

COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2005

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2005**

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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, 2005, which collectively comprise the County's basic 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, 2005, 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	5.20%	5.74%	55.49%
Discretely Presented Component Units	37.42%	11.23%	41.43%

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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California, as of June 30, 2005, and the 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 November 17, 2005, 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 auditing principles generally accepted in the United States of America. 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 audits were 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.

Bartig, Basler & Ray, CPAs, Inc.

November 17, 2005
Roseville, California



County of El Dorado

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

December 15, 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, 2005. 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 \$436 million (net assets). Of this, \$27.7 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$146.7 million is restricted for specific purposes (restricted net assets), and \$261.6 million is invested in capital assets, net of depreciation and related debts.
- The County experienced an overall increase in net assets of \$43.8 million. This is almost entirely attributable to governmental activities and is \$13.5 million less than that of the prior year's increase of \$57.3 million.
- As of June 30, 2005, the County's governmental funds reported combined fund balances of \$173.9 million. Approximately 90% of this amount, or \$156.7 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 \$20.6 million or 14.7 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, Road Fund, Debt Service Fund). This budgetary information is in addition to and follows the supplementary schedule concerning the County's progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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	
	2005	2004	2005	2004	2005	2004
Assets:						
Current and other assets	\$ 239,041	\$ 210,255	\$ 541	\$ 244	\$ 239,582	\$ 210,499
Capital assets	272,295	256,493	1,777	1,620	274,072	258,113
Total assets	<u>511,336</u>	<u>466,748</u>	<u>2,318</u>	<u>1,864</u>	<u>513,654</u>	<u>468,612</u>
Liabilities:						
Current and other liabilities	46,926	41,494	310	80	47,236	41,574
Long-term liabilities	30,331	33,026	71	79	30,402	33,105
Total liabilities	<u>77,257</u>	<u>74,520</u>	<u>381</u>	<u>159</u>	<u>77,638</u>	<u>74,679</u>
Net Assets:						
Invested in capital assets, net of related debt	259,833	255,869	1,777	1,620	261,610	257,489
Restricted net assets	146,650	135,551	7	--	146,657	135,551
Unrestricted net assets	27,596	808	153	85	27,749	893
Total net assets	<u>\$ 434,079</u>	<u>\$ 392,228</u>	<u>\$ 1,937</u>	<u>\$ 1,705</u>	<u>\$ 436,016</u>	<u>\$ 393,933</u>

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County of El Dorado, assets exceeded liabilities by \$436 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, \$146.7 million or 33.6 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$27.7 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the most current fiscal year, the County is able to report positive balances in all three categories of net 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	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for services	\$ 68,952	\$ 64,092	\$ 606	\$ 570	\$ 69,558	\$ 64,662
Operating grants and contributions	98,650	100,832	690	270	99,339	101,102
Capital grants and contributions	4,855	26,940	--	--	4,855	26,940
General Revenues:						
Taxes	80,319	61,640	--	--	80,319	61,640
Use of money and property	4,179	2,302	5	2	4,184	2,304
Other revenues	5,384	7,050	--	--	5,684	7,050
Total revenues	<u>262,339</u>	<u>262,856</u>	<u>1,300</u>	<u>842</u>	<u>263,639</u>	<u>263,698</u>
Expenses						
General government	35,187	28,513	--	--	35,187	28,513
Public protection	75,554	73,231	--	--	75,554	73,231
Public ways and facilities	23,180	23,532	--	--	23,180	23,532
Health and sanitation	42,602	38,775	--	--	42,602	38,775
Public assistance	37,793	36,943	--	--	37,793	36,943
Education	2,617	2,280	--	--	2,617	2,280
Recreation and culture	705	935	--	--	705	935
Interest on long-term debt	989	1,191	--	--	989	1,191
Airports	--	--	769	729	769	729
SLT Transit Program	--	--	392	329	392	329
Total expenses	<u>218,627</u>	<u>205,400</u>	<u>1,162</u>	<u>1,058</u>	<u>219,789</u>	<u>206,458</u>
Excess (deficiency) before special items and transfers	43,712	57,456	138	(216)	43,850	57,240
Transfers	(93)	(165)	93	165	--	--
Change in net assets	<u>43,619</u>	<u>57,291</u>	<u>231</u>	<u>(51)</u>	<u>43,850</u>	<u>57,240</u>
Net assets at beginning of year	392,227	275,216	1,706	1,757	393,933	276,972
Restate net assets, see a) and b) below	(1,767)	59,720	--	--	(1,767)	59,720
Net assets at beginning of year – restated	<u>390,460</u>	<u>334,936</u>	<u>1,706</u>	<u>1,757</u>	<u>392,166</u>	<u>336,692</u>
Net assets at end of year	<u>\$ 434,079</u>	<u>\$ 392,227</u>	<u>\$ 1,937</u>	<u>\$ 1,706</u>	<u>\$ 436,016</u>	<u>\$ 393,933</u>

- a) Net assets at the beginning of 2005 were restated by a net decrease of \$1.8 million. This negative adjustment was due predominantly to the reclassification of funds from a Governmental Type to a Fiduciary Type fund. Further, most of this adjustment (\$1.7 million) resulted from the reclassification of the Tax Loss Reserve fund from a Governmental Special Revenue Fund type to a Fiduciary Agency Fund type.
- b) 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).

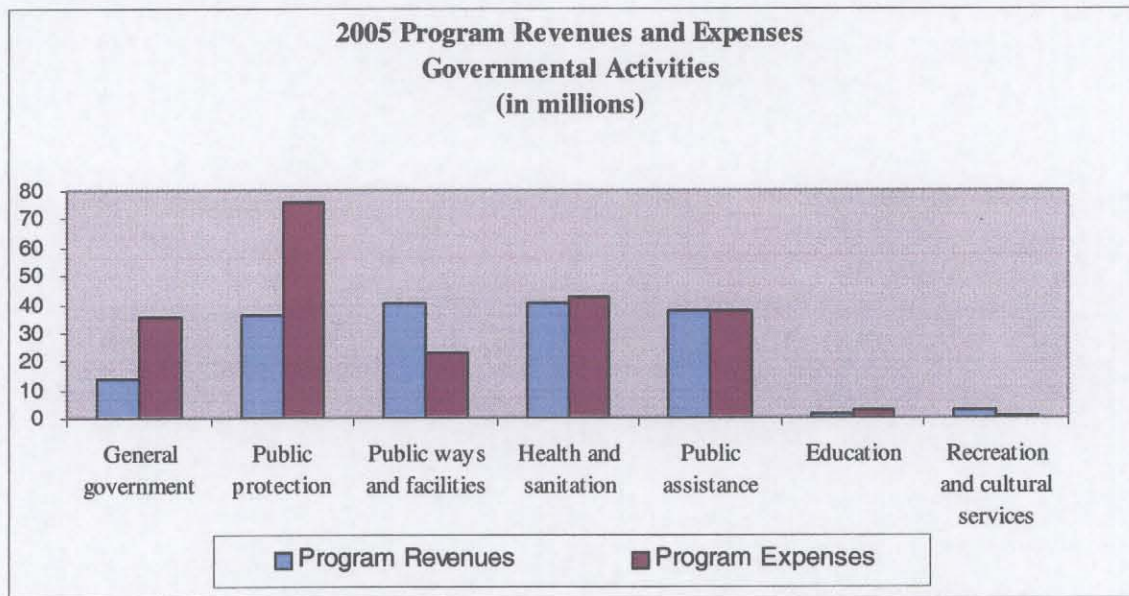
Governmental activities. The County experienced an overall increase in net assets of \$43.8 million. This is almost entirely attributable to *governmental activities* and \$13.5 million less than the prior year's increase of \$57.3 million. This net decrease (\$13.5 million) in excess revenues resulted from similar total revenues (approximately \$263 million in fiscal years 2004

and 2005) accompanied by an increase in governmental activity expenditures in 2005. Specifically, while total revenues remained stable, revenue increases in certain areas were offset by revenue decreases in others. Thus, while donated roads went from \$22.7 million in 2004 to just \$1.6 million in 2005, other revenue sources increased including an \$18.7 million increase in tax revenues. The most significant increases in revenues from taxes included:

- \$11.1 million increase in property taxes in lieu of vehicle license fees revenues,
- \$2 million increase in current secured property taxes, along with a
- \$1 million increase in supplemental property taxes, and
- \$1 million increase in property transfer taxes.

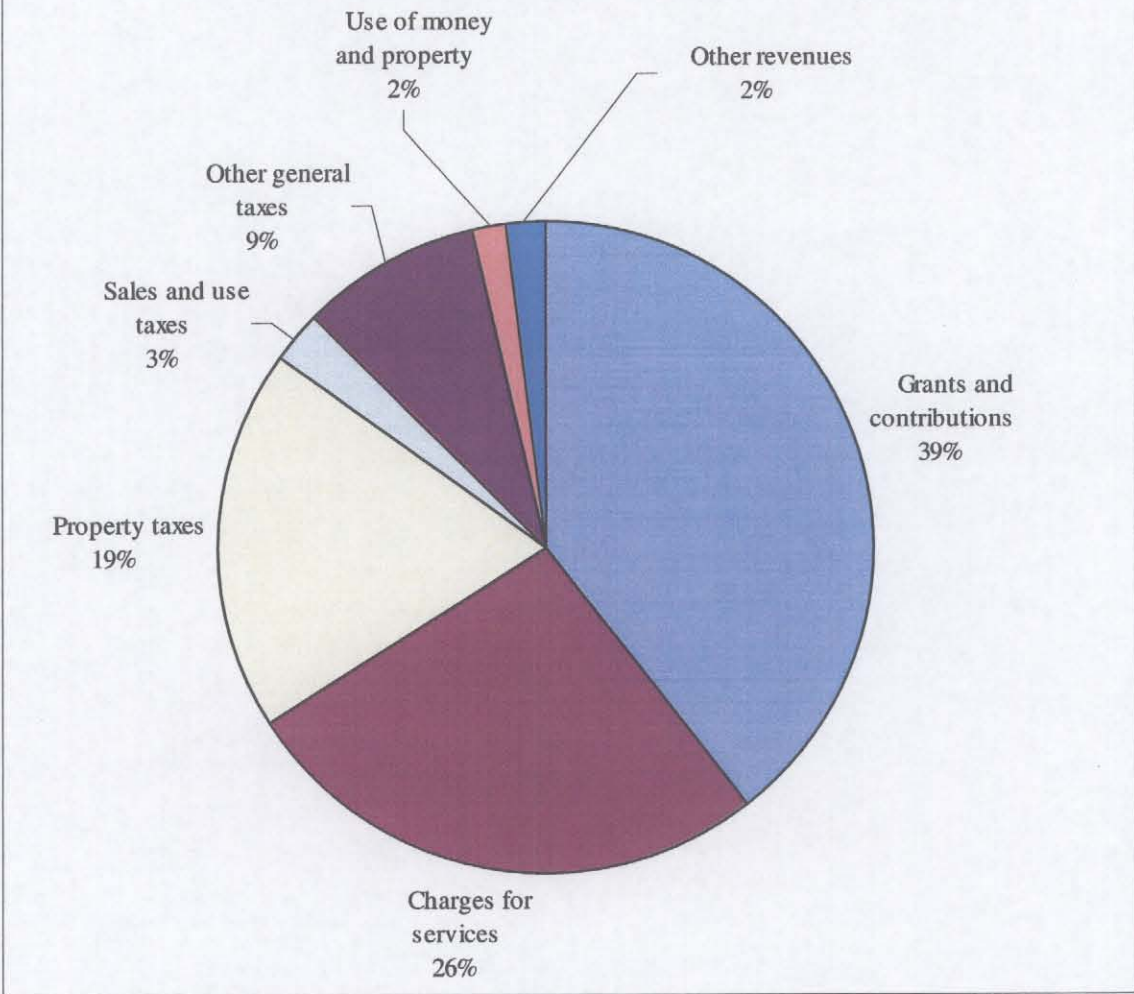
As previously mentioned, while total revenues remained stable, 2005 governmental activity expenditures increased by \$13.3 million when compared to 2004. This, in turn, is mostly attributable to a \$6.7 million increase in general government type expenditures, followed by a \$3.8 million increase in health and sanitation and \$2.3 million increase in public protection expenditures.

