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 144,016,837</u></u>
<u>Uses/outflow of resources:</u>	
Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 155,305,684
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(23,368,249)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u><u>\$ 131,937,435</u></u>

COUNTY OF EL DORADO

Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 3,674,945	\$ 3,685,235	\$ 3,685,235	\$ --
Resources (inflows):				
Taxes and assessments	361,855	361,855	358,503	(3,352)
Licenses, permits and franchises	685,107	685,107	1,042,594	357,487
Fines, forfeitures and penalties	--	--	30	30
Revenue from use of money or property	41,690	41,690	48,237	6,547
Intergovernmental revenue - State	7,349,263	7,602,178	6,936,883	(665,295)
Intergovernmental revenue - Federal	2,974,935	2,974,935	1,949,861	(1,025,074)
Revenue from other governmental agencies	65,600	65,600	29,925	(35,675)
Charges for services	20,313,297	20,763,297	10,343,114	(10,420,183)
Miscellaneous revenues	580,000	1,008,644	2,922,672	1,914,028
Other financing sources	10,825,786	10,825,786	2,855,283	(7,970,503)
	<u>43,197,533</u>	<u>44,329,092</u>	<u>26,487,102</u>	<u>(17,841,990)</u>
Amounts available for appropriations	<u>46,872,478</u>	<u>48,014,327</u>	<u>30,172,337</u>	<u>(17,841,990)</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Salaries and employee benefits	14,361,417	14,361,417	13,171,690	1,189,727
Services and supplies	21,184,528	21,768,921	10,893,611	10,875,310
Other charges	10,818,650	11,268,650	2,040,217	9,228,433
Fixed assets	2,238,768	2,346,224	887,876	1,458,348
Other financing uses	58,835	58,835	41,545	17,290
Intrafund transfers	(1,789,720)	(1,789,720)	(1,665,782)	(123,938)
Public Ways and Facilities	<u>46,872,478</u>	<u>48,014,327</u>	<u>25,369,157</u>	<u>22,645,170</u>
Total Charges to Appropriations	<u>46,872,478</u>	<u>48,014,327</u>	<u>25,369,157</u>	<u>22,645,170</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,803,180</u>	<u>\$ (4,803,180)</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
Road Fund
For the Fiscal Year Ended June 30, 2004

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 30,172,337
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	(3,685,235)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(2,855,283)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 23,631,819</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 25,369,157
Difference budget to GAAP	
Transfers out to other funds is a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(41,545)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 25,327,612</u>

COUNTY OF EL DORADO

Notes to Required Supplementary Information For the Year Ended June 30, 2004

BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Combining Statement of Fund Net Assets Internal Service Funds June 30, 2004

	Fleet Management	Risk Management Authority	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 2,113,267	\$ 18,497,270	\$ 20,610,537
Cash with fiscal agent	--	77,673	77,673
Account receivable	749	193,091	193,840
Deposits	--	83,100	83,100
Inventory	58,688	--	58,688
Prepaid expenses	--	344,127	344,127
Total Current Assets	2,172,704	19,195,261	21,367,965
Capital assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	9,901,545	20,607	9,922,152
Accumulated depreciation	(4,785,450)	(16,993)	(4,802,443)
Total Capital Assets, net of accumulated depreciation	5,816,000	3,614	5,819,614
Total Assets	\$ 7,988,704	\$ 19,198,875	\$ 27,187,579
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 141,154	\$ 270,388	\$ 411,542
Salaries and benefits payable	14,922	24,948	39,870
Liability for self-insurance	--	15,920,000	15,920,000
Total Current Liabilities	156,076	16,215,336	16,371,412
Long-Term Liabilities:			
Compensated absences-due beyond one year	19,691	98,590	118,281
Total Long-Term Liabilities	19,691	98,590	118,281
Total Liabilities	\$ 175,767	\$ 16,313,926	\$ 16,489,693
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 5,816,000	\$ 3,614	\$ 5,819,614
Restricted	2,252,722	--	2,252,722
Unrestricted	(255,785)	2,881,335	2,625,550
Total Net Assets	\$ 7,812,937	\$ 2,884,949	\$ 10,697,886