Below is a graph that presents a comparison of 2005 program revenues and expenditures under each of the governmental activities,

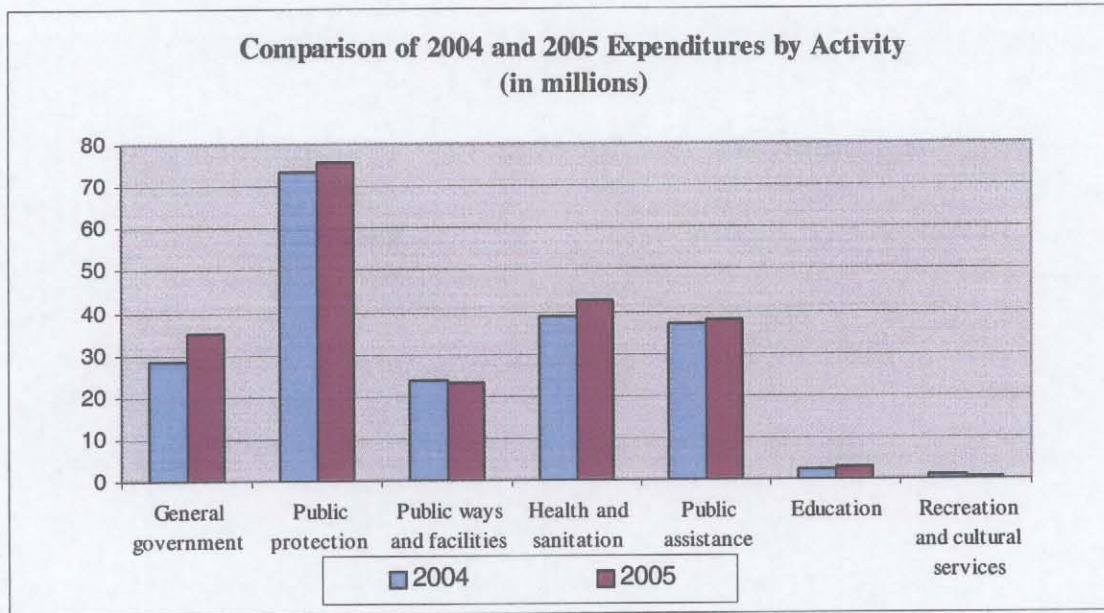


Following is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (39 percent) and charges for services (26 percent), property taxes (19 percent).

Revenues by Source-Governmental Activities



As noted earlier, the County experienced an overall increase in expenditures under the General Government activities. Following is a graph that compares current, 2005, to prior year expenditures by functional area.



Business-type activities. Business-type activities increased the County's net assets by \$231 thousand. This net increase is primarily the result of federal revenues received by County Airports in the amount of \$270 thousand. These revenues were awarded to the Airports for capital improvements still under construction as of June 30, 2005.

Similar to prior years, the County Airports are still operating at a loss, \$219 thousand in 2005 compared to \$197 thousand last year. As in prior years, both the Placerville and Georgetown Airports had a loss from operations, whereby operating expenditures exceeded operating revenues (charges for services). Unlike last year, neither of the County Airports managed to improve their operating position. Specifically, when compared to last year, Placerville Airport operating expenditures went up by 4%, while charges for services only increased by 3%. Similarly, Georgetown Airport's charges for services went up by 6%, while expenditures increased by 9%. Thus, both Airports managed to loose some ground in closing the gap between expenditures and charges services.

To help finance the operations of business-type activities in 2005, County governmental funds contributed \$93 thousand to the County Airports during the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. Governmental activities are generally accounted for under the General, 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, 2005 the County's governmental funds reported a combined ending fund balance of \$173.9 million, compared to the \$156.2 million restated fund balance of the previous year. Approximately 90 percent of this fund balance, or \$156.7 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, 2005, the General Fund's unreserved undesignated fund balance was \$20.6 million, an increase of \$5.7 million from last year. This increase is due to a net change in fund balance of \$6.7 million offset by an increase in reserves and designation of \$1 million.

The June 30, 2005 unreserved undesignated fund balance, as compared to General Fund expenditures for the year, is approximately 15 percent, compared to 11 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 54 days, compared 40 days last year.

In addition to the General Fund, the County maintains two major governmental funds: the Road Fund and the Debt Service Fund. The Road Fund accounts for the planning, design, construction, maintenance and administration of the County's transportation activities (Public Ways and Facilities). The Road Fund recorded \$14.6 million in revenues in 2005, compared to \$23.6 million last year. This decrease in revenues is due to the recognition of development impact fees in other non-major governmental fund types, further reflected by the \$19.4 million transfers in this year, compared to \$2.9 million last year. Conversely, expenditures recorded in this fund increased by over \$10.7 million (\$36 million in 2005 compared to \$25.3 million in 2004), and may be attributed to increased road maintenance and administration activities during the year.

The Debt Service Fund accounts for the accumulation of resources and payment of general long-term debt principal and interest. In 2005, the fund recorded just \$227 thousand in revenues, compared to \$1.7 million in 2004. This decrease is mostly due to the maturity of the El Dorado Hills Business Park bond issue and related special assessment charges to property owners. This overall decrease in revenues, accompanied by a \$1.3 million increase in fund expenditures, resulted in a \$2.4 million decrease in fund balance in 2005.

The combined governmental fund balance increased by \$19.4 million during 2005, compared to a \$22.5 million increase last year. This slightly lower increase in fund balance was the result of expenditures increasing by 9%, \$251.3 million in 2005 compared to \$229.9 million in 2004, while revenues increased by only 7%, \$270.0 million in 2005 compared to \$252.6 million in 2004. Thus, while governmental funds continue to realize a net increase in fund balance, it is less than that of last year.

Proprietary funds. As described earlier, when certain activities are performed for which user fees or charges are designed to cover expenditures, proprietary funds are used. The County

accounts for both governmental activities (internal service funds) and business type activities (enterprise funds) using these types of funds.

As discussed earlier, the net assets of enterprise funds increased by \$231 thousand primarily due to non-operating capital improvement revenues received by the County Airports. As discussed earlier, the County enterprise funds have not been able to generate sufficient operating revenues to cover expenses, which in turn necessitated governmental fund contribution of \$93 thousand in 2005.

Net assets of the internal service funds increased by \$2.4 million. This amount is almost entirely attributable to a net gain realized by the Risk Management Authority.

GENERAL FUND BUDGETARY ANALYSIS

Differences between the original and the final amended budgeted expenditures increased by \$3.5 million, or 2 percent. The largest of these budget modifications included:

- \$98 thousand decrease in Treasurer/Tax Collector budgeted fixed assets,
- \$320 thousand increase in County Counsel budgeted services and supplies,
- \$188 thousand decrease in the County Promotion budget,
- \$146 thousand increase in the Surveyor's budgeted intrafund transfers,
- \$1.5 million decrease in budgeted Contributions to Other Funds,
- \$977 thousand increase in Sheriff Department's budgeted salaries and benefits,
- \$219 thousand increase in Sheriff Department's budgeted services and supplies,
- \$369 thousand increase in Emergency Services budgeted services and supplies,
- \$314 thousand decrease in Emergency Services fixed asset budget,
- \$148 thousand increase in Planning and Zoning Department's services and supplies,
- \$786 thousand decrease in Social Services Administration budgeted salaries and benefits,
- \$492 thousand increase in Social Services Programs other charges, and
- \$1.1 million increase in budgeted Categorical Aids other charges.

The variance between resources budgeted (original and final) and the actual amounts received were also moderate, \$1.7 million in total or just over 1 percent. Specifically, compared to a final resource budget of \$162.9 million, actual funding equaled \$161.2 million. This budget shortage of revenues can be attributed to the over-forecasting of state intergovernmental revenues (\$1.8 million) and other financing sources (\$3.1 million), offset by the under budgeting of inflows associated with taxes and assessments (\$2.6 million) and from the use of money and property (\$450 thousand).

The difference between the budgeted expenditures and actual were more significant. Specifically, expenditures fell \$22.6 million or 12.6 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 \$7.9 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 Treasurer/Tax Collector, County Counsel, Employee Benefits, Engineer, and Contributions to Other Funds.

- Public Protection – Actual expenditures fell below final budget by \$9.0 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, Emergency Services, Recorder-Clerk, Planning and Zoning, and Animal Control Departments.
- Health and Sanitation – Actual expenditures fell below final budget by \$335 thousand with salaries and benefits making up the majority, under budget by over \$240 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$717 thousand as a result of expenditures falling well below budget in the Social Services Administration Unit (\$3.0 million), while exceeding budget in the Social Services Programs (\$1.9 million) and Categorical Aids other charges (\$426 thousand).

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 \$16.7 million primarily resulting from over-forecasts of other financing sources (\$14.2 million) and federal intergovernmental revenues (\$1.0 million).
- Road fund outflows or expenditures were over-projected by \$19.2 million as a result of expenditures falling well below that budgeted, particularly for services and supplies with actual expenditures falling \$13.5 million below budget.

Unlike the other funds presented, the County did not make any changes to the Debt Service fund’s original budget. However, significant budget to actual variances did occur in the projected outflow of funds. Specifically, other charges were above budget by \$2.5 million.

In general, while County management has shown some improvement, the practice of over budgeting both fund inflows and outflows continues. Further, 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, 2005 amounts to \$274.1 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 \$16.0 million in 2005, as a result of an increase of \$15.8 million under governmental activities

and \$156 thousand in business-type activities. See footnote 4 on pages 43-44 for additional details of capital assets.

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

- \$6.3 million in additions to land and improvements. This amount includes \$5.7 million in Road Fund right of way purchases and land acquisitions to accommodate the construction of the South Lake Tahoe Juvenile Treatment Center (\$295 thousand) and expansion of the American River Trail (\$280 thousand).
- \$9.7 million in additions to Structures and Improvements that included improvements to the Community Services Center (\$199 thousand) and \$8.9 million in construction costs associated with the new South Lake Tahoe Juvenile Treatment Center.
- \$19.0 million in infrastructure additions (county roads). While a portion of these additions were donated by private parties (\$1.6 million), most of these improvements were the result of County funded improvements and included the El Dorado Hills Interchange (\$1.8 million), Latrobe Road – White Rock to Suncastr (\$1.8 million), and the Green Valley Road Bridge Reconstruction at Dry Creek (\$1.8 million).

Debt Administration. As of June 30, 2005 the County’s outstanding long-term debt totaled \$17.5 million. The largest components of this obligation consists of \$11.3 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 \$1.3 million in capital lease obligations. See footnote 5 on pages 45-47 for additional details of long-term debt.

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, 2005 the County calculated its unfunded or net obligation at \$99 million, using actuarial reports dated June 30, 2004 for the CalPERS and Retiree’s Health plans. Further, for the purposes of determining the value of plan assets, CalPERS used 110% of the market value of the assets.

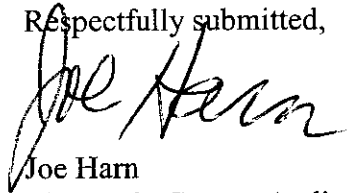
The resulting computation of the unfunded or net obligation may be summarized as follows:

Post Retirement Benefit Plan	Liability	Plan Assets	Net Obligation
CalPERS Safety	\$ 123,572,942	\$ 97,406,693	\$ 26,166,249
CalPERS Misc	275,006,624	237,113,231	37,893,393
Retiree’s Health	38,436,406	3,906,886	34,529,520
Total	\$ 437,015,972	\$ 338,426,810	\$ 98,589,162

REQUEST FOR INFORMATION

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe Harn", written in a cursive style.

Joe Harn
El Dorado County Auditor-Controller

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

COUNTY OF EL DORADO

Statement of Net Assets
June 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and investments	\$ 203,024,577	\$ 231,993	\$ 203,256,570	\$ 4,340,496
Cash with fiscal agent	2,360,784	1,617	2,362,401	--
External investments	--	--	--	1,527,999
Accounts receivable	6,573,851	30,454	6,604,305	110,164
Special assessments receivable	1,547,921	--	1,547,921	--
Interest receivable	--	--	--	13,117
Notes receivable	899,080	--	899,080	--
Due from other governments	14,446,772	293,209	14,739,981	1,139,364
Inventory and prepayments	2,103,585	37,852	2,141,437	74,942
Internal balances	60,912	(60,912)	--	--
Notes receivable long-term	4,799,900	--	4,799,900	--
Capital Assets:				
Nondepreciable assets	42,609,195	522,903	43,132,098	--
Other capital assets, net of depreciation	229,685,737	1,253,726	230,939,463	3,297,466
Restricted Assets:				
Restricted cash	3,223,950	7,051	3,231,001	249,686
Total Assets	<u>\$ 511,336,264</u>	<u>\$ 2,317,893</u>	<u>\$ 513,654,157</u>	<u>\$ 10,753,234</u>
LIABILITIES				
Accounts payable	\$ 9,813,347	\$ 289,925	\$ 10,103,272	\$ 189,839
Accrued salaries and benefits	6,732,653	8,605	6,741,258	44,758
Accrued interest payable	87,668	1,915	89,583	--
Due to other governments	689,606	--	689,606	--
Unearned revenue	4,921,213	--	4,921,213	119,646
Liability for self-insurance	20,234,869	--	20,234,869	300,398
Other long-term liabilities	140,012	--	140,012	--
Liability for Landfill Closure and Post-closure:				
Closure costs	1,578,030	--	1,578,030	--
Post-closure costs	5,486,400	--	5,486,400	--
Long-term Debt:				
Due within one year	1,897,213	9,463	1,906,676	20,219
Due beyond one year	15,531,366	45,861	15,577,227	11,017
Compensated Absences:				
Due within one year	971,759	--	971,759	81,274
Due beyond one year	9,172,771	25,611	9,198,382	81,273
Total Liabilities	<u>77,256,907</u>	<u>381,380</u>	<u>77,638,287</u>	<u>848,424</u>
NET ASSETS				
Invested in capital assets, net of related debt	259,833,595	1,776,629	261,610,224	3,266,230
Restricted for:				
Capital projects	8,830,854	--	8,830,854	--
Debt service	3,811,247	--	3,811,247	--
Other purposes	134,007,455	7,051	134,014,506	128,185
Unrestricted	27,596,206	152,833	27,749,039	6,510,395
Total Net Assets	<u>434,079,357</u>	<u>1,936,513</u>	<u>436,015,870</u>	<u>9,904,810</u>
Total Liabilities and Net Assets	<u>\$ 511,336,264</u>	<u>\$ 2,317,893</u>	<u>\$ 513,654,157</u>	<u>\$ 10,753,234</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, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 35,186,924	\$ 10,487,526	\$ 2,076,156	\$ 1,208,209
Public protection	75,554,055	13,676,473	22,544,913	12,375
Public ways and facilities	23,180,379	28,972,280	9,967,921	1,587,337
Health and sanitation	42,602,378	14,203,591	26,428,320	--
Public assistance	37,792,718	215,466	37,266,899	--
Education	2,617,007	1,198,192	145,595	--
Recreation and cultural services	705,224	198,150	220,031	2,047,272
Debt Service:				
Interest and fiscal charges	988,620	--	--	--
Total Governmental Activities	<u>218,627,305</u>	<u>68,951,678</u>	<u>98,649,835</u>	<u>4,855,193</u>
Business-Type Activities:				
Airports	769,385	539,587	292,186	--
South Lake Tahoe Transit Program	392,180	66,289	397,363	--
Total Business-Type Activities	<u>1,161,565</u>	<u>605,876</u>	<u>689,549</u>	<u>--</u>
Total Primary Government	<u>\$ 219,788,870</u>	<u>\$ 69,557,554</u>	<u>\$ 99,339,384</u>	<u>\$ 4,855,193</u>
Components Units:				
El Dorado Transit Authority	\$ 4,283,330	\$ 1,033,716	\$ 2,741,574	\$ 504,629
Children and Families Commission	2,082,038	--	2,996,553	--
Total Component Units	<u>\$ 6,365,368</u>	<u>\$ 1,033,716</u>	<u>\$ 5,738,127</u>	<u>\$ 504,629</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
\$ (21,415,033)	\$ --	\$ (21,415,033)	\$ --
(39,320,294)	--	(39,320,294)	--
17,347,159	--	17,347,159	--
(1,970,467)	--	(1,970,467)	--
(310,353)	--	(310,353)	--
(1,273,220)	--	(1,273,220)	--
1,760,229	--	1,760,229	--
(988,620)	--	(988,620)	--
<u>(46,170,599)</u>	<u>--</u>	<u>(46,170,599)</u>	<u>--</u>
--	62,388	62,388	--
--	71,472	71,472	--
--	<u>133,860</u>	<u>133,860</u>	<u>--</u>
<u>(46,170,599)</u>	<u>133,860</u>	<u>(46,036,739)</u>	<u>--</u>
--	--	--	(3,411)
--	--	--	<u>914,515</u>
--	--	--	<u>911,104</u>
50,196,125	--	50,196,125	--
7,009,005	--	7,009,005	--
23,114,084	--	23,114,084	--
4,179,362	4,574	4,183,936	109,128
5,383,743	--	5,383,743	40,361
(92,536)	92,536	--	--
<u>89,789,783</u>	<u>97,110</u>	<u>89,886,893</u>	<u>149,489</u>
43,619,184	230,970	43,850,154	1,060,593
392,227,066	1,705,543	393,932,609	8,844,217
(1,766,893)	--	(1,766,893)	--
<u>\$ 434,079,357</u>	<u>\$ 1,936,513</u>	<u>\$ 436,015,870</u>	<u>\$ 9,904,810</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF EL DORADO

Balance Sheet
Governmental Funds
June 30, 2005

	<u>General</u>	<u>Road Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 29,487,759	\$ 5,838,647	\$ 1,243,077	\$ 138,720,695	\$ 175,290,178
Restricted cash	--	--	--	3,223,950	3,223,950
Cash with fiscal agent	--	165,855	2,101,521	--	2,267,376
Accounts receivable	852,051	362,614	14,791	5,235,633	6,465,089
Special assessments	--	--	1,475,613	72,308	1,547,921
Notes receivable	--	--	--	899,080	899,080
Due from other funds	1,478,189	243,596	--	619,502	2,341,287
Due from other governments	6,116,833	743,224	--	7,586,715	14,446,772
Advances to other funds	10,000	--	--	1,860,699	1,870,699
Inventories	--	514,992	--	29,505	544,497
Prepaid expenses	676,570	19,725	--	223,773	920,068
	<u>\$ 38,621,402</u>	<u>\$ 7,888,653</u>	<u>\$ 4,835,002</u>	<u>\$ 158,471,860</u>	<u>\$ 209,816,917</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 2,440,120	\$ 2,331,684	\$ 14,226	\$ 4,197,172	\$ 8,983,202
Salaries & benefits payable	4,881,106	761,416	--	1,024,537	6,667,059
Due to other funds	336,722	24	--	1,943,629	2,280,375
Due to other governments	133,725	16,068	--	539,813	689,606
Advances from other funds	--	--	--	1,870,699	1,870,699
Unearned revenue	1,204,161	18,549	1,475,613	11,181,862	13,880,185
Liability for landfill closure	--	--	--	1,578,030	1,578,030
Total Liabilities	<u>8,995,834</u>	<u>3,127,741</u>	<u>1,489,839</u>	<u>22,335,742</u>	<u>35,949,156</u>
FUND BALANCES					
Reserved for:					
Debt service	167,342	--	2,101,521	140,012	2,408,875
Capital projects	--	--	--	84,448	84,448
Encumbrances	805,582	129,948	--	3,031,123	3,966,653
Inventory	--	514,992	--	29,505	544,497
Imprest cash	12,740	3,500	--	6,420	22,660
Unreserved:					
Designated for:					
Economic uncertainty	8,072,839	--	--	--	8,072,839
Debt service	--	158,730	--	--	158,730
Capital projects	--	--	--	1,863,584	1,863,584
Undesignated and reported in:					
General fund	20,567,065	--	--	--	20,567,065
Special revenue funds	--	3,953,742	--	125,424,704	129,378,446
Permanent funds	--	--	--	946,011	946,011
Debt service funds	--	--	1,243,642	--	1,243,642
Capital projects funds	--	--	--	4,610,311	4,610,311
Total Fund Balances	<u>29,625,568</u>	<u>4,760,912</u>	<u>3,345,163</u>	<u>136,136,118</u>	<u>173,867,761</u>
Total Liabilities and Fund Balances	<u>\$ 38,621,402</u>	<u>\$ 7,888,653</u>	<u>\$ 4,835,002</u>	<u>\$ 158,471,860</u>	<u>\$ 209,816,917</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, 2005

Fund Balance - total governmental funds	\$ 173,867,761
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.	266,579,905
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	8,958,972
Internal service funds are used by the County to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	13,073,280
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.	(87,668)
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	(11,280,000)
Notes payable	(4,967,242)
Capital leases	(1,181,337)
Compensated absences	(10,057,802)
Liability for landfill post-closure	(5,486,400)
Other long-term liabilities	<u>(140,012)</u>
Net assets of governmental activities	<u>\$ 434,079,357</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, 2005

	General	Road Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 69,390,498	\$ 20,670	\$ --	\$ 10,835,738	\$ 80,246,906
Licenses and permits	8,155,133	1,063,344	--	1,020,556	10,239,033
Intergovernmental revenue	46,283,454	9,894,279	--	45,752,960	101,930,693
Use of money or property	978,631	89,029	138,256	2,571,541	3,777,457
Charges for current services	16,361,059	2,949,548	74,311	45,571,090	64,956,008
Fines, forfeits and penalties	1,003,156	--	14,239	945,517	1,962,912
Other revenue	1,483,811	612,052	--	4,754,464	6,850,327
Total Revenues	143,655,742	14,628,922	226,806	111,451,866	269,963,336
Expenditures:					
Current:					
General government	26,910,640	--	64,453	444,681	27,419,774
Public protection	76,576,466	--	--	9,416,136	85,992,602
Public ways and facilities	--	34,707,882	--	605,170	35,313,052
Health and sanitation	2,031,280	--	--	43,027,333	45,058,613
Public assistance	30,084,312	--	--	9,171,713	39,256,025
Education	2,473,955	--	--	3,008	2,476,963
Recreation and cultural services	974,042	--	--	--	974,042
Capital outlay	659,226	1,046,044	--	7,635,370	9,340,640
Debt service:					
Principal	144,900	197,962	3,950,000	200,818	4,493,680
Interest and fiscal charges	212,960	47,959	709,473	15,277	985,669
Total Expenditures	140,067,781	35,999,847	4,723,926	70,519,506	251,311,060
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,587,961	(21,370,925)	(4,497,120)	40,932,360	18,652,276
Other Financing Sources (Uses):					
Issuance of capital leases	--	1,065,167	--	--	1,065,167
Transfers in	17,539,804	19,364,891	2,130,878	20,604,450	59,640,023
Transfers out	(14,377,389)	--	--	(45,533,422)	(59,910,811)
Total Other Financing Sources (Uses)	3,162,415	20,430,058	2,130,878	(24,928,972)	794,379
Net change in fund balances	6,750,376	(940,867)	(2,366,242)	16,003,388	19,446,655
Fund Balance - beginning	22,890,192	5,701,779	5,711,405	121,884,623	156,187,999
Prior period adjustments	(15,000)	--	--	(1,751,893)	(1,766,893)
Fund Balance - restated, beginning	22,875,192	5,701,779	5,711,405	120,132,730	154,421,106
Fund Balance, End of Fiscal Year	\$ 29,625,568	\$ 4,760,912	\$ 3,345,163	\$ 136,136,118	\$ 173,867,761

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, 2005

Net change to fund balance - total governmental funds		\$ 19,446,655
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>		
Capital outlays	32,564,956	
Depreciation	(15,837,918)	16,727,038
<p>Disposal of capital assets: proceeds from the sale of capital assets are a financial resource in governmental funds, but only the net gain or loss is presented in the statement of net assets.</p>		
		(2,394,599)
<p>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:</p>		
		1,820,696
<p>Proceeds from debt issuance are recognized as other financing sources in governmental funds, but are reported as increases to liabilities in the statement of net assets.</p>		
		(1,065,167)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		4,493,682
<p>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.</p>		
		1,574,335
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences		30,617
Change in accrued interest payable		(2,953)
Change in liability for postclosure landfill costs		735,502
Change in other long-term liabilities		(122,016)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenues (expense) of the internal service funds is reported with governmental activities.</p>		
		2,375,394
Change in net assets of governmental activities		\$ 43,619,184

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

COUNTY OF EL DORADO

Statement of Fund Net Assets
Proprietary Funds
June 30, 2005

	<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	\$ 23,605	\$ 208,388	\$ 231,993	\$ 27,734,399
Cash with fiscal agent	1,617	--	1,617	93,408
Accounts receivable - net	--	30,454	30,454	108,762
Due from other governments	1,023	292,186	293,209	--
Prepaid expense	--	--	--	503,299
Deposits	--	--	--	83,100
Inventory	--	37,852	37,852	52,621
Total Current Assets	<u>26,245</u>	<u>568,880</u>	<u>595,125</u>	<u>28,575,589</u>
Non-current Assets:				
Capital assets:				
Land	--	213,711	213,711	40,000
Construction in progress	--	309,192	309,192	--
Structures and improvements	--	4,200,946	4,200,946	659,905
Equipment	172,597	37,869	210,466	10,038,173
Accumulated depreciation	(82,263)	(3,075,423)	(3,157,686)	(5,023,051)
Total capital assets, net of accumulated depreciation	<u>90,334</u>	<u>1,686,295</u>	<u>1,776,629</u>	<u>5,715,027</u>
Restricted assets:				
Restricted cash	7,051	--	7,051	--
Total Non-current assets	<u>97,385</u>	<u>1,686,295</u>	<u>1,783,680</u>	<u>5,715,027</u>
Total Assets	<u>\$ 123,630</u>	<u>\$ 2,255,175</u>	<u>\$ 2,378,805</u>	<u>\$ 34,290,616</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	\$ 25,260	\$ 264,665	\$ 289,925	\$ 830,145
Salaries and benefits payable	--	8,605	8,605	65,594
Liability for self-insurance	--	--	--	20,234,869
Interest payable	--	1,915	1,915	--
Due to other funds	117	60,795	60,912	--
Notes payable, current portion	--	9,463	9,463	--
Total Current Liabilities	<u>25,377</u>	<u>345,443</u>	<u>370,820</u>	<u>21,130,608</u>
Long-Term Liabilities:				
Compensated absences-due beyond one year	--	25,611	25,611	86,728
Notes payable-non-current	--	45,861	45,861	--
Total Noncurrent Liabilities	<u>--</u>	<u>71,472</u>	<u>71,472</u>	<u>86,728</u>
Total Liabilities	<u>25,377</u>	<u>416,915</u>	<u>442,292</u>	<u>21,217,336</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	90,334	1,686,295	1,776,629	5,715,027
Restricted	7,051	--	7,051	2,240,021
Unrestricted	868	151,965	152,833	5,118,232
Total Net Assets	<u>98,253</u>	<u>1,838,260</u>	<u>1,936,513</u>	<u>13,073,280</u>
Total Liabilities and Net Assets	<u>\$ 123,630</u>	<u>\$ 2,255,175</u>	<u>\$ 2,378,805</u>	<u>\$ 34,290,616</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, 2005