COUNTY OF EL DORADO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2004

	Fleet Management	Risk Management Authority	Totals
Operating Revenues:			
Service fees	\$ 1,942,026	\$ 28,004,039	\$ 29,946,065
Fuel sales	77,404	--	77,404
Total Operating Revenues	<u>2,019,430</u>	<u>28,004,039</u>	<u>30,023,469</u>
Operating Expenses:			
Salaries and benefits	282,994	519,033	802,027
Services and supplies	742,287	24,632,172	25,374,459
Depreciation	987,532	2,147	989,679
Total Operating Expenses	<u>2,012,813</u>	<u>25,153,352</u>	<u>27,166,165</u>
Operating Income (Loss)	<u>6,617</u>	<u>2,850,687</u>	<u>2,857,304</u>
NonOperating Revenues (Expenses):			
Interest income	15,016	149,492	164,508
Loss on sale of fixed assets	(1,947)	--	(1,947)
Miscellaneous nonoperating expense	(2,070,000)	--	(2,070,000)
Miscellaneous nonoperating revenue	--	1,305,825	1,305,825
Total Non-Operating Revenues (Expenses)	<u>(2,056,931)</u>	<u>1,455,317</u>	<u>(601,614)</u>
Income (Loss) Before Capital Contributions and Transfers	(2,050,314)	4,306,004	2,255,690
Capital Contributions In (Out)			
Contribution of assets	134,406	--	134,406
Total Capital Contributions	<u>134,406</u>	<u>--</u>	<u>134,406</u>
Change in Net Assets	(1,915,908)	4,306,004	2,390,096
Net Assets - Beginning of Year	9,728,845	(1,421,055)	8,307,790
Net Assets - End of Year	<u>\$ 7,812,937</u>	<u>\$ 2,884,949</u>	<u>\$ 10,697,886</u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004

	Fleet Management	Risk Management Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from internal fund services provided	\$ 2,055,518	\$ 27,810,948	\$ 29,866,466
Cash paid to suppliers for goods and services	(745,244)	(24,449,847)	(25,195,091)
Cash paid to employee's for salaries and benefits	(278,561)	(516,571)	(795,132)
	<u>1,031,713</u>	<u>2,844,530</u>	<u>3,876,243</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Fleet rate rebate	(2,070,000)	--	(2,070,000)
Cash received from other funds	--	549,201	549,201
Non-operating revenues	--	1,305,825	1,305,825
	<u>(2,070,000)</u>	<u>1,855,026</u>	<u>(214,974)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions	134,406	--	134,406
Proceeds from sale of capital assets	16,536	--	16,536
Payments related to the acquisition of capital assets	(308,429)	--	(308,429)
	<u>(157,487)</u>	<u>--</u>	<u>(157,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	15,016	149,492	164,508
Net cash provided by investing activities	<u>15,016</u>	<u>149,492</u>	<u>164,508</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,180,758)</u>	<u>4,849,048</u>	<u>3,668,290</u>
Cash and cash equivalents, beginning of year, as previously reported	3,294,025	13,648,222	16,942,247
Cash and cash equivalents, end of year	<u><u>\$ 2,113,267</u></u>	<u><u>\$ 18,497,270</u></u>	<u><u>\$ 20,610,537</u></u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2004

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 6,617	\$ 2,850,687	\$ 2,857,304
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	987,532	2,147	989,679
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	36,088	(193,091)	(157,003)
Inventory	(10,099)	--	(10,099)
Prepaid expenses	--	(153,096)	(153,096)
Increase (decrease) in:			
Accounts payable	7,142	(82,579)	(75,437)
Salaries payable	3,722	3,999	7,721
Liability for compensated absences	711	(1,537)	(826)
Claims and judgments	--	418,000	418,000
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,031,713</u>	<u>\$ 2,844,530</u>	<u>\$ 3,876,243</u>