	Business-Type Activities - Enterprise Funds			Governmental
	South Lake Tahoe Transit	County Airports	Total	Internal Service Funds
Operating Revenues:				
Fares	66,289	\$ --	\$ 66,289	\$ --
Service fees	--	539,587	539,587	30,767,854
Fuel sales	--	--	--	49,365
Total Operating Revenues	<u>66,289</u>	<u>539,587</u>	<u>605,876</u>	<u>30,817,219</u>
Operating Expenses:				
Salaries and benefits	--	166,240	166,240	910,937
Services and supplies	373,225	406,569	779,794	27,900,036
Depreciation	18,955	185,322	204,277	948,149
Total Operating Expenses	<u>392,180</u>	<u>758,131</u>	<u>1,150,311</u>	<u>29,759,122</u>
Operating Income (Loss)	<u>(325,891)</u>	<u>(218,544)</u>	<u>(544,435)</u>	<u>1,058,097</u>
Non-Operating Revenues (Expenses):				
Other governmental agencies	397,363	292,186	689,549	--
Interest income	256	4,318	4,574	401,905
Interest expense	--	(10,840)	(10,840)	--
Gain (loss) on sale of capital assets	--	--	--	16,312
Miscellaneous nonoperating revenue	--	--	--	720,828
Miscellaneous nonoperating expenses	--	(414)	(414)	--
Total Non-Operating Revenues (Expenses)	<u>397,619</u>	<u>285,250</u>	<u>682,869</u>	<u>1,139,045</u>
Income (Loss) Before Transfers	<u>71,728</u>	<u>66,706</u>	<u>138,434</u>	<u>2,197,142</u>
Transfers In (Out)				
Transfers in	--	92,536	92,536	182,707
Transfers out	--	--	--	(4,455)
Total Transfers In (Out)	<u>--</u>	<u>92,536</u>	<u>92,536</u>	<u>178,252</u>
Change in Net Assets	<u>71,728</u>	<u>159,242</u>	<u>230,970</u>	<u>2,375,394</u>
Net Assets - Beginning of Year	<u>26,525</u>	<u>1,679,018</u>	<u>1,705,543</u>	<u>10,697,886</u>
Net Assets - End of Year	<u>\$ 98,253</u>	<u>\$ 1,838,260</u>	<u>\$ 1,936,513</u>	<u>\$ 13,073,280</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, 2005

	<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	\$ 66,289	\$ 543,187	\$ 609,476	\$ 30,902,297
Cash receipts from internal fund services provided	--	--	--	(23,319,669)
Cash paid to suppliers for goods and services	(368,339)	(172,372)	(540,711)	--
Cash paid to employees for salaries and benefits	--	(164,352)	(164,352)	(916,766)
	<u>(302,050)</u>	<u>206,463</u>	<u>(95,587)</u>	<u>6,665,862</u>
Net cash provided (used) by operating activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Non-operating revenues	--	--	--	720,828
Non-operating expenses	--	(414)	(414)	--
Cash received from other governmental agencies	310,106	--	310,106	--
Cash received from other funds	117	91,032	91,149	178,252
	<u>310,223</u>	<u>90,618</u>	<u>400,841</u>	<u>899,080</u>
Net cash provided (used) by noncapital financing activities				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal repayments on debt	--	(25,076)	(25,076)	--
Grant revenues used to purchase capital assets	86,234	--	86,234	--
Proceeds from sale of capital assets	--	--	--	125,341
Interest paid on debt	--	(11,567)	(11,567)	--
Payments related to the acquisition of capital assets	(84,690)	(251,396)	(336,086)	(952,591)
	<u>1,544</u>	<u>(288,039)</u>	<u>(286,495)</u>	<u>(827,250)</u>
Net cash provided (used) by capital and related financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	256	4,318	4,574	401,905
Net cash provided by investing activities	<u>256</u>	<u>4,318</u>	<u>4,574</u>	<u>401,905</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>9,973</u>	<u>13,360</u>	<u>23,333</u>	<u>7,139,597</u>
Cash and cash equivalents, beginning of year	22,300	195,028	217,328	20,610,537
Cash with fiscal agent, previously excluded	--	--	--	77,673
Cash and cash equivalents, beginning of year, restated	<u>22,300</u>	<u>195,028</u>	<u>217,328</u>	<u>20,688,210</u>
Cash and cash equivalents, end of year	<u>\$ 32,273</u>	<u>\$ 208,388</u>	<u>\$ 240,661</u>	<u>\$ 27,827,807</u>

continued

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, 2005

	<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>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (325,891)	\$ (218,544)	\$ (544,435)	\$ 1,058,097
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	18,955	185,322	204,277	948,149
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	--	3,600	3,600	85,078
Inventory	--	(5,854)	(5,854)	6,067
Prepaid expenses	--	--	--	(159,172)
Increase (decrease) in:				
Accounts payable	4,886	240,051	244,937	418,603
Salaries payable	--	417	417	25,724
Liability for compensated absences	--	1,471	1,471	(31,553)
Liability for self-insurance	--	--	--	4,314,869
Net Cash Provided (Used) by Operating Activities	<u>\$ (302,050)</u>	<u>\$ 206,463</u>	<u>\$ (95,587)</u>	<u>\$ 6,665,862</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, 2005

	<u>Investment Trust</u>	<u>Agency Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 114,201,460	\$ 9,013,297	\$ 123,214,757
Taxes receivable	--	18,743,393	18,743,393
	<u>\$ 114,201,460</u>	<u>\$ 27,756,690</u>	<u>\$ 141,958,150</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 687,556	\$ 2,893,794	\$ 3,581,350
Salaries and benefits payable	943,050	--	943,050
Fiduciary liabilities	--	24,862,896	24,862,896
	<u>1,630,606</u>	<u>27,756,690</u>	<u>29,387,296</u>
<u>NET ASSETS</u>			
Net assets held in trust for investment pool participants	<u>112,570,854</u>	<u>--</u>	<u>112,570,854</u>
Total Net Assets	<u>112,570,854</u>	<u>--</u>	<u>112,570,854</u>
Total Liabilities and Net Assets	<u>\$ 114,201,460</u>	<u>\$ 27,756,690</u>	<u>\$ 141,958,150</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, 2005

	<u>Investment Trust</u>
Additions:	
Contributions to investment pool	\$ 900,964,046
Interest and investment income	<u>2,849,762</u>
Total additions	<u>903,813,808</u>
Deductions:	
Distributions from investment pool	<u>904,257,028</u>
Total deductions	<u>904,257,028</u>
Change in net assets	(443,220)
Net assets - beginning	<u>113,014,074</u>
Net assets - ending	<u><u>\$ 112,570,854</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, 2005

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, 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. For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon activities taken by the County's Board. Financial information on these component units may be obtained from the County Auditor/Controller's Office.

Blended Component Units: The following component units are blended into the County's financial statements because the governing board members are the same as the County Board of Supervisors.

- 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, 2005

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 following component units are discretely presented because the governing boards are different.

- 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, 2005

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, 2005

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 units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

When both restricted and unrestricted net assets are available, restricted resources are used just before the unrestricted resources are used.

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, 2005

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 major enterprise funds:

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

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

- Internal Service Funds – Fleet Management and Risk Management Authority are internal service funds used to account for the County's fleet maintenance provided to other departments and self-insurance programs including workers' compensation, employee benefits and personal injury and property damage 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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

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

Fund Financial Statements (continued)

- 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 sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year for which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

COUNTY OF EL DORADO

Notes to the Financial Statements For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

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

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

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents

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

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 credits.

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 consumed. Reported inventory is equally offset by a fund balance reservation that indicates that a portion of fund balance is not available for future appropriation.

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 and 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, 2005

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, capital assets are not reported in a specific governmental fund but, rather, are reported in the government-wide statement of net assets. Capital assets of governmental funds are depreciated or amortized (assets under capital leases) in the government-wide statements using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

Proprietary Funds – Capital assets are capitalized and depreciated using the straight-line method over the lesser of the capital lease period or their estimated useful lives; 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 2004/2005 net assessed valuation of the County was \$19,030,236,390.

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, 2005

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

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

Proprietary Funds – Vacation, sick leave and compensatory time-off are recorded as an expense and the 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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

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.

L. 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.

M. Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 40

At June 30, 2005, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*. The Statement modifies the custodial credit risk disclosures required by Statement No. 3, *Deposits with Financial Institutions, Investments (including Reverse Repurchase Agreements), and Reverse Repurchase Agreements* and addresses deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Accordingly, the cash and investments disclosure has been revised to conform to the provisions of GASB Statement No. 40.

Note 3: **Cash and Investments**

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, public trust, and yield. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2005, total County cash and investments were as follows:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Cash on hand	\$ 9,758,213	\$ 907,688	\$ 10,665,901
Certificates of Deposit	100,500,000	--	100,500,000
Investments	240,260,123	5,478,273	245,738,396
Less: outstanding warrants	(19,251,605)	--	(19,251,605)
Add: pending items	496,106	--	496,106
Totals	<u>331,762,837</u>	<u>6,385,961</u>	<u>338,148,798</u>
 Imprest Cash	 34,112	 --	 34,112
 Total Cash and Investments	 <u>\$ 331,796,949</u>	 <u>\$ 6,385,961</u>	 <u>\$ 338,182,910</u>

Total cash and investments at June 30, 2005 were presented in the County's Basic Financial Statements as follows:

Primary Government:	
Governmental activities	\$ 208,609,311
Business-type activities	240,661
Component Units:	
Children and Families Commission	3,622,620
El Dorado Transit	2,495,561
 Fiduciary Funds	 <u>123,214,757</u>
	 <u>\$ 338,182,910</u>

COUNTY OF EL DORADO

Notes to the Financial Statements For the Year Ended June 30, 2005

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

Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	N/A	0%	N/A
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Obligations	3 Years	None	5%
State of California Obligations	1 Year	None	None
Banker's Acceptances	180	40%	5%
Domestic Commercial Paper	31	15%	4%
Negotiable Certificates of Deposit	5 Years	30%	5%
Non-negotiable Certificates of Deposit	5 Years	None	None
Repurchase Agreements	1 Year	None	5%
Medium Term Notes	N/A	0%	N/A
Mutual Funds/Money Market Mutual Funds	N/A	0%	N/A
Demand Deposit Savings Accounts	5 Years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

At June 30, 2005, the County had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments in Investment Pool						
Treasury Securities - Coupon	1.50% - 5.75%	07/31/05 - 03/31/06	\$ 38,600,000	\$ 38,544,835	\$ 38,410,259	0.38
Treasury Securities - Discount	2.60% - 3.03%	07/07/05 - 10/06/05	103,000,000	101,821,763	102,232,673	0.15
Bankers Acceptance	2.80% - 2.99%	07/19/05 - 08/23/05	10,339,636	10,228,693	10,270,062	0.10
Commercial Paper - Discount	2.94% - 3.16%	07/01/05 - 07/18/05	29,300,000	29,225,967	29,226,167	0.03
Federal Agencies - Discount	2.84% - 3.14%	07/01/05 - 09/13/05	20,700,000	20,438,865	20,556,375	0.03
California Local Agency Investment Fund	1.67% - 2.85%	On Demand	40,000,000	40,000,000	40,000,000	0.45
Total investments in investment pool			<u>241,939,636</u>	<u>240,260,123</u>	<u>240,695,536</u>	
Portfolio weighted average maturity						
Investments Outside Investment Pool						
Primary Government:						
<i>Cash held with Fiscal Agents</i>						
Mutual funds	Variable	On Demand	909,900	909,900	909,900	--
Investment Contracts	Variable	On Demand	1,191,190	1,191,190	1,191,190	--
			<u>2,101,090</u>	<u>2,101,090</u>	<u>2,101,090</u>	
Component Units						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	1.67% - 2.85%	On Demand	1,849,184	1,849,184	1,849,184	0.45
Subtotal			<u>1,849,184</u>	<u>1,849,184</u>	<u>1,849,184</u>	
<i>First 5 El Dorado Children and Families Commission</i>						
El Dorado Community Foundation	Not Applicable	On Demand	1,527,999	1,527,999	1,527,999	--
Subtotal			<u>1,527,999</u>	<u>1,527,999</u>	<u>1,527,999</u>	
Total investments outside investment pool			<u>5,478,273</u>	<u>5,478,273</u>	<u>5,478,273</u>	
Total investments			<u>\$ 247,417,909</u>	<u>\$ 245,738,396</u>	<u>\$ 246,173,809</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

Investments (continued)

At June 30, 2005, the difference between the cost and fair value of cash and investments was not material (fair value was 100.18% of carrying value). Therefore, an adjustment to fair value was not required.

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2005.

	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Treasury Securities - Coupon	AAA	11.26%
Treasury Securities - Discount	AAA	29.96%
Bankers Acceptance	A-1+	3.01%
Commercial Paper - Discount	A-1+	6.64%
Commercial Paper - Discount	A-1	1.93%
Federal Agencies - Discount	A-1+	6.02%
Certificates of Deposit	A-1+	15.36%
Certificates of Deposit	A-1	7.47%
Certificates of Deposit	A+ ¹⁾	2.23%
Certificates of Deposit	A- ¹⁾	4.40%
California Local Agency Investment Fund	Unrated	11.72%
Total		<u>100.00%</u>

1) Standard & Poor's rating unavailable. Rating listed is Fitch.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

Concentration of Credit Risk

At June 30, 2005, the County had no investments in excess of the maximum percentage allowed per investment type or per issuer as set forth in State Code or the County's investment policy, where more restrictive.

Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

Local Agency Investment Fund

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

At June 30, 2005, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40,000,000, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$60,635,664,345. Of that amount, 97.6% was invested in non-derivative financial products and 2.4% in structured notes and asset-backed securities. Fair value is based on information provided by the State for the Local Agency Investment Fund.

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2005:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 331,796,949</u>
Equity of internal pool participants	\$ 217,595,489
Equity of external pool participants	<u>114,201,460</u>
Total Net Assets	<u>\$ 331,796,949</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

Statement of Changes in Net Assets

Net assets at July 1, 2004	\$ 298,369,252
Investment income	6,699,362
Investment expenses	(470,337)
Net contributions by pool participants	<u>27,198,672</u>
Net assets at June 30, 2005	<u>\$ 331,796,949</u>

Note 4: **Capital Assets**

Capital Assets activity for the year ended June 30, 2005 was as follows:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2005</u>
Governmental Activities					
Capital assets, not being depreciated					
Land and improvements	28,817,196	6,311,118	(305,414)	--	34,822,900
Construction in progress	<u>10,738,016</u>	<u>7,210,319</u>	<u>--</u>	<u>(10,162,040)</u>	<u>7,786,295</u>
Total capital assets not being depreciated	<u>39,555,212</u>	<u>13,521,437</u>	<u>(305,414)</u>	<u>(10,162,040)</u>	<u>42,609,195</u>
Capital assets, being depreciated					
Infrastructure	293,227,468	19,015,021	--	--	312,242,489
Structures and improvements	75,690,160	9,663,315	(1,930,753)	--	83,422,722
Equipment	<u>35,772,163</u>	<u>3,054,149</u>	<u>(2,089,002)</u>	<u>--</u>	<u>36,737,310</u>
Total capital assets being depreciated	<u>404,689,791</u>	<u>31,732,485</u>	<u>(4,019,755)</u>	<u>-</u>	<u>432,402,521</u>
Less accumulated depreciation for					
Infrastructure	(142,885,365)	(12,274,204)	--	--	(155,159,569)
Structures and improvements	(23,327,070)	(1,759,988)	154,460	--	(24,932,598)
Equipment	<u>(21,539,823)</u>	<u>(2,751,875)</u>	<u>1,667,081</u>	<u>--</u>	<u>(22,624,617)</u>
Total accumulated depreciation	<u>(187,752,258)</u>	<u>(16,786,067)</u>	<u>1,821,541</u>	<u>--</u>	<u>(202,716,784)</u>
Total capital assets being depreciated, net	<u>216,937,533</u>	<u>14,946,418</u>	<u>(2,198,214)</u>	<u>--</u>	<u>229,685,737</u>
Governmental activities capital assets, net	<u>\$ 256,492,745</u>	<u>\$ 28,467,855</u>	<u>\$ (2,503,628)</u>	<u>\$ (10,162,040)</u>	<u>\$ 272,294,932</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

	Balance July 1, 2004	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2005
Business Type Activities					
Capital assets, not being depreciated					
Land	\$ 213,711	\$ --	\$ --	\$ --	\$ 213,711
Construction in progress	59,591	249,601	--	--	309,192
Total capital assets not being depreciated	273,302	249,601	--	--	522,903
Capital assets, being depreciated					
Structures and improvements	4,200,946	-	--	--	4,200,946
Equipment	99,382	111,084	--	--	210,466
Total capital assets being depreciated	4,300,328	111,084	--	--	4,411,412
Less Accumulated depreciation for					
Structures and improvements	(2,863,047)	(181,056)	--	--	(3,044,103)
Equipment	(90,362)	(23,221)	--	--	(113,583)
Total accumulated depreciation	(2,953,409)	(204,277)	--	--	(3,157,686)
Total capital assets being depreciated, net	1,346,919	(93,193)	--	--	1,253,726
Business type activities capital assets, net	\$ 1,620,221	\$ 156,408	\$ --	\$ --	\$ 1,776,629

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 544,910
Public protection	1,680,775
Public ways and facilities	12,948,820
Health and sanitation	314,048
Public assistance	172,661
Education	141,775
Recreation and cultural services	34,929
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	948,149
Total	\$ 16,786,067

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

South Lake Tahoe Transit	\$ 18,955
County Airports	185,322
Total	\$ 204,277

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

Note 5: **Long-Term Debt**

Long-term liabilities at June 30, 2005 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, 2005</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	\$ <u>11,280,000</u> <u>11,280,000</u>
Notes Payable:						
California Energy Commission	1998	2009	5.90%	\$3,325-\$23,111	224,032	167,343
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>4,967,243</u>
Capital Leases:						
Banc of America (road equipment)	2005	2012	4.28%	\$133,719-\$171,943	1,065,167	931,448
SunTrust (snowblower)	2003	2009	3.25%	\$59,508-\$65,500	430,973	<u>249,888</u> <u>1,181,336</u>
Total Governmental Activities						\$ <u>17,428,579</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	\$ 17,519
Loan #ED-1-86-L-2	1986	2012	6.94%	\$1,577	39,426	11,039
Loan #ED-5-86-L-1	1986	2012	6.94%	\$1,060	26,503	7,421
Loan #ED-1-87-L-3	1987	2012	6.94%	\$930	23,251	7,440
Loan #ED-5-88-L-2	1988	2009	7.04%	\$2,976	59,527	<u>11,905</u> <u>\$ 55,324</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, 2005

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

The following is a summary of long-term liabilities transactions for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	Adjustments	Balance June 30, 2005	Amounts Due Within One Year
Governmental Activities						
Lease revenue bonds	\$ 12,875,000	\$ --	\$ 1,595,000	\$ --	\$ 11,280,000	\$ 1,660,000
Improvement bonds	2,355,000	--	2,355,000	--	--	--
Notes payable:						
California Energy Commission	203,444	--	36,101	--	167,343	38,263
California Housing Financing Agency	1,800,000	--	--	--	1,800,000	--
HUD Home Program	2,999,900	--	--	--	2,999,900	--
Compensated absences	10,206,700	--	62,170	--	10,144,530	971,759
Capital lease obligation	623,750	1,065,167	507,581	--	1,181,336	198,950
	<u>\$ 31,063,794</u>	<u>\$ 1,065,167</u>	<u>\$ 4,555,852</u>	<u>\$ --</u>	<u>\$ 27,573,109</u>	<u>\$ 2,868,972</u>
Business-Type Activities						
Compensated absences	\$ 24,140	\$ 1,471	\$ --	\$ --	\$ 25,611	\$ --
Notes payable	83,040	--	27,716	--	55,324	9,463
	<u>\$ 107,180</u>	<u>\$ 1,471</u>	<u>\$ 27,716</u>	<u>\$ --</u>	<u>\$ 80,935</u>	<u>\$ 9,463</u>

As of June 30, 2005, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental activities			
	Notes Payables		Bonds Payables	
	Principal	Interest	Principal	Interest
2006	\$ 38,263	\$ 58,369	\$ 1,660,000	\$ 485,460
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	--	54,000	4,180,000	99,275
2011-2013	1,800,000	108,000	--	--
	<u>\$ 1,967,343</u>	<u>\$ 388,251</u>	<u>\$ 11,280,000</u>	<u>\$ 1,566,500</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

As of June 30, 2005, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities	
	Notes Payables	
	Principal	Interest
2006	\$ 9,463	\$ 4,018
2007	9,463	3,320
2008	9,463	2,622
2009	9,463	1,924
2010	6,487	1,290
2011-2014	10,985	1,112
	<u>\$ 55,324</u>	<u>\$ 14,286</u>

Special Assessment Debt

The total matured and unmatured bonds outstanding related to special assessment debt was \$117,999 at June 30, 2005. 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; accordingly, the debt is not reflected in the accompanying basic financial statements. Cash held on deposit of \$8,223 is reported in the Agency fund.

Note 6: **Leases**

Operating Lease Obligations

The County leases various office space and buildings subject to various agreements. Annual rent expenditures were approximately \$3 million for the year ended June 30, 2005. The County also leases various properties to business and other governmental agencies. Annual operating lease revenues from such rentals were approximately \$163,170 for the year ended June 30, 2005.

Future minimum operating lease commitments are as follows:

<u>Year Ending June 30,</u>	
2006	\$ 2,445,920
2007	1,967,145
2008	1,390,026
2009	1,026,226
2010	620,090
2011	37,507
	<u>\$ 7,486,914</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

Note 6: **Leases** (continued)

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 \$574,941 for which \$67,360 represented interest cost.

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

Year Ending June 30:		
2006	\$	246,937
2007		246,937
2008		246,937
2009		246,937
2010		179,308
2011		179,308
Total minimum lease payments		1,346,364
Less amount representing interest		(165,027)
Total	\$	1,181,337

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

	Governmental Activities
Road equipment	\$ 1,458,301
Less: accumulated depreciation	(112,230)
Net Value	\$ 1,346,071

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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 \$1,578,030 reported at June 30, 2005, 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 \$5,486,400 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, 2005, investments of \$3,223,950 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 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.

COUNTY OF EL DORADO

Notes to the Financial Statements For the Year Ended June 30, 2005

Note 8: **Interfund Transactions**

The composition of interfund balances as of June 30, 2005 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Enterprise Fund - County Airports	\$ 60,795	Advance for fuel tank replacement
	Other Governmental Funds	200,000	Advance for Housing Authority cash flow
	Other Governmental Funds	82,530	Cash float
	Other Governmental Funds	12,038	Advance for Auto Fraud program
	Other Governmental Funds	122,644	Funding to provide juvenile services in the community
	Other Governmental Funds	148,782	Grant funding for building code enforcement program
	Other Governmental Funds	517,436	Realignment funds for Social Services
	Other Governmental Funds	105,354	Excess Vehicle License Fees due back to General Fund
	Other Governmental Funds	98,484	Excess Vehicle License Fees due back to General Fund
	Other Governmental Funds	<u>130,126</u>	Federal incentive funds due
		<u>1,478,189</u>	
Road Fund	General Fund	9,131	CSUS National Pollution Discharge Elimination System fees
	Other Governmental Funds	23,008	Road improvements White Rock Road
	Other Governmental Funds	109,138	Road improvements Latrobe Road
	Other Governmental Funds	18,191	Road improvements Missouri Flat interchange
	Other Governmental Funds	57,018	Road improvements US 50-HOV lanes
	Other Governmental Funds	<u>27,110</u>	Road improvements Cameron Park Meder
		<u>243,596</u>	
Other Governmental Funds	Other Governmental Funds	8,119	Excess contribution due back to Community Services
	Other Governmental Funds	2,742	Senior Daycare
	General Fund	71,123	General fund match for Health Realignment funds
	Other Governmental Funds	214,783	Realignment funds for Health programs
	Other Governmental Funds	66,126	2nd Quarter MAA
	General Fund	71,111	Code enforcement grant funds from Building Department
	Enterprise Fund - SLT Transit	117	DMV grant due
	Road Fund	24	Road improvements billing refund
	General Fund	83,806	Realignment match
	General Fund	18,960	Realignment match
	General Fund	5,932	Double payment of asset seizure funds from SLEDNET
	General Fund	76,659	Code enforcement grant revenues recorded twice
			<u>619,502</u>
	Total Due From/To	<u>\$ 2,341,287</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

Advances From/To Other Funds:

<u>Advanced from</u>	<u>Advanced to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue Fund - IHHS Public Authority	\$ 10,000	Fund contribution
Other Governmental Funds	Special Revenue Fund - RIF El Dorado Hills Salmon Falls	<u>1,860,699</u>	Fund advance for road improvements
	Total	<u>\$ 1,870,699</u>	

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:**

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 66,490	Animal Control Operating
	Other Governmental Funds	704,307	Computer Equipment Purchase
	Other Governmental Funds	1,974	Education Operating
	Other Governmental Funds	769,761	Engineer Time and Material
	Other Governmental Funds	294,384	Equipment Purchase
	Other Governmental Funds	779,008	General Government Operating
	Other Governmental Funds	12,000	Gillis Range Project
	Other Governmental Funds	1,162,081	Library Operating
	Other Governmental Funds	4,455	Local Law Enforcement Block Grant County Match
	Other Governmental Funds	704,192	Medical Services Operating
	Other Governmental Funds	2,796,813	Public Protection Operating
	Other Governmental Funds	25,176	Public Ways and Facilities Operating
	Other Governmental Funds	44,093	Revenue to Library Operating
	Other Governmental Funds	113,591	River Management Operating
	Other Governmental Funds	4,139,617	Sales Tax Realignment and Vehicle License Fees to Social Services Operating
	Other Governmental Funds	226,296	Sales Tax Realignment to Animal Control Operating
	Other Governmental Funds	229,513	Sales Tax Realignment to Environmental Health Operating
	Other Governmental Funds	156,756	Sales Tax Realignment to Probation Juvenile Supervision Operating
	Other Governmental Funds	283,154	Sales Tax Realignment to Social Services Administration Operating
	Other Governmental Funds	95,832	South Lake Tahoe Juvenile Hall Grant Funding Transition Costs
Other Governmental Funds	4,618,260	State and Federal funding for Casework Staff	
Other Governmental Funds	<u>312,051</u>	Timber Tax to Sheriff's Office Search and Rescue Operating	
		<u>\$ 17,539,804</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements For the Year Ended June 30, 2005

Note 8: Interfund Transactions (continued)

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

Transfer to	Transfer from	Amount	Purpose
Road Fund	General Fund	\$ 66,822	Moter Vehicle License Fees (MVLFF)
	General Fund	1,750,000	General Fund Contribution In Lieu of MVLFF Measure H
	Other Governmental Funds	16,650	Road Fund Operating
	Other Governmental Funds	31,350	RCD Contract Payments
	Other Governmental Funds	3,088,909	Public Ways and Facilities Operating
	Other Governmental Funds	14,411,160	Transfer fees for improvements
		<u>19,364,891</u>	
Debt Service Fund	General Fund	1,810,878	General fund contribution
	Other Governmental Funds	320,000	Transfer from bond reserve to bond authority
		<u>2,130,878</u>	
Enterprise Fund - Airports	General Fund	72,536	General fund contribution to Airport operations
	Other Governmental Funds	20,000	Special Aviation fund contribution to Airport operations
		<u>92,536</u>	
Internal Service Funds	General Fund	1,500	Veterans Building Insurance
	Other Governmental Funds	3,841	Local Law Enforcement Grant
	General Fund	177,366	General Fund Contribution
		<u>182,707</u>	
Other Governmental Funds	General Fund	542,663	Contribution to Parks and Recreation Projects
	General Fund	72,520	Contribution to Animal Control Project
	General Fund	13,153	Contribution to Veteran's Building Project
	Other Governmental Funds	1,305,138	Project Management
	Other Governmental Funds	13,033	Reimbursement for Cameron Park flat roof
	Other Governmental Funds	204,446	Reimburse for project management
	Other Governmental Funds	4,900	Transfer Fees
	Other Governmental Funds	183,200	Riembursement of costs
	General Fund	4,075,998	General Fund Match and Contributions
	Other Governmental Funds	4,223,976	Realignment and Vehicle License Fees (VLF) to operating
	Other Governmental Funds	154,591	Realignment and County Match to operating
	Other Governmental Funds	393,224	Transfer to operating
	Other Governmental Funds	1,066,908	Realignment
	General Fund	12,098	General Fund Match and Contributions
	Other Governmental Funds	2,487,212	Realignment and VLF to operating
	General Fund	171,383	General Fund Contribution - Wraparound
	Other Governmental Funds	5,852	Transfer grant funding to operating
	General Fund	218,790	General Fund Contribution
	Other Governmental Funds	49,927	Transfer Community Enhancement Fund contribution library remodel
	Other Governmental Funds	13,757	Tahoe Regional Planning Agency fees miscoded as transfer in
General Fund	4,300,467	County Match and Vehicles License Fee Allocation	
General Fund	1,091,214	County Match	
		<u>20,604,450</u>	
		<u>\$ 59,915,266</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street in Sacramento.

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County makes the contributions required of its employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 10.071% for non-safety employees and 28.965% for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2004-2005, the County's annual pension cost of \$11,920,827 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial. Assumptions included 8.25% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members and 4.27% to 11.59% depending on age, service and type of employment for safety members. An inflation component of 3.5% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/03	\$ 534	100%	\$ --
06/30/04	5,076	100%	--
06/30/05	11,921	100%	--

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

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 \$837,290. There are currently 222 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, 2005. 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, \$1,000,000 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 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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

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 \$20,234,869 reported in the Risk Management Fund at June 30, 2005 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, 2005 and 2004 were as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$ 15,920,000	\$ 15,502,000
Plus estimated claims incurred	27,218,340	24,632,172
Less claims payments	<u>(22,303,471)</u>	<u>(24,214,172)</u>
Unpaid claims, end of year	<u>\$ 20,234,869</u>	<u>\$ 15,920,000</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.

Pending Litigation

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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.
- *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.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

Note 12: Net Assets/Fund Balances (continued)

A. **Fund Balances** (continued)

- *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.

B. **Prior Period Adjustments**

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

Fund Reclassifications

An adjustment of (\$1,751,893) was made to the fund balance of the Other Governmental Funds and the net assets of governmental funds to reclassify certain trust funds, including the Tax Loss Reserve fund, from a governmental type fund to a fiduciary agency type fund.

Other Corrections

An adjustment of (\$15,000) to the fund balance of the general fund and the net assets of the governmental funds was made to correct the prior year balance of due to other funds.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

Note 12: Net Assets/Fund Balances (continued)

B. Prior Period Adjustments (continued)

Other Corrections (continued)

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

	Governmental Activities		
	Fund Financial Statements	Other Governmental Funds	Government-Wide Statement of Activities Total Governmental Activities
	General Fund	Other Governmental Funds	Total Governmental Activities
Fund balances/net assets, June 30, 2004, as previously reported	\$ 22,890,192	\$ 121,884,623	\$ 392,227,066
Restatements			
Overstatement of prior year due to other funds	(15,000)	--	(15,000)
Reclassification of trust funds	--	(1,751,893)	(1,751,893)
Total restatements	<u>(15,000)</u>	<u>(1,751,893)</u>	<u>(1,766,893)</u>
Fund balances/net assets, June 30, 2004, as restated	<u>\$ 22,875,192</u>	<u>\$ 120,132,730</u>	<u>\$ 390,460,173</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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, 2005, is as follows:

Component Units Statement of Net Assets
June 30, 2005

	Children and Families Commission	El Dorado Transit Authority	Total
Assets:			
Current and other assets	\$ 4,014,548	\$ 3,191,534	\$ 7,206,082
Capital assets	8,825	3,288,641	3,297,466
Restricted cash	--	249,686	249,686
	<u>\$ 4,023,373</u>	<u>\$ 6,729,861</u>	<u>\$ 10,753,234</u>
Total Assets			
Liabilities:			
Current liabilities	\$ 95,241	\$ 360,495	\$ 455,736
Long-term liabilities	--	392,688	392,688
	<u>95,241</u>	<u>753,183</u>	<u>848,424</u>
Total Liabilities			
Net Assets:			
Invested in capital assets, net of related debt	8,825	3,257,405	3,266,230
Restricted net assets	128,185	--	128,185
Unrestricted	3,791,122	2,719,273	6,510,395
	<u>3,928,132</u>	<u>5,976,678</u>	<u>9,904,810</u>
Total Net Assets			
Total Liabilities and Net Assets	<u>\$ 4,023,373</u>	<u>\$ 6,729,861</u>	<u>\$ 10,753,234</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

Component Units Statement of Activities
For the Year Ended June 30, 2005

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for services	\$ --	\$ 1,033,716	\$ 1,033,716
Operating grants and Contributions	2,996,553	2,741,574	5,738,127
Capital grants and Contributions	--	504,629	504,629
General Revenues:			
Use of money	62,536	46,592	109,128
Other revenues	--	40,361	40,361
	<u>3,059,089</u>	<u>4,366,872</u>	<u>7,425,961</u>
Total Revenues			
Expenses:			
Health and sanitation	2,082,038	--	2,082,038
Public ways and facilities	--	4,283,330	4,283,330
	<u>2,082,038</u>	<u>4,283,330</u>	<u>6,365,368</u>
Total Expenses			
Change in net assets	977,051	83,542	1,060,593
Net Assets, July 1, 2004	<u>2,951,081</u>	<u>5,893,136</u>	<u>8,844,217</u>
Net Assets, June 30, 2005	<u>\$ 3,928,132</u>	<u>\$ 5,976,678</u>	<u>\$ 9,904,810</u>

Note 14: **Tax and Revenue Anticipation Note**

On July 1, 2004, the County issued a Tax and Revenue Anticipation Note (TRAN) in the amount of \$10,000,000 with a stated interest rate of 3%. Note proceeds included the principal amount of \$10,000,000 and a premium of \$138,400 to render an effective rate of 1.59%. The \$10,000,000 TRAN plus accrued interest of \$299,167 was paid on June 25, 2005.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2005

Note 14: **Tax and Revenue Anticipation Note** (continued)

On July 1, 2005, the County issued a TRAN in the amount of \$10,000,000 with a stated interest rate of 4%. Note proceeds included the principal amount of \$10,000,000 and a premium of \$132,100, rendering an effective interest rate of 2.64%.

Note 15: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Three of the new standards, 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.

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, 2005

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>
6/30/02	\$ 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%
6/30/04	275,006,624	237,113,231	37,893,393	86.2%	63,809,446	59.4%

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>
6/30/02	\$ 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%
6/30/04	123,572,942	97,406,693	26,166,249	78.8%	17,545,980	149.1%

COUNTY OF EL DORADO

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 13,888,528	\$ 13,789,979	\$ 13,789,979	\$ --
Resources (inflows):				
Taxes	55,199,107	66,791,107	69,390,498	2,599,391
Licenses, permits and franchises	7,986,882	7,990,968	8,155,133	164,165
Fines, forfeits and penalties	1,375,211	1,099,400	1,003,156	(96,244)
Use of money or property	537,760	527,760	978,631	450,871
Intergovernmental revenue - State	48,871,266	31,389,540	29,585,337	(1,804,203)
Intergovernmental revenue - Federal	13,569,945	15,744,019	15,925,321	181,302
Revenue other governmental agencies	478,501	515,689	772,796	257,107
Charges for services	16,936,307	16,944,257	16,361,059	(583,198)
Miscellaneous revenue	1,257,561	1,271,705	1,483,811	212,106
Other financing sources	13,138,924	20,634,245	17,539,804	(3,094,441)
	<u>159,351,464</u>	<u>162,908,690</u>	<u>161,195,546</u>	<u>(1,713,144)</u>
Amounts available for appropriation	<u>173,239,992</u>	<u>176,698,669</u>	<u>174,985,525</u>	<u>(1,713,144)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and employee benefits	977,799	998,339	988,807	9,532
Services and supplies	83,104	89,202	75,742	13,460
Other charges	--	--	50	(50)
Capital assets	18,469	19,831	18,851	980
Intrafund transfers	55,189	55,189	51,524	3,665
	<u>1,134,561</u>	<u>1,162,561</u>	<u>1,134,974</u>	<u>27,587</u>
County of Administrative Office				
Salaries and employee benefits	856,164	856,164	886,794	(30,630)
Services and supplies	274,776	236,235	185,070	51,165
Intrafund transfers	(36,801)	(36,801)	(7,042)	(29,759)
	<u>1,094,139</u>	<u>1,055,598</u>	<u>1,064,822</u>	<u>(9,224)</u>
Annual Audit				
Services and supplies	102,000	102,000	65,030	36,970
	<u>102,000</u>	<u>102,000</u>	<u>65,030</u>	<u>36,970</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller				
Salaries and employee benefits	\$ 1,770,764	\$ 1,770,764	\$ 1,704,068	\$ 66,696
Services and supplies	90,016	120,245	93,519	26,726
Other charges	--	--	250	(250)
Capital assets	--	10,983	3,513	7,470
Intrafund transfers	266,844	266,844	284,399	(17,555)
	<u>2,127,624</u>	<u>2,168,836</u>	<u>2,085,749</u>	<u>83,087</u>
Treasurer/Tax Collector				
Salaries and employee benefits	1,567,745	1,581,745	1,480,745	101,000
Services and supplies	494,212	474,914	405,033	69,881
Other charges	350	1,000	1,000	--
Capital assets	100,000	2,341	--	2,341
Other financing uses	3,500	3,500	3,561	(61)
Intrafund transfers	433,736	433,736	337,361	96,375
	<u>2,599,543</u>	<u>2,497,236</u>	<u>2,227,700</u>	<u>269,536</u>
Assessor				
Salaries and employee benefits	3,044,652	3,044,652	3,037,439	7,213
Services and supplies	176,104	176,208	147,588	28,620
Other charges	300	300	665	(365)
Other financing uses	7,000	7,000	--	7,000
Intrafund transfers	455,661	455,661	427,172	28,489
	<u>3,683,717</u>	<u>3,683,821</u>	<u>3,612,864</u>	<u>70,957</u>
Purchasing				
Salaries and employee benefits	421,540	421,540	303,052	118,488
Services and supplies	31,102	31,553	26,946	4,607
Other charges	--	--	50	(50)
Intrafund transfers	33,001	33,001	36,303	(3,302)
	<u>485,643</u>	<u>486,094</u>	<u>366,351</u>	<u>119,743</u>
County Counsel				
Salaries and employee benefits	1,705,842	1,705,842	1,536,326	169,516
Services and supplies	797,633	1,117,152	1,084,569	32,583
Other charges	100	100	290	(190)
Capital assets	--	2,500	2,228	272
Intrafund transfers	47,074	47,074	8,807	38,267
	<u>2,550,649</u>	<u>2,872,668</u>	<u>2,632,220</u>	<u>240,448</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Human Resources				
Salaries and employee benefits	\$ 757,771	\$ 757,771	\$ 711,089	\$ 46,682
Services and supplies	354,070	358,382	266,938	91,444
Other charges	--	--	300	(300)
Intrafund transfers	(76,264)	(76,264)	(29,289)	(46,975)
	<u>1,035,577</u>	<u>1,039,889</u>	<u>949,038</u>	<u>90,851</u>
Recorder - Elections				
Salaries and employee benefits	518,496	486,448	482,244	4,204
Services and supplies	596,507	666,706	655,200	11,506
Other charges	200	566	566	--
Capital assets	--	6,934	5,198	1,736
Intrafund transfers	27,347	61,896	58,798	3,098
	<u>1,142,550</u>	<u>1,222,550</u>	<u>1,202,006</u>	<u>20,544</u>
Communications				
Salaries and employee benefits	530,392	465,392	435,257	30,135
Services and supplies	659,646	657,986	632,415	25,571
Other charges	--	--	87	(87)
Capital assets	14,800	14,960	14,943	17
Intrafund transfers	(452,003)	(452,003)	(531,901)	79,898
	<u>752,835</u>	<u>686,335</u>	<u>550,801</u>	<u>135,534</u>
Mail and Courier				
Salaries and employee benefits	81,012	81,012	74,118	6,894
Services and supplies	22,130	22,130	24,754	(2,624)
Intrafund transfers	(77,575)	(77,575)	(76,739)	(836)
	<u>25,567</u>	<u>25,567</u>	<u>22,133</u>	<u>3,434</u>
Buildings and Grounds				
Salaries and employee benefits	2,165,115	2,165,115	2,014,541	150,574
Services and supplies	1,263,664	1,261,628	1,220,340	41,288
Other charges	102,699	102,699	113,623	(10,924)
Capital assets	17,000	17,000	5,199	11,801
Other financing uses	1,000	1,000	--	1,000
Intrafund transfers	(134,896)	(134,896)	(64,229)	(70,667)
	<u>3,414,582</u>	<u>3,412,546</u>	<u>3,289,474</u>	<u>123,072</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Property Management				
Salaries and employee benefits	\$ 57,757	\$ 57,757	\$ 67,574	\$ (9,817)
Services and supplies	58,350	54,332	12,500	41,832
Other charges	269	269	1,367	(1,098)
Capital assets	--	593	--	593
Intrafund transfers	5,417	5,417	11,120	(5,703)
	<u>121,793</u>	<u>118,368</u>	<u>92,561</u>	<u>25,807</u>
County Promotion				
Services and supplies	430,000	302,004	204,338	97,666
Intrafund transfers	130,000	70,000	36,769	33,231
	<u>560,000</u>	<u>372,004</u>	<u>241,107</u>	<u>130,897</u>
Information Technologies				
Salaries and employee benefits	3,270,472	3,247,472	3,359,491	(112,019)
Services and supplies	1,541,694	1,643,386	1,456,741	186,645
Other charges	113,000	113,308	112,990	318
Capital assets	92,500	80,500	65,105	15,395
Intrafund transfers	(2,844,300)	(2,844,300)	(2,897,135)	52,835
	<u>2,173,366</u>	<u>2,240,366</u>	<u>2,097,192</u>	<u>143,174</u>
Surveyor				
Salaries and employee benefits	1,152,777	1,298,653	1,254,649	44,004
Services and supplies	96,637	96,497	68,861	27,636
Other charges	--	--	137	(137)
Capital assets	52,000	33,170	8,929	24,241
Intrafund transfers	(27,793)	(173,669)	(114,445)	(59,224)
	<u>1,273,621</u>	<u>1,254,651</u>	<u>1,218,131</u>	<u>36,520</u>
General Services Administration				
Salaries and employee benefits	518,993	518,993	518,781	212
Services and supplies	46,093	41,147	27,746	13,401
Other charges	10,000	15,000	15,050	(50)
Intrafund transfers	3,362	3,362	(905)	4,267
	<u>578,448</u>	<u>578,502</u>	<u>560,672</u>	<u>17,830</u>
Employee Benefits				
Salaries and employee benefits	1,551,054	1,056,644	--	1,056,644
	<u>1,551,054</u>	<u>1,056,644</u>	<u>--</u>	<u>1,056,644</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Engineer				
Services and supplies	\$ 617,000	\$ 617,000	\$ 268,437	\$ 348,563
Other charges	3,019,043	3,019,043	2,325,983	693,060
Intrafund transfers	10,000	10,000	28,702	(18,702)
	<u>3,646,043</u>	<u>3,646,043</u>	<u>2,623,122</u>	<u>1,022,921</u>
Tax Revenue Anticipation Notes				
Other Charges	197,354	197,354	197,354	--
	<u>197,354</u>	<u>197,354</u>	<u>197,354</u>	<u>--</u>
Contribution to Other Funds				
Services and supplies	866,651	909,568	7,572	901,996
Other charges	105,001	105,262	105,262	--
Other financing uses	15,470,357	16,932,985	13,641,907	3,291,078
	<u>16,442,009</u>	<u>17,947,815</u>	<u>13,754,741</u>	<u>4,193,074</u>
Contribution to Other Agencies				
Services and supplies	162,400	162,400	159,400	3,000
Other charges	1,030,732	1,030,732	1,030,732	--
	<u>1,193,132</u>	<u>1,193,132</u>	<u>1,190,132</u>	<u>3,000</u>
Contribution to Airports				
Other financing uses	100,397	100,397	72,536	27,861
	<u>100,397</u>	<u>100,397</u>	<u>72,536</u>	<u>27,861</u>
Other General				
Other financing uses	195,000	460,562	439,700	20,862
Intrafund transfers	--	(363,504)	(363,504)	--
	<u>195,000</u>	<u>97,058</u>	<u>76,196</u>	<u>20,862</u>
Central Services				
Salaries and employee benefits	316,879	316,879	320,217	(3,338)
Services and supplies	215,560	216,285	153,849	62,436
Capital assets	2,800	6,125	4,294	1,831
Intrafund transfers	(300,352)	(300,352)	(250,801)	(49,551)
	<u>234,887</u>	<u>238,937</u>	<u>227,559</u>	<u>11,378</u>
General Government	<u>48,416,091</u>	<u>49,456,972</u>	<u>41,554,465</u>	<u>7,902,507</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<u>Public Protection</u>				
Superior Court MOE				
Services and supplies	\$ 946,200	\$ 946,191	\$ 1,132,336	\$ (186,145)
Other charges	1,445,851	1,445,851	1,647,875	(202,024)
	<u>2,392,051</u>	<u>2,392,042</u>	<u>2,780,211</u>	<u>(388,169)</u>
Grand Jury				
Salaries and employee benefits	68,203	55,203	54,483	720
Intrafund transfers	9,327	9,327	8,280	1,047
	<u>77,530</u>	<u>64,530</u>	<u>62,763</u>	<u>1,767</u>
District Attorney				
Salaries and employee benefits	4,603,886	4,709,432	4,420,899	288,533
Services and supplies	634,055	806,964	738,943	68,021
Other charges	--	--	359	(359)
Capital assets	5,000	17,000	11,390	5,610
Intrafund transfers	96,956	96,956	107,913	(10,957)
	<u>5,339,897</u>	<u>5,630,352</u>	<u>5,279,504</u>	<u>350,848</u>
Child Support Services				
Salaries and employee benefits	3,640,622	3,605,622	3,273,836	331,786
Services and supplies	799,985	848,817	755,131	93,686
Other charges	--	--	977	(977)
Other financing uses	7,000	7,000	--	7,000
Intrafund transfers	286,830	650,334	643,687	6,647
	<u>4,734,437</u>	<u>5,111,773</u>	<u>4,673,631</u>	<u>438,142</u>
Public Defender				
Salaries and employee benefits	1,624,357	1,654,123	1,584,796	69,327
Services and supplies	266,735	258,334	207,948	50,386
Other charges	--	--	175	(175)
Capital assets	3,000	3,000	--	3,000
Intrafund transfers	37,000	37,000	33,533	3,467
	<u>1,931,092</u>	<u>1,952,457</u>	<u>1,826,452</u>	<u>126,005</u>
Sheriff-Bailiff				
Salaries and employee benefits	3,199,483	3,266,411	2,744,224	522,187
Services and supplies	170,994	170,994	118,694	52,300
Other charges	--	--	12	(12)
Intrafund transfers	1,760	1,760	2,163	(403)
	<u>3,372,237</u>	<u>3,439,165</u>	<u>2,865,093</u>	<u>574,072</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Sheriff				
Salaries and employee benefits	\$ 19,119,466	\$ 20,096,305	\$ 19,597,530	\$ 498,775
Services and supplies	3,026,495	3,245,763	3,059,784	185,979
Other charges	9,100	9,700	21,306	(11,606)
Capital assets	382,401	369,031	239,126	129,905
Other financing uses	50,000	100,000	99,415	585
Intrafund transfers	260,153	260,153	262,715	(2,562)
	<u>22,847,615</u>	<u>24,080,952</u>	<u>23,279,876</u>	<u>801,076</u>
Central Dispatch				
Salaries and employee benefits	2,071,388	2,102,498	1,766,219	336,279
Services and supplies	72,823	74,125	56,227	17,898
Intrafund transfers	31,796	31,796	31,054	742
	<u>2,176,007</u>	<u>2,208,419</u>	<u>1,853,500</u>	<u>354,919</u>
Jail				
Salaries and employee benefits	9,873,639	9,679,184	9,465,084	214,100
Services and supplies	1,478,698	1,496,093	1,536,942	(40,849)
Other charges	1,426,644	1,426,644	1,385,902	40,742
Capital assets	14,000	19,057	12,933	6,124
Intrafund transfers	149,326	160,926	134,402	26,524
	<u>12,942,307</u>	<u>12,781,904</u>	<u>12,535,263</u>	<u>246,641</u>
Juvenile Hall				
Salaries and employee benefits	3,836,338	3,836,338	2,845,757	990,581
Services and supplies	718,662	763,555	513,614	249,941
Other charges	937,776	937,776	315,571	622,205
Capital assets	25,000	55,434	22,626	32,808
Intrafund transfers	104,019	104,019	72,344	31,675
	<u>5,621,795</u>	<u>5,697,122</u>	<u>3,769,912</u>	<u>1,927,210</u>
Probation Department				
Salaries and employee benefits	4,751,099	4,880,523	3,957,791	922,732
Services and supplies	514,520	544,750	508,655	36,095
Other charges	12,819	12,819	933	11,886
Capital assets	25,000	29,384	8,256	21,128
Intrafund transfers	335,525	335,525	292,214	43,311
	<u>5,638,963</u>	<u>5,803,001</u>	<u>4,767,849</u>	<u>1,035,152</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Agricultural Commission				
Salaries and employee benefits	\$ 993,163	\$ 953,410	\$ 939,079	\$ 14,331
Services and supplies	184,474	219,224	153,739	65,485
Other charges	--	--	2,744	(2,744)
Capital assets	--	47,246	37,803	9,443
Other financing uses	10,000	10,000	5,325	4,675
Intrafund transfers	(23,654)	76,099	34,617	41,482
	<u>1,163,983</u>	<u>1,305,979</u>	<u>1,173,307</u>	<u>132,672</u>
Building Inspector				
Salaries and employee benefits	5,352,040	5,352,040	4,541,797	810,243
Services and supplies	712,218	705,553	552,784	152,769
Other charges	117,113	117,113	73,171	43,942
Capital assets	71,016	20,505	20,139	366
Other financing uses	50,000	50,000	14,093	35,907
Intrafund transfers	324,972	314,002	313,311	691
	<u>6,627,359</u>	<u>6,559,213</u>	<u>5,515,295</u>	<u>1,043,918</u>
Coroner				
Salaries and employee benefits	401,671	407,992	377,030	30,962
Services and supplies	188,141	186,141	180,002	6,139
Intrafund transfers	1,065	1,065	1,126	(61)
	<u>590,877</u>	<u>595,198</u>	<u>558,158</u>	<u>37,040</u>
Emergency Services				
Salaries and employee benefits	377,045	438,319	369,005	69,314
Services and supplies	166,771	535,590	288,804	246,786
Other charges	--	--	173	(173)
Capital assets	655,492	341,432	146,303	195,129
Intrafund transfers	3,157	3,157	11,775	(8,618)
	<u>1,202,465</u>	<u>1,318,498</u>	<u>816,060</u>	<u>502,438</u>
Recorder/Clerk				
Salaries and employee benefits	1,012,147	1,012,147	885,942	126,205
Services and supplies	208,830	212,284	143,522	68,762
Other charges	500	500	350	150
Capital assets	6,000	6,000	4,766	1,234
Intrafund transfers	123,866	123,866	109,572	14,294
	<u>1,351,343</u>	<u>1,354,797</u>	<u>1,144,152</u>	<u>210,645</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Planning and Zoning				
Salaries and employee benefits	\$ 1,866,334	\$ 1,787,742	\$ 1,522,004	\$ 265,738
Services and supplies	524,046	671,695	305,931	365,764
Other charges	66,000	69,467	69,826	(359)
Intrafund transfers	97,591	172,716	175,166	(2,450)
	<u>2,553,971</u>	<u>2,701,620</u>	<u>2,072,927</u>	<u>628,693</u>
 Animal Control				
Salaries and employee benefits	1,089,227	1,089,227	1,057,956	31,271
Services and supplies	1,112,275	1,107,027	271,550	835,477
Other charges	23,800	23,800	47,951	(24,151)
Capital assets	3,000	5,200	2,106	3,094
Other financing uses	7,500	7,500	42,320	(34,820)
Intrafund transfers	53,192	53,192	48,649	4,543
	<u>2,288,994</u>	<u>2,285,946</u>	<u>1,470,532</u>	<u>815,414</u>
 Public Guardian				
Salaries and employee benefits	610,943	610,943	601,852	9,091
Services and supplies	86,435	86,436	34,134	52,302
Other charges	247,514	247,514	129,903	117,611
Intrafund transfers	38,305	38,305	34,265	4,040
	<u>983,197</u>	<u>983,198</u>	<u>800,154</u>	<u>183,044</u>
 Public Protection	<u>83,836,120</u>	<u>86,266,166</u>	<u>77,244,639</u>	<u>9,021,527</u>
 <u>Health and Sanitation</u>				
Public Health				
Salaries and employee benefits	2,021,051	1,961,829	1,722,041	239,788
Services and supplies	264,422	300,884	239,607	61,277
Other charges	12,598	12,598	4,348	8,250
Capital assets	5,000	20,672	14,597	6,075
Other financing uses	60,000	60,000	58,533	1,467
Intrafund transfers	80,371	82,997	65,284	17,713
	<u>2,443,442</u>	<u>2,438,980</u>	<u>2,104,410</u>	<u>334,570</u>
 Health and Sanitation	<u>2,443,442</u>	<u>2,438,980</u>	<u>2,104,410</u>	<u>334,570</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
<u>Public Assistance</u>				
Social Services Administration				
Salaries and employee benefits	\$ 10,396,065	\$ 9,609,821	\$ 9,470,134	\$ 139,687
Services and supplies	2,416,441	2,369,883	2,227,708	142,175
Other charges	1,959,733	2,452,339	1,892,255	560,084
Capital assets	30,000	99,869	5,165	94,704
Intrafund transfers	669,783	575,808	493,622	82,186
Labor and costs	<u>(1,730,977)</u>	<u>(1,730,977)</u>	<u>(3,734,489)</u>	<u>2,003,512</u>
	<u>13,741,045</u>	<u>13,376,743</u>	<u>10,354,395</u>	<u>3,022,348</u>
Social Services Programs				
Salaries and employee benefits	2,706,560	2,706,560	2,755,600	(49,040)
Other charges	175,132	175,132	--	175,132
Intrafund transfers	--	--	25	(25)
Labor and costs	<u>1,730,977</u>	<u>1,730,977</u>	<u>3,734,489</u>	<u>(2,003,512)</u>
	<u>4,612,669</u>	<u>4,612,669</u>	<u>6,490,114</u>	<u>(1,877,445)</u>
Categorical Aids				
Other charges	<u>11,336,208</u>	<u>12,460,628</u>	<u>12,887,059</u>	<u>(426,431)</u>
	<u>11,336,208</u>	<u>12,460,628</u>	<u>12,887,059</u>	<u>(426,431)</u>
Aids to Indigents				
Services and supplies	9,610	9,610	8,034	1,576
Other charges	<u>52,790</u>	<u>51,290</u>	<u>55,162</u>	<u>(3,872)</u>
	<u>62,400</u>	<u>60,900</u>	<u>63,196</u>	<u>(2,296)</u>
Veterans' Services				
Salaries and employee benefits	264,303	264,303	267,372	(3,069)
Services and supplies	20,423	21,145	16,476	4,669
Other charges	--	--	50	(50)
Capital assets	3,500	2,704	2,579	125
Intrafund transfers	<u>10,056</u>	<u>10,056</u>	<u>10,815</u>	<u>(759)</u>
	<u>298,282</u>	<u>298,208</u>	<u>297,292</u>	<u>916</u>
Public Assistance	<u>30,050,604</u>	<u>30,809,148</u>	<u>30,092,056</u>	<u>717,092</u>
<u>Education</u>				
County Library				
Salaries and employee benefits	1,680,664	1,640,643	1,610,824	29,819
Services and supplies	569,141	647,581	556,477	91,104
Other charges	700	2,700	3,803	(1,103)
Capital assets	4,500	--	--	--
Intrafund transfers	<u>54,352</u>	<u>54,352</u>	<u>59,816</u>	<u>(5,464)</u>
	<u>2,309,357</u>	<u>2,345,276</u>	<u>2,230,920</u>	<u>114,356</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
University of California				
Cooperative Extension				
Salaries and employee benefits	\$ 189,137	\$ 199,137	\$ 185,492	\$ 13,645
Services and supplies	19,302	18,102	8,903	9,199
Other charges	27,528	27,528	27,627	(99)
Intrafund transfers	16,383	17,583	21,013	(3,430)
	<u>252,350</u>	<u>262,350</u>	<u>243,035</u>	<u>19,315</u>
Education	<u>2,561,707</u>	<u>2,607,626</u>	<u>2,473,955</u>	<u>133,671</u>
<u>Recreation and Cultural Services</u>				
Recreation				
Salaries and employee benefits	530,489	530,489	487,009	43,480
Services and supplies	344,032	400,501	302,956	97,545
Other charges	4,035	24,875	6,255	18,620
Capital assets	14,600	19,106	--	19,106
Intrafund transfers	79,384	124,924	72,624	52,300
	<u>972,540</u>	<u>1,099,895</u>	<u>868,844</u>	<u>231,051</u>
Historical Museum				
Salaries and employee benefits	68,100	68,100	69,078	(978)
Services and supplies	35,982	36,020	32,236	3,784
Capital assets	--	2,000	1,602	398
Intrafund transfers	5,406	5,406	3,885	1,521
	<u>109,488</u>	<u>111,526</u>	<u>106,801</u>	<u>4,725</u>
Recreation and Cultural Services	<u>1,082,028</u>	<u>1,211,421</u>	<u>975,645</u>	<u>235,776</u>
<u>Contingency</u>				
Appropriation for contingencies	4,850,000	3,908,356	--	3,908,356
	<u>4,850,000</u>	<u>3,908,356</u>	<u>--</u>	<u>3,908,356</u>
Contingency	<u>4,850,000</u>	<u>3,908,356</u>	<u>--</u>	<u>3,908,356</u>
Total Charges to Appropriations	<u>173,239,992</u>	<u>176,698,669</u>	<u>154,445,170</u>	<u>22,253,499</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 20,540,355</u>	<u>\$ 20,540,355</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
General Fund
For the Fiscal Year Ended June 30, 2005

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	\$ 174,985,525
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	(13,789,979)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(17,539,804)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 143,655,742</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 154,445,170
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(14,377,389)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 140,067,781</u>

COUNTY OF EL DORADO

Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 3,551,214	\$ 3,491,241	\$ 3,491,241	\$ --
Resources (inflows):				
Taxes and assessments	16,000	16,000	20,670	4,670
Licenses, permits and franchises	1,063,000	1,063,000	1,063,344	344
Revenue from use of money or property	43,368	43,368	89,029	45,661
Intergovernmental revenue - State	7,574,259	7,549,259	7,343,115	(206,144)
Intergovernmental revenue - Federal	3,582,685	3,582,685	2,551,164	(1,031,521)
Revenue from other governmental agencies	71,269	71,269	--	(71,269)
Charges for services	3,369,540	3,513,492	2,949,548	(563,944)
Miscellaneous revenues	1,154,300	1,302,641	612,052	(690,589)
Other financing sources	34,277,382	34,603,430	20,430,058	(14,173,372)
	<u>51,151,803</u>	<u>51,745,144</u>	<u>35,058,980</u>	<u>(16,686,164)</u>
Amounts available for appropriations	<u>54,703,017</u>	<u>55,236,385</u>	<u>38,550,221</u>	<u>(16,686,164)</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Salaries and employee benefits	16,501,374	16,501,373	14,811,588	1,689,785
Services and supplies	27,399,073	27,944,749	14,438,615	13,506,134
Other charges	9,309,700	9,459,700	7,180,654	2,279,046
Capital assets	3,571,987	3,489,680	1,046,044	2,443,636
Intrafund transfers	(2,079,117)	(2,159,117)	(1,477,054)	(682,063)
Public Ways and Facilities	<u>54,703,017</u>	<u>55,236,385</u>	<u>35,999,847</u>	<u>19,236,538</u>
Total Charges to Appropriations	<u>54,703,017</u>	<u>55,236,385</u>	<u>35,999,847</u>	<u>19,236,538</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,550,374</u>	<u>\$ 2,550,374</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
Road Fund
For the Fiscal Year Ended June 30, 2005

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	\$ 38,550,221
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	(3,491,241)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(19,364,891)
Proceeds from the issuance of capital leases are not revenues for financial reporting purposes.	<u>(1,065,167)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 14,628,922</u>

COUNTY OF EL DORADO

Notes to Required Supplementary Information
For the Year Ended June 30, 2005

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, 2005

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 2,544,533	\$ 25,189,866	\$ 27,734,399
Cash with fiscal agent	--	93,408	93,408
Account receivable	--	108,762	108,762
Deposits	--	83,100	83,100
Inventory	52,621	--	52,621
Prepaid expenses	34,101	469,198	503,299
Total Current Assets	<u>2,631,255</u>	<u>25,944,334</u>	<u>28,575,589</u>
Capital assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	10,014,445	23,728	10,038,173
Accumulated depreciation	<u>(5,004,197)</u>	<u>(18,854)</u>	<u>(5,023,051)</u>
Total Capital Assets, net of accumulated depreciation	<u>5,710,153</u>	<u>4,874</u>	<u>5,715,027</u>
Total Assets	<u><u>\$ 8,341,408</u></u>	<u><u>\$ 25,949,208</u></u>	<u><u>\$ 34,290,616</u></u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 419,258	\$ 410,887	\$ 830,145
Salaries and benefits payable	17,181	48,413	65,594
Liability for self-insurance	--	20,234,869	20,234,869
Total Current Liabilities	<u>436,439</u>	<u>20,694,169</u>	<u>21,130,608</u>
Long-Term Liabilities:			
Compensated absences-due beyond one year	<u>26,081</u>	<u>60,647</u>	<u>86,728</u>
Total Long-Term Liabilities	<u>26,081</u>	<u>60,647</u>	<u>86,728</u>
Total Liabilities	<u>462,520</u>	<u>20,754,816</u>	<u>21,217,336</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	5,710,153	4,874	5,715,027
Restricted	2,240,021	--	2,240,021
Unrestricted	<u>(71,286)</u>	<u>5,189,518</u>	<u>5,118,232</u>
Total Net Assets	<u>7,878,888</u>	<u>5,194,392</u>	<u>13,073,280</u>
Total Liabilities and Net Assets	<u><u>\$ 8,341,408</u></u>	<u><u>\$ 25,949,208</u></u>	<u><u>\$ 34,290,616</u></u>

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, 2005

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Totals</u>
Operating Revenues:			
Service fees	\$ 1,757,605	\$ 29,010,249	\$ 30,767,854
Fuel sales	49,365	--	49,365
Total Operating Revenues	<u>1,806,970</u>	<u>29,010,249</u>	<u>30,817,219</u>
Operating Expenses:			
Salaries and benefits	343,679	567,258	910,937
Services and supplies	681,696	27,218,340	27,900,036
Depreciation	946,288	1,861	948,149
Total Operating Expenses	<u>1,971,663</u>	<u>27,787,459</u>	<u>29,759,122</u>
Operating Income (Loss)	<u>(164,693)</u>	<u>1,222,790</u>	<u>1,058,097</u>
NonOperating Revenues (Expenses):			
Interest income	36,817	365,088	401,905
Gain (loss) on sale of capital assets	16,312	--	16,312
Miscellaneous nonoperating revenue	149	720,679	720,828
Total Non-Operating Revenues (Expenses)	<u>53,278</u>	<u>1,085,767</u>	<u>1,139,045</u>
Income (Loss) Before Transfers	<u>(111,415)</u>	<u>2,308,557</u>	<u>2,197,142</u>
Transfers In (Out)			
Transfers in	177,366	5,341	182,707
Transfers out	--	(4,455)	(4,455)
Total Transfers In (Out)	<u>177,366</u>	<u>886</u>	<u>178,252</u>
Change in Net Assets	65,951	2,309,443	2,375,394
Net Assets - Beginning of Year	<u>7,812,937</u>	<u>2,884,949</u>	<u>10,697,886</u>
Net Assets - End of Year	<u>\$ 7,878,888</u>	<u>\$ 5,194,392</u>	<u>\$ 13,073,280</u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2005

	Fleet Management	Risk Management Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from internal fund services provided	\$ 1,807,719	\$ 29,094,578	\$ 30,902,297
Cash paid to suppliers for goods and services	(431,626)	(22,888,043)	(23,319,669)
Cash paid to employees for salaries and benefits	(335,030)	(581,736)	(916,766)
	<u>1,041,063</u>	<u>5,624,799</u>	<u>6,665,862</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	177,366	886	178,252
Non-operating revenues	149	720,679	720,828
	<u>177,515</u>	<u>721,565</u>	<u>899,080</u>
Net cash provided (used) by noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	125,341	--	125,341
Payments related to the acquisition of capital assets	(949,470)	(3,121)	(952,591)
	<u>(824,129)</u>	<u>(3,121)</u>	<u>(827,250)</u>
Net cash provided (used) by capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	36,817	365,088	401,905
Net cash provided by investing activities	<u>36,817</u>	<u>365,088</u>	<u>401,905</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>431,266</u>	<u>6,708,331</u>	<u>7,139,597</u>
Cash and cash equivalents, beginning of year, as previously reported	2,113,267	18,497,270	20,610,537
Cash with fiscal agent, previously excluded	--	77,673	77,673
Cash and cash equivalents, beginning of year, restated	<u>2,113,267</u>	<u>18,574,943</u>	<u>20,688,210</u>
Cash and cash equivalents, end of year	<u>\$ 2,544,533</u>	<u>\$ 25,283,274</u>	<u>\$ 27,827,807</u>

continued

COUNTY OF EL DORADO

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2005

	<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)	\$ (164,693)	\$ 1,222,790	\$ 1,058,097
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	946,288	1,861	948,149
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	749	84,329	85,078
Inventory	6,067	--	6,067
Prepaid expenses	(34,101)	(125,071)	(159,172)
Increase (decrease) in:			
Accounts payable	278,104	140,499	418,603
Salaries payable	2,259	23,465	25,724
Liability for compensated absences	6,390	(37,943)	(31,553)
Claims and judgments	--	4,314,869	4,314,869
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 1,041,063</u>	 <u>\$ 5,624,799</u>	 <u>\$ 6,665,862</u>